

Organisation, Management and Control Model of Pharmanutra S.p.A.

approved by the Board of Directors of the Company with
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General Section

PREMISE

Pharmanutra S.p.A. (hereinafter also only the "**Company**"), with reference to the regulation of the administrative responsibility of institutions set out in Legislative Decree 231/2001, with the adoption of this document, has intended to give shape to its own Organization, Management and Control Model (hereinafter also only the "**Model**"), based on procedures and controls aimed at ensuring good governance of corporate activities and, therefore, to hinder the perpetration of offences that the Company, since its creation in 2006, has always abided by.

The Model, drawn up in the light of recent regulatory updates and on the basis of the recommendation set out by legal theory and jurisprudence, was approved by the Board of Directors.

As will be illustrated later, in preparing the model the Company has drawn inspiration from Confindustria's Guidelines issued on 7 March 2002, updated in March 2014 and approved by the Ministry of Justice, as well as the requirements requested by the main voluntary regulations in the field of management systems.

1. LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

1.1 The administrative liability system for Agencies

Legislative Decree no. 231 dated 8 June 2001 (hereinafter also "Decree" or Legislative Decree 231/2001) introduced in the Italian legal system a system of administrative liability dependent on offences borne by Agencies (understood as companies, associations, consortia, etc.), which is situated in a wide regulatory process aimed at combating corruption and at adjustment to international Conventions signed by Italy.

This responsibility, which is added to the (criminal) responsibility of the natural person who actually made the offence, exists only in cases in which a subject which is functionally linked to the institution pursuant to art. 5 paragraph 1 of the Decree has committed one of the offences exhaustively provided for ("**liable offence**" or "**Offences**") specified in articles 23 ff. of the Decree or that recall expressly the Decree, in the interest and for the benefit of the institution itself.

Authors of the liable offence can only be (i) persons who perform representation, administration or management function of the Agencies or of one of their organizational unit with financial and functional autonomy, i.e. natural persons who exercise, also de facto, management and control of said Agencies (so called "**Top Managers**"), as well as (ii) persons subject to the management or the supervision of one of the aforementioned actors (so called "**Parties subject to management by others**").

The group of significant Offences for the purposes of the Decree was extended over time and now includes offences related to the following categories:

- *Crimes in relations with the Public Administration* (such as corruption, embezzlement against the State, undue taking of payments, fraud against the State, computer fraud against the State, bribery, corruption and induction to give or promise utilities, invoked by articles 24 and 25 of Legislative Decree 231/2001);
- *computer crimes and illegal processing of data* (such as illegal access to a computer or communications system, installation and dissemination of equipment capable of intercepting, preventing or interrupting digital or telematic communications, illegal possession and dissemination of codes of access to computer or telematic systems, damage to computer or telematic systems, recalled in art. 24-bis of Legislative Decree No. 231/2001);

- *organised crime* (e.g. mafia-like associations, also foreign, mafia-related political electoral exchange, kidnapping for extortion purposes, recalled in art. 24-ter of Legislative Decree No. 231/2001);
- *Crimes against the public trust* (such as for example falsehood in recognition tools or signs, invoked by art. 25-bis of Legislative Decree No. 231/2001);
- *Crimes against industry and trade* (such as, for example, disturbed freedom of commerce and industry, illicit competition with threat and violence, fraud against national industries, fraud in the exercise of trade, sale of industrial products with false signs, manufacture and trade of goods made by usurping industrial property items, recalled in art. 25-bis.1 of Legislative Decree No. 231/2001);
- *corporate crimes* (such as false corporate communications, preventing control, illicit influence on the assembly, corruption between private parties, recalled in the art. 25-ter of Legislative Decree No. 231/2001, as last amended by Legislative Decree No. 38/2017);
- offences associated with terrorism and subversion of the democratic order (invoked by art. 25-quater of Legislative Decree No. 231/2001);
- *Crimes against individual people* (such as, for example, human trafficking, enslavement and keeping of slaves, the illicit brokering and labour exploitation, recalled by art. 25-quater.1 and by art. 25-quinquies of Legislative Decree no. 231/2001);
- *crimes involving abuse of the market* (abuse of privileged information and market manipulation, recalled by art. 25-sexies of Legislative Decree no. 231/2001);
- *offences concerning health and safety in the workplace* (manslaughter and serious personal injury recalled by art. 25-septies of Legislative Decree no. 231/2001);
- *offences related to handling stolen goods, laundering and use of money, assets or utilities of illicit origin, as well as self-laundering*; (Recalled by art. 25-octies of Legislative Decree no. 231/2001);
- *crimes relating to breach of copyright* (art. 25 nonies of Legislative Decree no. 231/2001);
- *crimes related to persuading others not to make statements or to make false statements to judicial authorities* (art. 25-decies of Legislative Decree no. 231/2001);
- *environmental crimes* (art. 25-undecies of Legislative Decree no. 231/2001);
- *crimes involving the use of third-country nationals whose stay is irregular, as well as the illegal income thus obtained and the promotion of clandestine immigration* (art. 25-duodecies of Legislative Decree no. 231/2001);
- *racism and xenophobia* (art. 25-terdecies of Legislative Decree 231/2001);
- *transnational crime* (such as criminal partnership and offences to create obstacles to justice, always provided that the same offences have the requirement of "Transnationality")¹;
- failure to comply with the disqualification sanctions (art. 23 of Legislative Decree no. 231/2001)

1.2 Adoption of the Organization, Management and Control Model as a condition of exemption for the administrative liability of the company

Article 6 of Legislative Decree 231/2001 attaches an exemption value to the Organization, Management and Control Model adopted by the Agency.

¹ the exemplification of offences listed above is available in annex 1.

Specifically, in the case of an offence committed by a Top Manager, the administrative liability is excluded if the Agency demonstrates:

- a) it has adopted and effectively implemented, through its top management body, Organisation and management models suitable to prevent the crimes of the kind that took place, prior to the offence having been carried out;
- b) that it has assigned to an internal entity with independent powers of action and control the task of supervising the operation and compliance with the models, as well as the management of their update;
- c) that the persons who have committed the offence fraudulently circumvented the above mentioned organisational and management models;
- d) that there has been no omission or insufficient vigilance on behalf of the body indicated above at item b).

In the case, instead, of an offence committed by entities subject to the management or supervision of a top manager, the institution is liable only if commission of the offence was made possible by a breach of management or supervision duties that the company is required to observe. To ensure that the Agency is answerable for the offence, it will therefore be necessary to demonstrate failure to adopt and effectively implement an Organization, Management and Control Model suitable to prevent crimes of the same nature as that which occurred.

Adoption of the model is however not a measure sufficient to exclude the administrative liability of the Agency; indeed, Legislative Decree 231/2001 requires that the Model, once adopted, is both efficient and effective.

Pursuant to Article 6, paragraph 2 of Legislative Decree no. 231/2001, for the purposes of its efficiency, the Model must meet the following requirements:

1. identify areas prone to the perpetration of offences set out in the Decree;
2. set out specific protocols aimed at planning the development and implementation of the agency's decisions in relation to the offences to be prevented;
3. use measures for the identification and management of corporate funds that are capable of preventing the perpetration of said offences;
4. prescribe the duty to inform the entity responsible for overseeing the functioning and compliance of the Model;
5. introduce a disciplinary system suitable for punishing failure to comply with the measures indicated in the Model.

Finally, in order for it to be effective, the model must be concretely and generally respected. Art. 7, paragraph 4 of Legislative Decree 231/2001 identifies the requirements for effective implementation of the Model in:

- a periodic check with possible modification of the former, if significant violations of the provisions are discovered, or when changes occur in the organisation or activity;
- the imposition of penalties in the event of infringement of the requirements stated in the Model.

In the field of health and safety in the workplace, moreover, it is required that, pursuant to the first paragraph of art. 30 of Legislative Decree No. 81/2008, the organizational and management model referred to in art. 6 of the Decree is adopted and effectively implemented, ensuring a corporate system

for the fulfilment of all legal obligations relating to:

- compliance with the technical and structural standards imposed by law in relation to equipment, plants, workplaces, chemical, physical and biological agents;
- activities associated with risk assessment and implementation of the relevant prevention and protection measures;
- organisational activities such as emergencies, first aid, procurement management, periodic safety meetings, consultations with workers' safety representatives;
- health monitoring;
- information and training for workers;
- supervision activities with reference to compliance by workers with the safe work procedures and instructions;
- acquisition of the documentation and certifications required by law;
- periodic checks on the application and efficiency of the procedures adopted.

1.3 Disciplinary system

The penalties applicable to the Agency responsible for administrative offences are explicitly identified in articles 9 ff. of Legislative Decree no. 231/2001 as:

- financial penalties;
- prohibitory penalties;
- confiscation;
- publication of the sentence.

The *financial penalty* shall apply in all cases where responsibility of the Agency is established. The penalty of this type is established by the court through a system based on "shares", in a number of not less than one hundred and not exceeding one thousand and amount variable between a minimum of € 258,23 to a maximum of € 1.549,37. In the imposition of the financial penalty, the judge establishes:

- the number of instalments, by taking into account the severity of the case, the degree of responsibility of the Agency as well as the operations undertaken in order to eliminate or attenuate the consequences of the incident and to prevent the perpetration of further offences;
- The amount the individual instalment, based on the economic and asset conditions of the Agency.

The *disqualification sanctions*, exhaustively listed in art. 9, paragraph 2, of Legislative Decree no. 231/2001, may consist in:

- prohibition from exercising the activity;
- suspension or revocation of authorisations, licenses or concessions instrumental in the perpetration of the offence;
- prohibition from entering into contracts with the public administration, except to obtain public utility services;
- the disqualification from any special terms, funds, contributions or subsidies and the possible revocation of any previously awarded;
- prohibition against advertising goods or services.

This type of penalties shall apply only in relation to administrative offences for which it is expressly

provided for, and provided that at least one of the following conditions is met:

- a) the Agency has obtained a considerable profit from perpetration of the offence and the offence has been perpetrated by individuals in a top management position, or by individuals under the management of others while, in the latter case, perpetration of the offence has been made possible or facilitated by serious organisational shortcomings;
- b) if the illicit conducts have been reiterated.

The Judge establishes the type and duration of the disqualification sanction, not less than three months and not more than two years, taking into account the suitability of the individual sanctions to prevent offences of the type committed and, if necessary, can apply them jointly (art. 14, paragraph 1 and paragraph 3, of Legislative Decree no. 231/2001)

Even if one or both of the above conditions are met, disqualification sanctions shall not apply in any of the following circumstances:

- a) the offender has perpetrated the crime in the prevailing interest of himself or of third parties and the Agency has not obtained an advantage or has drawn minimal benefit; or
- b) the financial damage caused is particularly small;
- c) before the declaration of opening of first instance proceedings, all the following conditions are met (hereinafter, conditions hindering the application of a disqualification sanction):
 - i. the Agency has fully compensated the damage and has eliminated the damaging or dangerous consequences of the offence, or in any event has worked effectively in this sense;
 - ii. the Agency has eliminated the organizational deficiencies that caused the offence by the adoption and implementation of an Organizational Model suitable to preventing crimes of the type of that which occurred;
 - iii. the Agency has made available the profit achieved for the purposes of confiscation.

The sanctions associated with the ban from the running the business, with the ban on dealing with the Public Administration and the prohibition of advertising goods or services can be applied - in the most serious cases - definitively².

There is also the possibility of the continuation of the business of the Agency (in place of the imposition of the sanction) by a commissioner appointed by the Court pursuant to and subject to the conditions referred to in art. 15 of Legislative Decree No. 231/2001³.

² See, in this regard, art. 16 of Legislative Decree 231/2001, according to which: "1. Definitive disqualification from running the business can be ordered if the Agency has taken a profit of considerable size from the offence and has already been convicted, at least three times in the last seven years, to the temporary ban from running its business.

2. *The judge may apply to the Agency, definitively, the penalty of the ban from dealing with the public administration or the prohibition of advertising goods or services when it has already been sentenced to the same penalty at least three times in the past seven years.* 3. *If the agency or its organizational unit is permanently used for the sole or prevailing purpose of allowing or facilitating the perpetration of offences in relation to which its responsibility is expected, definitive disqualification from running the business is always ordered, and the provision set out in article 17" do not apply.*

³ "Court-appointed receiver - *If there are grounds for applying a disqualification sanction that causes the interruption of the Agency's business, the judge, in place of applying the penalty, provides for the continuation of the business of the agency by a commissioner for a period equal to the duration of the disqualification penalty which would have been applied, where at least one of the following conditions applies: (a) the agency performs a public service or a service of public need whose interruption can cause serious injury to the community; (b) interruption of the agency's business can cause significant repercussions on employment, taking account its size and the economic conditions of the territory in which it is situated. With the judgement that orders continuation of the business, the Court indicates the tasks and powers of the commissioner, taking into account the specific activities in which the offence was performed by the agency. Within the scope of the responsibilities and powers given by the judge, the commissioner sees to the adoption and effective implementation of organizational and control models suitable to prevent crimes of the type that occurred. Cannot perform acts of*

The disqualification sanctions are, then, also applicable as precautionary measure at the request of the Public Prosecutor, provided that they satisfy serious indications of the existence of the liability of the Agency and there is a real danger that other offences are committed of the same nature as the one against which a proceeding has opened. The judge sees to its application via the ordinance.

Pursuant to article 19 of Legislative Decree no. 231/2001, together with the sentence of condemnation, confiscation is always order - also in kind - of the price (money or other economic utility given or promised to induce or cause another subject to commit the offence) or of the profit (immediate economic utility gained) of the offence, except for the part that can be returned to the victim and without prejudice to the rights acquired by third parties in good faith.

Publication of the sentence of condemnation in one or more newspapers, by excerpt or in its entirety, can be arranged by the Court in addition to display on a billboard in the town where the institution has its headquarters, when a disqualification sanction is applied. The publication is carried out by the registry of the competent court and at the expense of the Agency.

1.4 Attempt

In cases where alleged offences are perpetrated as an attempt⁴, the financial penalties (in terms of amount) and the disqualification sanctions (in terms of duration) are reduced by one third to half (articles 12 and 26 of Legislative Decree no. 231/2001)

No liability arises on the part of the Agency if the latter voluntarily prevents fulfilment of the action or the occurrence of the event (art. 26 of Legislative Decree no. 231/2001) In this case, the exclusion of sanctions is justified with the interruption of any relationship of identity between agency and subjects who assume to act in its name and on his behalf.

1.5 Offences committed abroad

Art. 4 of Legislative Decree no. 231/2001 sets out that the administrative liability of the entity may also exist when the offences referred to in Legislative Decree no. 231/2001 are committed abroad⁵, as long as the conditions are met for subjective and objective accusation contemplated in the Decree. Indeed, art. 4 provides that the entity is responsible only when:

- a) the offence is committed by a subject functionally linked to the agency, pursuant to art. 5, paragraph 1, of the Decree;
- b) the agency has its headquarters in the territory of the Italian State;

extraordinary administration without permission of the judge. The profit resulting from the continuation of the business is confiscated. Continuation of the business by the Commissioner cannot be arranged when interruption of the business follows the application of a definitive disqualification sanction" and the economic conditions of the territory in which it is situated. With the judgement that orders continuation of the business, the Court indicates the tasks and powers of the commissioner, taking into account the specific activities in which the offence was performed by the agency. Within the scope of the responsibilities and powers given by the judge, the commissioner sees to the adoption and effective implementation of organizational and control models suitable to prevent crimes of the type that occurred. Cannot perform acts of extraordinary administration without permission of the judge. The profit resulting from the continuation of the business is confiscated. Continuation of the business by the Commissioner cannot be arranged when interruption of the business follows the application of a definitive disqualification sanction".

⁴ Art. 56 of the criminal code envisages that "those who undertake suitable actions, unequivocally aimed at committing a crime, is answerable for inchoate offence, if the action does not take place or the event does not occur."

⁵ Art. 4 of Legislative Decree no. 231/2001 provides as follows: "1. In the cases and under the conditions provided for by Articles 7, 8, 9 and 10 of the criminal code, the agencies with headquarters in the territory of the State are answerable also for those offences committed abroad, as long as the State of the place where the offence was committed does not open proceeding against it. 2. In cases where the law envisages that the guilty be punished at the request of the Minister of Justice, one proceeds against the agency only if the request is also formulated against the latter."

- c) the state of the place where the offence was committed is not already opening proceeding against the agency;
- d) conditions exist that are laid down in articles 7, 8, 9 and 10 of the criminal code.

1.6 The responsibility for an offence in groups of companies

Legislative Decree no. 231/2001 does not address explicitly the aspects associated with the responsibility of the Agency belonging to a group of companies, despite this phenomenon is widespread.

Whereas the group cannot be considered direct centre of accusation of the responsibility for an offence and cannot be placed among the subjects specified in art. 1 of Legislative Decree no. 231/2001, there is a need to consider the operation of Organizational Models in relation to offences committed by individuals belonging to such cluster of businesses.

As shown also by Confindustria's Guidelines in their last updated version, the holding/parent company can be held liable for the offence committed in the activity of the subsidiary if:

- an alleged criminal offence has been committed in the interest or immediate and direct advantage of both the parent subsidiary and the parent company (Court of Cassation, II Criminal Section, sentence no. 52316 2016);
- Natural persons connected in a functional way to the parent company participated in the perpetration of the alleged criminal offence making a casually significant contribution (Court of Cassation, V Criminal Section., sentence no. 24583 dated 2011), proven in a concrete and specific manner.

2. THE GOVERNANCE MODEL AND THE ORGANIZATIONAL STRUCTURE OF PHARMANUTRA S.P.A.

2.1 The organisation of Pharmanutra S.p.A.

Pharmanutra S.p.a. is a company specialized in the development of nutraceutical products and medical devices. In particular, the company carries out research and development of highly innovative formulations for new supplements and medical devices. The research and development activities complement the marketing of products under the brand name of the Company, through a wide network of Commercial Scientific Informers (CSI).

Commercial Scientific Informers see to illustrating to doctors the characteristics of Pharmanutra products and to their exclusive marketing at pharmacies throughout Italy's national territory and through wholesalers supplying directly pharmacies, chemist's shops, etc.

The Company operates in the context of the Pharmanutra group, of which it is the leading organisation; the Pharmanutra group possesses the know-how and tools to manage the entire production process, from the purchase of raw materials to the sale of the end product through the phases of design, formulation of the principle, product development and registration, promotion and marketing

Lastly, in order to ensure a more efficient management of its business processes, Pharmanutra S.p.A. has obtained the ISO 9001 certification for quality and the SA8000 certification in relation to corporate social responsibility.

2.2 The institutional framework

At the date of approval of the Model, the Company is managed by a Board of Directors ("BoD") appointed by the Shareholders Meeting and composed of eight members.

The board of directors has a central role in the context of corporate organisation, as it is endowed with the most extensive powers for the ordinary and extraordinary administration of the Company and has the authority to carry out all acts deemed to be necessary for the implementation and achievement of the business purpose, excluding only those that the law or these articles of association entrust to the decisions of the Shareholders Meeting.

The governing body has elected from among its members a Chairman and a Vice-chairman, attributing to them the powers provided for by the law and the Statute, including legal and procedural representation of the Company. The Chairman also assumes the role of Employer pursuant to Art. 2 of Legislative Decree no. 81/2008, with the consequent attribution of powers in the field of the protection of health and safety at work and in environmental matters.

The Board of Directors, pursuant to art. 2381 of the Civil Code, availed itself of the faculty to give some directors specific powers and operational delegations.

The Shareholders' Meeting, regularly convened, represents the totality of shareholders and shall be convened according to the terms set out by the existing legislation and regulatory frameworks by notice published in the Official Journal of the Italian Republic or in at least one of the following newspapers: "Il Sole 24 Ore", or "MF – Milano e Finanza". The notice is also published on the Company's website.

The Shareholders' Meeting may also be called outside of the registered office, provided that it is held in a European Union country, in the United Kingdom or in Switzerland.

The Ordinary Shareholders' Meeting is convened at least once a year within 120 days from the date

of closure of the financial year of the company or with 180 days when the conditions are met that are laid down by art. 2364, paragraph 2 of the Civil Code.

The Board of Statutory Auditors is appointed by the Shareholders' Meeting and is composed of 3 members and 2 substitutes possessing the requisites of reliability, professionalism and independence required by current legislation.

The function of the Statutory Audit is performed by a statutory audit company enabled as provided for by law. The requirements, functions, appointment, revocation and cessation of the assignment are regulated by law.

2.3 The organizational structure

The organizational structure of Pharmanutra S.p.A., as described by the organizational chart, has Top Management at its summit and is divided into several Functions: Commercial, Scientific (which includes the R&D), Marketing, Production and Logistics, Administration and Finance.

The corporate tasks and responsibilities can be summarized as follows:

Top Management: composed of the 5 executive directors of the board of directors, it supervises the performance of any activity concerning the Company, both internally and externally.

Some members of the Top Management, in agreement with the system of delegations in force within Pharmanutra S.p.A., are responsible for signing and, therefore, final approval of each measure pertaining, inter alia, to commercial activities, financial flows and personnel management.

Commercial: the function is involved in product marketing processes.

The Commercial Department, through the Director, Business Managers and Area Managers, oversees the marketing of products through the management of the network of Commercial Scientific Informers. In particular, the Department deals with the selection and continuous training of informers (in collaboration with the Scientific Department), as well as with the operational management of the sales network.

Scientific: this Function is involved in product design and development processes, in addition to oversees aspects relating to the quality of the raw materials used and of the end products marketed and the regulatory framework. In particular, the Department - through a team composed of professionals specialized in biological and pharmaceutical areas - performs a constant analysis aimed at the development of new therapeutic solutions and at the improvement of the techniques and formulations used. In this activity, the Company avails itself of the collaboration of leading university faculties of Biology and Pharmacy.

Marketing: this Function performs its activities in collaboration with the Commercial Department, with which it shares the promotional strategies, and with the Scientific Department, which is responsible for the provision of information materials used to promote the products from a scientific perspective.

The promotion of Pharmanutra products is carried out through multiple tools, including advertising campaigns, sponsorships and stalls at sporting events, such as marathons, motor sports, sailing and

other minor sports with the participation of athletes interested in the topics covered.

Administration and Finance: this Function supervises each administrative activity including the management of financial flows, the issuing and administering of invoices and the management of contractual agreements.

The same Function is responsible for preparing the accounting records and the draft budget and takes care of the relations with the corporate and supervisory bodies, and with the company's stakeholders. The Administration and Finance Function also supervises the management of human resources, selecting new staff, managing relations with employees and related legal requirements through the use of external consultants.

3. PHARMANUTRA S.P.A.'S ORGANISATION, MANAGEMENT AND CONTROL MODEL

3.1 *Premise*

Pharmanutra S.p.A., aware of the need to ensure fairness in performing business operations and other activities undertaken, and also to protect its position and image, as well as the image of the group to which it belongs and the work of its employees - in support of the necessary process of identification, measurement, management and monitoring of the main risks which impact on the proper conduct of business activities - has decided with this document to create its own Organization, Management and Control Model pursuant to Legislative Decree no. 231 dated 8 June 2001, founded on procedures and controls that ensure the good corporate governance that the company has always followed, by acting in accordance with the principles of legality and transparency.

For the Company, the creation of the Model is a strategic tool for the constant improvement of the system of Governance and the pursuit of good and transparent behaviour, compliant with the applicable regulations and in line with the ethical and social values from which the Company draws inspiration in performing its business.

In line with the Code of Ethics, the Model adopted by the company constitutes the means by which to reaffirm the absolute condemnation of any illegal behaviour, as well as the means by which to ensure that performance of all company activities takes place in accordance with uniform and controlled procedures.

Last but not least, and in compliance with the provisions of the Consolidated Law on Safety, adoption and implementation of the Model pursue the fundamental interest of protecting the safety of workers, envisaging a series of evaluation and control activities on the conditions in which work is performed. The Model thus performs the following functions:

- Making all those who operate in the name and on behalf of Pharmanutra S.p.A. aware of the need for a strict observance of the Model, the violation of which entails severe disciplinary sanctions;
- punishing any behaviour which, inspired by a misunderstood corporate interest, conflicts with laws, regulations or, more generally, with principles of fairness and transparency;
- providing information concerning the onerous consequences that the Company might face (and therefore all its employees, managers and senior managers) by the application of financial and disqualification sanctions set out in the Decree and the possibility that they are also imposed as a precautionary measure;
- allowing the Company constant monitoring and a careful supervision of sensitive processes in such a way as to be able to intervene promptly where risk profiles manifest.

3.2 *The Guidelines issued by Confindustria*

In preparing the Model, the Company availed itself of the possibility, provided for in the Decree, to define the contents on the basis of codes of conduct and guidelines issued by the representative associations in the sector, communicated to the Ministry of Justice which, together with the relevant Ministries, can formulate comments on their suitability within 30 days.

In this sense, the company has drawn inspiration from the "Guidelines for the construction of Models of Organization, Management and Control pursuant to Legislative Decree no. 231/2001" issued by Confindustria on 7 March 2002 and subsequently updated and approved by the Ministry of Justice, latterly on 21 July 2014, which envisage the following activities:

- identification of risk areas, i.e. the area or business sector concerned by the risk that offences provided for in the Decree might be perpetrated;
- setup of a control system reasonably capable of preventing or reducing the risk of offences being committed, through the adoption of appropriate protocols. In this context, particular importance is given to organizational structures, the activities and rules implemented by the company's *management* and employees in the framework of the internal control system, aimed at ensuring:
 - effectiveness and efficiency of management operations;
 - reliability of corporate information, both toward third parties and internally;
 - compliance with laws and regulations, rules and internal policies.

In any event, any discrepancies that may occur with respect to the content of the Guidelines do not in themselves affect the validity of the Model, as the latter has been adapted to the specific context of the Company and therefore may well deviate from the Guidelines - which are general in nature - for specific protection and prevention needs.

The Company has also taken into account the simplified procedures for the adoption and effective implementation of the Models of Organization and Management of health and safety in small and medium-sized enterprises developed by the permanent advisory committee on health and safety at work. The document contains simplified organizational guidance, operational in nature, useful to the establishment and effective implementation of an enterprise system suitable to prevent the offences set out in art. 25-F of Legislative Decree no. 231 dated 08 June 2001 (pursuant to Article 30 of Legislative Decree no. 81/08 and subsequent amendments).

3.3 Design for the definition of Pharmanutra S.p.A.'s Model of Organization and Management.

The Model, as prescribed by the Decree and recommended by Confindustria's Guidelines as well as by the best practices existing in this field, was therefore drawn up in accordance with the methodological phases outlined below.

Phase 1 - Organizational analysis and identification of high risk processes

In this phase, an analysis of the corporate context was performed in order to identify processes and activities within which offences might hypothetically be committed such as those expressly recalled by Legislative Decree no. 231/2001 and in order to identify those responsible, i.e. the resources with a thorough knowledge of these processes/activities and of the control mechanisms currently in place (so-called "Key Officers").

The relevant documentation (organization chart, procedures, organizational provisions, etc.) was then gathered and examined, and interviews with key officers identified were performed, in order to define the activities carried out by them, as well as the business processes in which these activities are structured and their concrete and effective implementation.

Phase 2 - As-Is Analysis

Once the areas and activities potentially at risk were identified, for each high-risk process the following were identified, analysed and formalised:

- the main phases;

- the functions and roles/liability of internal and external individuals involved;
- The existing control elements;

In order to verify in which high-risk process or activity and in what manner offences could theoretically take place, with reference to those specified in Legislative Decree No. 231/2001.

Phase 3 - Gap Analysis

The results of the analysis described above were then used in order to identify potential vulnerabilities and the associated actions to improve the internal control system, necessary to ensure that the Organizational Model is more suitable to prevent the offences mentioned by Legislative Decree no. 231/2001.

Phase 4 - Preparation of this Model of Organization and Management

On the basis of the results of the preceding phases and the comparison with relevant best practices, as well as in function of the directional choices of the company's decision-making bodies and based on the degree of synergistic alignment with the existing internal control system, a draft of the company's Model of Organization, Management and Control was then produced, divided into the following sections:

- The **General Section**, containing a description of the relevant legislation and the activity carried out by the Company, as well as the definition of the necessary structure for the implementation of the Model, such as the operation of the Supervisory Board and the system of disciplinary actions and sanctions;
- The **Special Section**, the content of which is constituted by the identification of assets under which the liable offences set out in the Decree might be committed, with indication of the relative control protocols.

3.4 Identification of high-risk activities

As a result of the analysis of the organizational structure and on the basis of the information acquired during interviews made with Key Officers and their collaborators, activities were identified within the framework of which it is possible to envisage the possible perpetration of the offences specified in the Decree ("High-risk activities").

For each interview a detailed file was drawn up containing the description of high-risk activities, potential offences and associated ways by which they might be perpetrated, as well as the existing control protocols.

Upon completion, the following High-risk Activities were identified:

1. Research, development and patenting of products;
2. The purchase of goods and services
3. Management of Clinical and Pre-clinical trials;
4. Management of non-compliant products
5. Management of marketing activities;
6. Management of gifts, of humanitarian or solidarity initiatives and of sponsorships;
7. Relations with the Public Authorities functional to obtaining/renewing authorisations, certifications and registrations;
8. Selection and management of Commercial Scientific Informers;
9. Selection and management of Retailers;

10. Selection and management of staff;
11. Management of the relationships within the group;
12. Management of cash flows (takings and payments);
13. Management of tax obligations;
14. Drafting of financial statements, reports and corporate communications;
15. Management of relations with the corporate and supervisory bodies;
16. Management of marketing communications and of privileged information;
17. Management of judicial proceedings and of disputes;
18. Management of inspections, audits and investigations;
19. Management of requirements related to health and safety at work
20. Management of environmental legislation requirements;
21. Use of the corporate computing equipment.

3.5 *Pharmanutra S.p.A.'s internal control system*

This Model does not replace but complements the system of controls that Pharmanutra S.p.A. has already put in place (and on which the Model itself is based) and together with the Code of Ethics, which is an integral part thereof, it directs the system of controls clearly to the objective of legality and transparency that the Company espouses in every field of activity.

The system of internal controls comprises:

- the rules of corporate governance indicated in the bylaws;
- the system of powers of attorney and internal powers;
- a detailed organizational chart that describes the roles of each area and the relative managers;
- the procedures, workflow sheets and operating instructions adopted by the Company;
- the Risk Assessment Document pursuant to Legislative Decree no. 81/2008 and the Prevention and Protection Service;
- the Quality Manual.

The behavioural rules and procedures listed above, although not enacted in compliance with the provisions of Legislative Decree no. 231/2001, have as one of their principal purpose the control of the regularity, diligence and legitimacy of the behaviour of those who represent or are employees of the Company and, therefore, contribute to ensuring the prevention of liable offences pursuant to Legislative Decree no. 231/2001, even those which have not been the subject of specific treatment in special sections of the Model, as, although taken into account in the risk analysis phase, they have not shown such a profile as to require the introduction of specific controls within the Special Section.

3.6 *The Group's Code of Ethics and Farindustria's Code of Ethics*

The model constitutes a separate and autonomous document with respect to the Code of Ethics of the Pharmanutra Group, even though both documents are brought together by the explicit will of Pharmanutra S.p.A. to operate internally and externally in full compliance with the principles of legality and fairness. Although separate, the two documents are complementary: the Code of Ethics can also be seen as a further operational procedure for the application and the implementation of the provisions contained in the Decree, as it clarifies what is required and what is prohibited in order to avoid the perpetration of any offence set out or recalled in the Decree and not only of those that, due to their particular relevance to the activities carried out by the Company, find specific discussion in

the Model.

Indeed, the Code of Ethics contains the combination of values that Group's companies recognise, respect and share toward specific categories of bearers of legitimate interests.

The associated rules of conduct, which ensure its implementation, govern in practical terms the behavioural principles to be observed in carrying out corporate activities in order to ensure the proper functioning, reliability and good reputation of the Company and are an effective tool for the prevention of unlawful behaviour on the part of all those who act in the name and on behalf of the Company.

The Code of Ethics is annexed to the present Model and constitutes an integral part of it (Annexe 2).

3.7 *Farindustria's Code of Ethics*

Pharmanutra S.p.A. has also joined Farindustria and adhered to the Code of Ethics adopted by the latter, approved by the pharmaceutical companies part of the association in compliance with the rules dictated by the Codes of ethics of the European and international pharmaceutical industry federations (EFPIA and IFPMA), which regulates the scientific relations between pharmaceutical companies and between them and the scientific and health sectors.

The Code establishes the commitment of pharmaceutical industries to compliance with the specific laws in force, and to operate according to transparent behavioural rules that govern the different areas in which the business is divided.

3.8 *Model Recipients*

The rules contained in this Model apply to members of corporate bodies and to all those who carry out functions related to management, administration, supervision or control within the Company, as well as to all employees and, in general, to all who operate under the management and/or supervision of the aforementioned persons above (hereinafter all referred to, collectively, as "Recipients").

The control principles contained in the Model and in the Code of Ethics also apply, within the limits of the existing contractual relationship, to those who, although not belonging to the Company, operate on the mandate or on behalf of it or are in any event linked to the company by important legal relations, such as Commercial Scientific Informers, suppliers, consultants, commercial partners: these subjects, due to dedicated contractual clauses, undertake to hold, in the context of the relations established with the company, good behaviour respectful of the existing regulations and, in particular, suitable to prevent the perpetration of offences in relation to which the sanctions provided for in the Decree apply.

4. SUPERVISORY BOARD

4.1 *Premise*

Based on the Decree's provisions, the company may be exempted from liability following the perpetration, in its interest or advantage, of offences by top manager or individuals subject to their supervision and direction if the executive body - in addition to having adopted and effectively implemented the Organization, Management and Control Model suitable to prevent the offences - has entrusted the task of supervising the functioning and compliance with the Model to a body with independent powers of initiative and control (hereinafter "**Supervisory Board**" or also "**SB**").

In compliance with the conditions laid down in the Decree and with the guidelines provided by Confindustria, Pharmedica has established its own Supervisory Board as a collegial body, provided with independent powers of initiative and control.

4.2 *Requirements of the Supervisory Board*

Members of the Supervisory Board have been selected in such a way as to ensure the requirements of professionalism, autonomy and continuity of action indicated by the Guidelines of Confindustria and in particular:

- independence, guaranteed through the appointment as a member of the Supervisory Board of at least one person outside the Company and not bound to it by any significant contractual relationship such as to compromise the independence of judgement, who is attributed to the role of Chairman;
- professionalism, as the supervisory board internally has the necessary expertise in the field of law and economics, as well as in relation to the techniques of analysis and evaluation of legal and organizational risks;
- autonomy, as the supervisory board is guaranteed self-determination in control initiatives, free from any form of interference or conditioning. The supervisory board reports directly to the top management, i.e. to the Board of Directors, with the possibility of also reporting to the Board of Statutory Auditors;
The supervisory board is not assigned operational tasks and does not participate in operational decisions and activities in order to protect and ensure objectivity of its judgement; the Supervisory Board is also furnished with adequate financial resources necessary for the proper conduct of its activities; lastly, the internal Supervisory Board operation rules are defined and adopted by it in the Supervisory Board Regulations;
- continuity of action, as the supervisory board is systematically dedicated to the activity of supervision set out by the Decree and is constantly monitoring the effective and efficient implementation of the Organizational Model in accordance with the provisions of the Decree.

Furthermore, appointment of an individual as a member of the Supervisory Board is dependent on the presence of subjective requirements for eligibility.

In particular, the individual designated as a component of the Supervisory Board shall issue, at the time of acceptance of the assignment, a declaration in which he/she states the absence of:

- *conflicts of interest*, even potential, with the Company that would affect the independence required of the role and the tasks associated with Supervisory Board;

- *ownership*, direct or indirect, of *shares* of such amount as to allow considerable influence to be exerted on the Society;
- *administration functions* - in the three years preceding the appointment as a member of the Supervisory Board - in companies subject to bankruptcy or other insolvency procedures;
- *sentence of condemnation*, even if not *res judicata*, or a sentence for which the punishment is to be applied on request (so-called plea-bargaining), in Italy or abroad, for the offences referred to in the Decree or other offences that nevertheless impact on professional morality;
- *conditions of ineligibility or revocation* set out in article 2382 of the Civil Code (currently it refers to interdiction, partial interdiction, bankruptcy, or condemnation by judgement - even if not *res judicata* - to a penalty that entails interdiction, even temporary, from public positions or the inability to perform executive roles).

Where any of the above mentioned reasons of ineligibility should arise against an already appointed individual, he/she is automatically discharged from the post. In this case, the Board of Directors shall see to his/her replacement through its own resolution.

4.3 Duration and termination

The Company's Supervisory Board, appointed by a resolution issued by the Board of Directors, shall remain in office for three financial years or for the different period established at the time of appointment, nevertheless not less than one year, with the possibility of renewal.

Upon expiry of the term of office, the supervisory board will remain in office until the new appointment or re-election in the next Board of Directors.

Termination of the post may also occur due to renunciation, revocation or death.

In the event of renunciation to the post, the member of the supervisory board is required to give a written communication to the Board of Directors or the Supervisory Board itself, so that his/her timely replacement is arranged.

Termination of the post can also occur by revocation by the Board of Directors. However, in order to guarantee the necessary freedom and independence of the supervisory board, the revocation can only occur for a just cause by means of an appropriate decision of the board of directors after consultation with the Board of Statutory Auditors.

For illustrative purposes, a “just cause” for revocation should be intended as:

- a gross negligence in the performance of the tasks connected with the post such as to irreparably jeopardise confidence in the diligent continuation of the post;
- "*omitted or insufficient supervision*" - as set out in art. 6, paragraph 1, lett. d) of the Decree, which could also arise from a sentence of condemnation, even if not *res judicata*, issued in respect of the Company pursuant to Legislative Decree no. 231/2001, i.e. through judgement of application of the penalty on request (the so-called plea-bargaining);
- Termination from another post if the latter had been the explicit prerequisite for appointment as a member of the supervisory board (e.g. covering a certain function within the Company).

In every case of renunciation, termination, revocation or death, the Board of Directors provides for the replacement of the member of the supervisory board who has terminated his/her post.

The members thus appointed shall remain in office for the remaining period of duration of the supervisory board.

4.4 Resources allocated to the Supervisory Board

In order to be able to operate independently and have the most appropriate instruments to ensure an effective implementation of the task assigned to it by the present Model, as provided for by the Decree, the Supervisory Board has adequate financial resources.

To this end, the Board of Directors annually approves an allocation of financial resources, proposed by the supervisory board itself, which the latter may use for every requirement necessary for the proper performance of the tasks assigned to it.

Remuneration of individual members of the supervisory board (with particular reference to the external members) is established by the Board of Directors at the time of the appointment.

In addition, taking into account the peculiarities of the powers of the supervisory board and related professional content in carrying out the tasks of supervision and control, it can be supported by dedicated staff, as well as assisted by Functions present in the Company, which in turn may be necessary on each occasion, and can also use external consultants, where this proves necessary for the most effective and independent completion of its activities.

In any case, the Supervisory Board remains directly responsible for the exact fulfilment of the obligations of supervision and control arising from the Decree.

4.5 Roles and powers of the Supervisory Board

The Supervisory Board sets up a Regulation aimed at governing the performance of its business.

The Supervisory Board is entrusted with the task of monitoring:

- compliance with the requirements set out in the Model, in relation to different kinds of Offences covered by the Decree and the subsequent rules which extended its field of application;
- the effectiveness of the Model in relation to the company structure and to the effective ability to prevent the perpetration of offences;
- the opportunity to update the Model, where it is necessary to adapt it in relation to changes in corporate and/or regulatory conditions.

In particular, for the performance of its functions, the Supervisory Board is entrusted with the following powers:

- check the efficiency and effectiveness of the Model also in terms of conformity between the operating modes adopted in practice and the protocols formally set out in the Model itself;
- check the persistence over time of the requirements of efficiency and effectiveness of the Model;
- ensure the periodic updating of the mapping of high-risk activities;
- promote the updating of the Model, where necessary formulating to the Board of Directors the proposals for any updates and adjustments to be carried out by means of modifications and/or additions that may become necessary as a result of: i) significant breaches of the Model's provisions; ii) significant modifications of the internal structure of the Company

- and/or of the modes of undertaking corporate activities; (iii) regulatory changes;
- promptly reporting to the competent functions, for the appropriate measures, of confirmed breaches of the Model that might entail the arising of a liability for the Company;
 - promote initiatives for the dissemination of the Model, as well as for staff training and awareness raising of staff with regard to observance of the principles contained in the Model;
 - promote interventions for communication and training on the contents of Legislative Decree no. 231/2001, on the impact of the legislation on the activities of the Company and on behavioural rules;
 - provide clarification on the meaning and application of the provisions contained in the Model;
 - promote the implementation of an effective internal communication channel to allow the communication of news relevant for the purposes of Legislative Decree no. 231/2001, ensuring the protection and confidentiality of the whistleblower;
 - formulate and submit to the approval to the Board of Directors the expenditure forecast necessary for the proper performance of the tasks assigned;
 - access freely, in compliance with the regulations in force, also concerning privacy, to any department, office or Function of the Company in order to request information, documentation and data deemed necessary for carrying out the tasks provided for by Legislative Decree no. 231/2001;
 - Monitor the fairness of the system of powers of attorney for the purposes of ensuring the effectiveness of the Model. To this end, it will be able to carry out cross-checks to verify the effective correspondence between actual activities implemented by business representatives and the powers formally conferred through the existing powers of attorney;
 - request relevant information to collaborators, consultants and external collaborators, however described;
 - promote the activation of any disciplinary proceedings in consequence of any detected violations of this Model.

Organizationally, to this end the Supervisory Board sees to:

- adopting a Regulation aimed at governing the performance of its business;
- developing and implement a periodic Activity Plan (normally annual) aimed at monitoring the effective implementation of the business control processes in the areas at risk and their effectiveness;
- carrying out targeted checks on certain operations or specific acts performed in the context of the areas of activities at risk as defined in Special Section of the Model;
- coordinating with the various corporate functions in order to improve the monitoring of activities in the areas at risk, collecting, processing and storing the relevant information in compliance the Model;
- performing internal investigations for the ascertainment of any breaches of the Model's requirements.

4.6 Reporting towards corporate bodies

The Supervisory Board must report the results of its activity to the Board of Directors of the Company.

In particular, the Supervisory Board shall report on (i) the activity carried out; (ii) any violations of the Model and (iii) any critical issues in terms of the Model's effectiveness and efficiency; (iv) any requirements for the Model to be updated due to violations, organizational changes or new regulations, with indication of the relative level of urgency; (v) its management of expenditure (statement relative to the modes of use of the financial resources making up the budget allocation to the supervisory board).

The supervisory board is constantly interfacing with the Executive Directors and at least once a year it prepares for the Board of Directors a written information report on its supervisory activity undertaken, on the outcome of said activity and on the implementation of the Model within the Company; this report is also forwarded to the Board of Statutory Auditors.

In any case, the supervisory board may contact the Board of Directors and/or the Board of Statutory Auditors whenever it considers it appropriate for the purposes of the efficient and effective performance of the tasks assigned to it.

Even outside the periodic report, the Supervisory Board may be invited to report to the Board of Directors about their activities at the request of the latter.

Furthermore, depending on the individual circumstances, the Supervisory Board can communicate:

- 1) the results of its investigations to the managers of functions and/or processes, if there were aspects open to improvement. In this case, the process managers send to the supervisory board a plan of action with associated timeline, for activities susceptible of improvement, as well as the specifications of the operational changes needed to achieve the implementation;
- 2) report any behaviours/actions that are not in line with the present Model, with the Code of Ethics and with business practices, in order to:
 - acquire all the necessary elements to send communications to the structures in charge of assessing and enforcing disciplinary measures;
 - avoid repetition of the occurrence, providing guidance for removal of shortcomings.

The activities indicated at item 2) are communicated by the Supervisory Board to Board of Directors at the latest in the periodic report.

The formal meetings with the bodies to which the supervisory board reports are minuted in their respective books, and copies of the minutes and any written reports are kept by the Chairman of the supervisory board and by the bodies involved on each occasion at the premises of the Company.

The activities of the supervisory board are unquestionable by any organism, structure and corporate function, without prejudice, however, to the duty of the Board of Directors to check the adequacy of the Supervisory Board and of its operation, because the Board of Directors is nevertheless responsible for the operation and the effectiveness of the Model.

4.8 Obligations to inform the Supervisory Board;

In order to facilitate and make the task of the Supervisory Body effective, all information deemed useful to this purpose must be communicated in writing (including by email) to the Supervisory Board by Recipients, including by way of example:

- The critical issues that may be significant for the purposes of the proper application of the Model, which emerged from first and/or second level supervision operations;
- measures and/or information from the judicial police, or any other authority, which indicate the performance of investigations, also against unknown persons, for offences specified in the Decree, in relation to cases that involve the Company;
- requests for legal assistance submitted by employees against whom the Courts is opening a proceeding for the offences covered by the Decree;
- measures and/or news from Judicial Police bodies or from any other Authority, from which is the performance of investigations is ascertained against employees and representatives of the Company for offences committed in the exercise of their business (even if these offences are not included in the Decree);
- internal and external communications regarding any case that may be linked to an alleged offence as per the Decree (e.g. disciplinary measures initiated / implemented against employees);
- Communications, on the part of the Board of Statutory Auditors and of the Auditing Company, relating to every critical issue emerged from the respective control activities, even if resolved;
- News regarding the effective implementation of the Model at all corporate levels, with evidence - in the context of disciplinary proceedings performed - of any sanctions imposed or provisions for the dismissal of said proceeding with the reasons therefore, if they are linked to the perpetration of any of the offences referred to in the Decree or refer to the Disciplinary System;
- The cases, suspected or conspicuous, of breach or incorrect implementation of a procedure or rule by an employee or a consultant, presenting a detailed report on the intervention measures taken to ensure compliance with the procedure and/or in any event to prevent the subject from being able to commit an offence (e.g., removing him/her temporarily from the task of external relations on behalf of Agency).
- news related to organizational changes implemented that impact significantly on High-risk Areas;
- updates of significant powers of attorney and internal powers;
- decisions relating to the request, supply or use of public funding;
- changes in risk or potential risk situations in relation to any of the offences referred to in the Decree;
- significant infringements of the rules relating to the prevention of accidents, to occupational hygiene and to the prevention of environmental impacts;
- accidents at work, near-accidents or dangerous behaviours occurring to the employees of the Company and/or of external contractors in the context of existing supply, contract or staff leasing relations with the company;
- periodic reporting on health and safety at work and in particular the minutes of the periodic meeting referred to in art. 35 of Legislative Decree no. 81/2008;
- visits, inspections and investigations initiated by competent agencies (purely by way of example: the local healthcare service (ASL), the National Social Security Institute [INPS], the National Institute for Insurance against Accidents at Work [INAIL], the Italian Financial Police [TN: Guardia di Finanza], the Labour Inspectorate, etc.), and, at their conclusion, any findings and penalties imposed;
- Copy of any communications made to the Supervisory Authority (e.g. Antitrust Authority, Authority for the protection of personal data, etc.);
- the results of internal audits in general and in particular those aimed at ensuring the effective

respect of the Model and the Code of Ethics.

Beyond the preceding list, which is purely exemplary, in relation to each High-risk Area, the Supervisory Board agrees with the Managers of the various corporate functions more specific and detailed information flows, requiring periodic transmission of information and documents whose examination allows the supervisory board to ascertain promptly the constant application of the procedures and the respect of corporate defence measures, as described by the Model.

All communications and reports described should be made in writing to the following email address:

Odv@pharmanutra.it

or, by means of priority mail, to the Supervisory Board at the headquarters of the Company, currently:

Pharmanutra S.p.A.
Supervisory Board
Via delle Lenze, 216/b -
56122 Pisa (Italy)

Pursuant to article 6, paragraph 2 bis of Legislative Decree no. 231/2001 (as amended by Law 179/2017) - which requires that the Model of Organization, Management and Control incorporates one or more channels, also digital, through which employees or collaborators can send detailed and accurate alerts of unlawful behaviour or violations of the Model found by them, the Company has also established a special email address to which it is possible to send alerts with the guarantees provided for by law for the protection of the whistleblower:

Segnalazioni@pharmanutra.it

Every reporting sent to the above address provided with an adequate level of security against intrusion, is accessible only to the Chairman of the Supervisory Body, who processes any information received in compliance with the principle of confidentiality of the identity of the whistleblower in good faith and of protection of the latter.

Reports must be based on precise and consistent factual elements, in order to enable the recipient to immediately evaluate their importance.

The protection offered to the whistleblower thus wants also to be the instrument for discouraging anonymous reporting, which, if not characterized by a high degree of accuracy and detail, make it difficult if not impossible to arrange further activities and investigations.

Every retaliation committed to the detriment of the whistleblower or anyway aimed at violating the whistleblower protection measures and carried out by governing bodies or individuals acting on behalf of the Company is sanctioned according to the procedures referred to in the following chapter. The conduct of those who, with severe negligence or fault, make reports that turn out to be unfounded, is equally sanctioned.

The information provided to the supervisory board has the purpose of facilitating and improving the planning activities of controls and do not impose the same systematic and punctual verification of all phenomena represented. It is therefore left to the discretion and the responsibility of the supervisory board to determine in which cases and how to become engaged.

5. DISCIPLINARY AND SANCTIONING SYSTEM

5.1 Role of the disciplinary system

The definition of a system of sanctions (weighed depending on the type of infringement and in any case providing deterrence) to be applied in the event of violation of rules of conduct referred to in the Model and/or of the principles of the Code of Ethics has the purpose of ensuring the effectiveness of the Model itself.

Indeed, adoption of the disciplinary system is an essential requirement of the Model, pursuant to article 6, paragraph 2(e) of the Decree.

Pharmanutra's Disciplinary System, disseminated to staff by means of suitable tools, was drawn up on the basis of the forecasts contained in the collective agreements applied (collective agreement for employees of the chemical industry, and industries in the chemical-pharmaceutical, chemical fibres and abrasive, lubricants and LPG sectors and the collective agreement of broker agents) and of the supplementary agreements and draws inspiration from the following principles:

1. it is structured differently depending on the recipients (for which the disciplinary section is strictly that which concerns employees, while the sanctions section relates to third parties; the two parts together are called "disciplinary and sanctioning system") and takes account of the possible recurring behaviours;
2. it identifies exactly the sanctions to be adopted towards recipients if the latter perform violations, infringements or circumvention of the requirements contained in the Model or in internal procedures quoted by the Model itself;
3. it envisages a procedure for the determination of the aforementioned violations, infringements, circumvention, imperfect or partial implementations, as well as an appropriate procedure for the imposition of applicable sanctions, identifying the person assigned to their imposition and in general to ensure the observance, application and updating of the disciplinary system.

In particular, the disciplinary and sanctioning system is aimed at:

1. persons who have functions of representation, administration or management of the Company;
2. persons subject to the management or supervision of one of the subjects mentioned above and in general all employees;
3. all those who in any way and at the various levels of responsibility, operate within the framework of the Company contributing with their acts to the performance of the overall activity of the Company, including consultants and other external collaborators however described.

The present Disciplinary System is divided into sections, each referring to the particular category of recipients, taking into account the special legal status of the different subjects.

The application of disciplinary or contractual sanctions takes place irrespective of the outcome of any criminal proceedings borne by the author of the infringement, since the rules imposed by the Model are taken on by the Company in full autonomy, regardless of the type of offence that the violations of the Model itself may determine.

In any case, the principles of timeliness and immediacy make it inappropriate to delay the imposition of disciplinary measures pending the outcome of the proceedings that may be instituted before the

Judicial Authority (see Confindustria Guidelines, chap. III, item 4, p. 50).

The supervisory board is entrusted with the task of monitoring compliance with and the correct implementation of the system of disciplinary actions in the event of significant violations for the purposes of the Decree, and of informing the Board of Directors to ensure the updating, modification of and/or the addition to the Disciplinary System itself, should it deem this necessary for the purposes of better efficacy of the Model.

The disciplinary system outlined below also applies to those who violate the protection measures taken towards workers who have made the reports, as well as against those who undertake with severe negligence or fault reports that prove to be totally unfounded.

5.2 Disciplinary system toward employees

The breach, infringement, circumvention, imperfect or partial application of individual rules of conduct referred to in this Model, i.e. the principles contained in the Code of Ethics, by employees of the Company constitutes a wrongful act that can be sanctioned as follows.

For the purposes of this Disciplinary System, disciplinary measures are imposed towards employees that do not have the status of Executives in compliance with the procedures laid down by Article 7 of law no. 300 dated 20 May 1970 and subsequent modifications and integrations (hereinafter referred to as the "Workers' Statute") and of the National Collective Labour Agreement for employees working in chemical-pharmaceutical industries (hereinafter referred to as "NCLA"), as well as any special regulations applicable, also contractual.

More precisely, for the purposes of this Disciplinary System, the disciplinary measures imposed may consist in:

1. a verbal warning;
2. a written warning;
3. a fine not exceeding three hours of hourly earnings calculated on the tabular minimum;
4. suspension from work and pay for up to three days;
5. dismissal.

Without prejudice to the obligations of the Company arising from the Workers' Statute, from any special rules applicable, as well as from applicable internal regulations, the behaviours that are in violation of the Model, accompanied by the relevant sanctions are the following:

- 1 The "verbal warning" provision is incurred in by a worker who does not observe correctly or violates a provision of the Model or a procedure in one of its formal aspects (e.g., who does not readily require one of the checks set out by the procedure, despite having received verbally the necessary authorisations; fails to give notice to the Supervisory Board of the prescribed information, fails to carry out the due checks, etc.). Such conduct constitutes a failure to comply with the provisions given by the Company.
- 2 A "Written reprimand" provision is incurred in by a worker who has relapsed in violating the procedures invoked by the Model or in adopting, in carrying out activities in high-risk areas, a behaviour does not comply with the requirements of the Model. Such behaviour constitutes a repeated failure to comply with the provisions given by the Company.
- 3 A "Fine" provision, not exceeding the amount of 3 hours of normal wage, is incurred in by a worker who, in breach of the procedures invoked by the Model, or by adopting a behaviour does not comply with the requirements of the Model in the completion of activities in high-

risk areas, exposes the integrity of business assets to a situation of objective danger. These behaviours, performed with failure to follow the provisions given by the Company, result in a situation of danger for the integrity of the Company's assets and/or acts contrary to its interests.

- 4 A "**suspension**" from work provision, with relative reduction in remuneration for a period not exceeding 3 days, is incurred in by a worker who, being is in breach of the procedures invoked by the Model, or adopting a behaviour does not comply with the requirements of the Model in the completion of activities in high-risk areas, has relapsed more than three times in the calendar year in the faults referred to in points 1, 2 and 3. These behaviours, performed due to the failure to follow the provisions given by the Company, cause damage to the Company, and, in any event, constitute acts that are objectively contrary to the interests of the latter.
- 5 The "**dismissal with notice**" provision is incurred in by a worker who, in carrying out activities in high-risk areas, adopts a behaviour does not comply with the requirements of the Model, directed in an unambiguous way to the fulfilment of an offence sanctioned by the Decree. Such conduct constitutes a serious breach of the provisions issued by the Company and/or a serious breach of the obligation of the employee to cooperate in the development of the Company.
- 6 The "**dismissal with notice**" provision is incurred in by a worker who, in the performance of activities in high-risk areas, adopts a behaviour in breach of the requirements of the Model, so as to determine the concrete implementation against Company of the measures set out in the Decree, as well as by a worker who has relapsed beyond the third time in the calendar year in the faults referred to in item 4. This behaviour causes the trust of the Company towards the worker to radically comes to an end, constituting a serious moral and/or material harm for the company. For this reason, dismissal without notice is also applied in the cases referred to in the previous item 5, where for the seriousness of the behaviour or the possible consequences for the Company, the relationship of trust radically comes to an end, with the impossibility of continuing the relationship even if only for a limited period of time.

In any case, the penalties shall be proportionate to the level of responsibility and autonomy of the employee, to the intentionality of the behaviour, to its seriousness, with this being understood both the importance of the obligations violated and the consequences to which the Company can reasonably be consider itself exposed to, also pursuant to and in accordance with the Decree.

If multiple infringements are committed with single act, and these are punished with different sanctions, the most severe sanction is applied.

The relapse in the course of three years automatically entails application of the next most serious penalty.

The person responsible for the practical implementation of the disciplinary system described for employees that are not executives is the Chairman of the board of directors, who applies the sanctions also on a possible indication by the supervisory board, having heard the opinion of the line manager of the author of the conduct for which a complaint was raised.

In any case, the Supervisory Board receives timely information of any act relating to the disciplinary proceedings against a worker for violation of this Model, from the moment of disciplinary notification.

The necessary involvement of the Supervisory Body is envisaged in the procedure for the imposition of penalties for violation of the Model/Code of Ethics in the sense that a disciplinary sanction cannot be imposed for said violations without prior notification to the Supervisory Board of the content of the charge and the type of sanction intended to be imposed.

The supervisory board is given also the communication of any dismissal provision in relation to

disciplinary proceedings referred to in this chapter.

It is however a duty of the Supervisory Board to verify and assess the suitability of the disciplinary system pursuant to and in accordance with the Decree.

Workers are given immediate and widespread information about the introduction of any new provision, sending out a suitable internal communication to explain its reasons and summarise its content.

5.3 Disciplinary system against executives

Relationship with Top Management is essentially a trust-based relation between employee and the Employer. The behaviour of the executive is reflected not only inside the Company but also to the outside, for example in terms of image with respect to the market.

Given the above, respect on the part of the Company's managers of the provisions set out in this Model and in Pharmanutra S.p.A.'s Code of Ethics and the obligation to enforce the provisions of said document among the other employees are essential elements of employment relations for an executive, constituting a stimulus and an example for all those who report to them in the hierarchy.

In the event of a breach by the Company's executives, the following measures will be taken towards the responsible individuals, in accordance with the procedures set out in art. 7 of the Workers' Statute:

- In the event of not serious breach of one or more procedural or behavioural rules set out in the Model or in the Code of Ethics, after a first verbal warning, the manager will receive a written warning to comply with the Model and the Code of Ethics as a necessary condition for the maintenance of the relationship of trust with the Company, taking particularly into account the responsibilities entrusted to the executive;
- In the case of a serious breach of one or more of the provisions of the Model or of the Code of Ethics, or recurrence of one or more violations referred to at the point above, such to configure - following the appropriate and necessary verifications by the Company - a significant failure attributable to negligence or a deliberate action by the executive, the Company will proceed to the dismissal of the director himself, with recognition of the compensation in lieu of notice;
- In the event of a breach of one or more of the requirements of the Model or the Code of Ethics whose gravity irreparably impairs the relationship of trust, not allowing the continuation of the employment relationship, even if temporary, the Company will proceed to dismissal of the executive without notice nor compensation, pursuant to art. 2119 of the Civil Code and rules of the NCLA recalled above.

As specific sanctions, the Supervisory Board may also propose the suspension of power of attorney possibly conferred to the executive and the exclusion from the incentives program that might be applicable in the year in which the infringement was found.

The Chairman of the board of directors is responsible for the practical application of the disciplinary measures for executives described above.

No penalty can be imposed for violation of the Model to an executive without prior notification to the Supervisory Board.

The Supervisory Board is also given communication of any archiving measure relating to the disciplinary proceedings referred to in this chapter.

5.4 Measures against directors and auditors;

The Company considers with extreme rigour any infringements of this Model implemented by those

who represent the top management of the Company and therefore represent its image toward the institutions, employees, shareholders and the public.

The formation and the consolidation of a business ethics sensitive to the values of fairness and transparency presupposes, firstly, that these values are acquired and respected by those who guide the choices made by the company in such a way as to constitute an example and stimulus for all those who, at any level, are working for the company.

In the event of administrators breaching internal procedures set out in the Model or adopting, in the exercise of their powers, measures that conflict with the provisions or principles of the Model, the Supervisory Board shall promptly and formally inform the Board of Directors and the Board of Statutory Auditors, which take all appropriate actions envisaged by the current legislation, including, for example, calling the Shareholders' Meeting in order to take the most appropriate measures.

Similarly, in the case of a breach of the provisions contained in the Model and/or in the Code of Ethics by one or more members of the Board of Statutory Auditors, the other members of the Board of Statutory Auditors and/or the Board of Directors and/or the Supervisory Board should inform, without delay and in writing, the entire Board of Directors and the Board of Statutory Auditors, which shall take all appropriate measures allowed by current legislation, including, for example, calling of the Shareholders' Meeting in order to take the most appropriate measures.

In any case, the above is without prejudice to the right of the Company to propose liability and compensation actions.

5.5 Sanctions against third parties (consultants, external collaborators and commercial partners, Commercial Scientific Informers)

Each behaviour performed by Commercial Scientific Informers, collaborators, consultants or other third parties bound to the Company by a contractual relationship not based on direct employment, in breach of the provisions of the Decree, of the Code of Ethics and/or of the Model for the sections of their competence, can cause the application of penalties or termination of the contractual relationship, without prejudice to the possible request for compensation if such behaviour causes damages to the Company.

To this end, in the consultancy or collaboration agreements with external parties, specific clauses are inserted that certify awareness of the Decree, the Code of Ethics (and of the Model in the parts that might be applicable) by the third party, requiring a commitment by the latter and its employees and collaborators to refrain from behaviour that might violate the above requirements and providing specific sanctions for putative violations.

In particular, the sanctions imposed towards the entities referred to in this paragraph are:

- Written warning to maintain strict adherence to the rules of conduct breached, to be noted in the Supplier Register or with other tools that retains memory of this occurrence pro futuro (always applicable);
- Activation of specific negotiating clauses inserted into the relative contracts with which the consequences of similar infringements are regulated, also with consideration to the damage suffered by the Company as a result of the fact; in particular:

- if non-compliance leads to a serious breach or enforcement against the Company of one of the administrative sanctions set out in the Decree, or in any event, if the relationship of trust between the company and those subjects comes to an end, applying article 1456 of the Civil Code, the Company has the right to terminate the contract;
- For the less serious violations, which do not cause the irreparable voiding of the relationship of trust, the Company, in compliance with the contractual clauses, sees to the application of appropriate and proportionate sanctions.

As for the procedure for the establishment of similar infringements, the supervisory board verifies that the appointed Function has contested the fact to the author of the infringement with the specific indication of the facts ascribed, issuing a contextual written reprimand for the strict compliance with the rules of conduct broken, with a formal act of placement in default and with invitation to remedy to the ascertained infringement, i.e. by applying the additional penalties provided for by the signed contract.

However, the right to compensation for the damage suffered by the company as a result of similar infringements remains intact and unaffected.

6. INFORMATION AND TRAINING

For the purposes of the effectiveness of the Model, the Company ensures an adequate knowledge and dissemination of the rules of conduct contained therein for members of corporate bodies and all employees, external collaborators and third parties who have a relationship of any kind with it.

Said objective concerns all resources in the categories mentioned above, whether they be already present in the Company, or to be added in the future.

The level of training and information is implemented with specific and appropriate rules in relation to the function performed by the Recipients.

Participation in the training activities according to the procedures and timing defined by the Company is mandatory, and breach of the obligation is susceptible of disciplinary assessment pursuant to the previous chapter 5.

In particular, training and information are carried out according to the following procedures.

6.1 Training of the Company's internal resources

Adoption of the Model is communicated to Recipients of this document by its provision in the most appropriate way (e.g. suitable dissemination on the website, notice in the bulletin board, provision of paper copies of the Model, ad hoc circulars).

The Personnel Administration (PA) Function sees to requesting newly hired/new collaborators, at the time of signing of the recruitment/collaboration, to sign a declaration certifying that they have read the Model and the Code of Ethics and are commitment to compliance with them.

All of the above statements are stored by the appointed Function.

Furthermore, adequate training of Company staff and collaborators is scheduled, on the contents of the Decree and the Model.

This educational activity is articulated in the following two phases:

- General training activities aimed at informing the Recipients of the Decree's provisions and of the contents of the Model adopted by the Company;
- Specific training activities for those who work in high-risk areas, in particular to inform the Recipients on the specific risks to which the Area in which they operate is exposed and the principles of conduct and corporate procedures that they must follow in performing their activity.

The definition of training courses, of the associated timing and of the mode of delivery (e.g. classroom or e-learning courses) is the responsibility of the PA Function, with the support of the Supervisory Board in the evaluation of forms of control of attendance to the courses and the quality of the content of training programs.

The Managers of each Function must inform their collaborators about the Model, as well as ensure participation in the relevant training courses.

The information and training activity that actually takes place is properly documented and the documentation is kept by the PA Function.

The information and training system is constantly checked and, if necessary, amended by the supervisory board in collaboration with the PA Function or with other Function Managers for aspects of their competence.

6.2 Third party recipients of the Model

Communication of the content and principles of the Model is addressed also to third parties who

entertain contractually regulated collaborative relationships with the Company or represent the Company without employment ties (for example: business partners, consultants and other external collaborators, however described).

The company evaluates the ways in which to inform these subjects on the policies and procedures followed by Pharmanutra S.p.A. (e.g. suitable dissemination on the website according to the different types of external collaborators and partners) by virtue of the adoption of the Model and the Code of Ethics, also envisaging the insertion of appropriate contractual clauses obliging those subjects to relevant compliance, under penalty of application of sanctions or termination of the relationship.

7. CRITERIA FOR UPDATING AND ADAPTATION OF THE MODEL

Given that the Model is a "document issued by the Executive Body", in accordance with the provision set out in Article 6, paragraph 1, letter a) of the Decree, its adoption and subsequent modifications and integrations are assigned to the jurisdiction of the Board of Directors of the Company.

By way of example, the Company assesses the updating of the Model and its adjustment in relation to the modifications and/or additions that may become necessary as a result of:

- significant changes to the internal structure of the Company and / or the methods used to perform business operations;
- changes to the business areas;
- news of attempts at or perpetration of offences considered by the Decree;
- News of new possible modes of perpetration of offences considered by the Model;
- regulatory changes;
- the findings of checks;
- significant breaches of the provisions set out in the Model.

The auditing activities carried out are charted and their register entries are stored.

In any case, the Supervisory Board can evaluate and express opinion on proposals for the update and/or revision of the Model before they are actually taken.

Special Section

PREMISE

The project for the adoption of Pharmanutra S.p.A.'s Model has allowed to identify the corporate activities (so-called High-risk activities) under which liable offences set out in the Decree might be committed.

For each of the sensitive activities detected in the risk assessment phases, this Special Section contains control protocols set out in art. 6 paragraph 2(b) of Legislative Decree no. 231/01.

For violations of the protocols and procedures mentioned, the provisions of Chap. 5 of the General Section apply.

1. HIGH-RISK ACTIVITIES

The High-risk activities identified as a result of the observations and interviews with personnel of the Company are set out below:

1. Research, development and patenting of products

The activity relates to the stages of research, study and elaboration of nutraceutical products and medical devices, as well as the registration of patents relating to products placed on the market under the brand name of the Company.

2. Purchase of goods and services

The activity concerns the supply of materials, goods, services and consultancies functional to productive and organisational activities of the Company.

3. Management of Clinical and Pre-clinical trials

The activity involves the execution of pre-clinical experiments, i.e. analysis of newly developed products and clinical trials, or relating to products already on the market for the purposes of scientific dissemination.

4. Management of non-compliant products

This concerns the activities associated with the detection and management of non-conformities, known from information provided by users of the product or as a result of analyses conducted by the Company.

5. Management of marketing activities

The activities relating to publicity and promotional initiatives and in particular to the production and distribution of gadgets, to the organization of small events and articles on magazines and other specialised sources.

6. Management of gifts, of humanitarian or solidarity initiatives and sponsorships

This concerns the procedures for the management of gifts or invitations delivered through Commercial Scientific Informers to doctors and pharmacists, for the purposes of promoting products with the Pharmanutra brand; as well as the provision of funds for humanitarian initiatives and events sponsored by the Company.

7. Relations with the public authorities functional to obtaining/renewing authorisations, certifications and registrations

This concerns the management of relations with public agencies, relating, for example, to the sending of documentation, to obtaining/renewing authorisations, certifications and registrations for placement on the market of products with the Pharmanutra brand.

8. Selection and management of Scientific Informers

This concerns is the identification of the needs for enlargement of the Company's sales network, of the assessment of potential collaborators and the subsequent selection phase, as well as all activities relating to the assessment and management of Commercial Scientific Informers.

9. Selection and management of Distributors

This concerns the activities associated with setting up and managing relations with commercial partners entrusted with the exclusive distribution of products with the Company's brand in extra-national territories.

10. Selection, recruitment and management of staff

This concerns the identification of the needs of new resources associated with settling in the post, the evaluation of candidates and the subsequent recruitment phase, as well as the operational management of staff with particular regard to information and training activities and to the establishment of any disciplinary proceedings.

This activity also includes the search and the selection of new employees in accordance with the provisions in the field of compulsory recruitment and protected categories.

11. Management of intragroup relations

This refers to trade relations that Pharmanutra S.p.A. maintains with its subsidiaries and to the delivery of inter-company services.

12. Management of cash flows (takings and payments);

The activity is inherent in the management of payments and takings and in general to the movement of the cash flows generated by the performance of corporate activities.

13. Management of tax obligations

This refers to the management of activities associated with data collection and preparation of tax declarations for the correct fulfilment of the tax debt.

14. Drafting of corporate financial statements, reports and communications

This activity pertains to the collection and processing of closing accounting data, the drafting of the budget for the financial year, and to the preparation of the reports and statements appended to the budget and any other data, prospectus or operation concerning the economic and financial standing of the company required by the provisions of the law.

15. Management of relations with corporate and supervisory bodies

This activity concerns the Company's relations with the corporate and supervisory bodies such as the Board of Directors, the Board of Statutory Auditors, as well as the Audit Firm responsible for auditing the accounts.

16. Management of market communications and of privileged information

This refers to the management of corporate communication - periodic and not - as well as the definition and control of the content of institutional press releases relating to accounting or financial data of a price sensitive nature. Within this activity falls also the management of privileged information between members of the board of directors and corporate personnel of the Company and the management of the ensuing control measures and procedures to communicate to the market.

17. Management of prosecutions and disputes

This activity concerns the management of judicial and extrajudicial disputes, of criminal proceedings and of transactions in the field of labour, civil, administrative and tax law, which is carried out with the support of external lawyers or tax advisers.

18. Management of inspections, checks, investigations

This refers to the activities relating to the management of audits by agencies and bodies belonging to the Public Administration, which carry out controls and/or acquire data, information and/or documents concerning corporate activities.

19. Management of the requirements regarding health and safety in the workplace

This refers to the set of procedures, rules and practices implemented by the Company to ensure the correct fulfilment of the obligations set out in Legislative Decree no. 81/2008 and, in general, in order to ensure the best possible protection of health and safety at the workplace.

20. Management of compliance with environmental legislation

This refers to the activity associated with the management and disposal of waste produced by the Company in the performance of its business.

21. Use of the corporate computing equipment

This refers to the use of computer equipment and/or information systems for the performance of corporate roles and activities in accordance with the internal rules for the management of user profiles and use of computing resources.

2. THE CONTROL SYSTEM

Complementing the principles and rules of conduct contained in the Code of Ethics of Pharmanutra S.p.A., the system of internal controls adopted by the Company comprises the defence measures and operating rules described below in accordance with the indications contained in Confindustria's Guidelines:

Existence of formalised procedures/guidelines: the Company has adopted internal rules and organizational documents that establish principles of conduct and define the operational procedures for the development of the business, characterized by a clear and exhaustive definition of roles and responsibilities and rules for storage of the relevant documentation.

Traceability and ex-post verifiability of transactions through adequate documentary/digital supporting information: the application of the controls scheduled for each individual task is assisted by adequate records so that authorization, execution and control activities are always verifiable ex post.

Separation of duties: in order to implement this principle, corporate activities are authorised, performed and controlled by different subjects, in order to ensure independence and objectivity of judgement and avoid, to the effect, a mixing of roles that are potentially incompatible or excessive concentration of responsibilities and powers by individual subjects.

Existence of a system of delegation consistent with the organizational responsibilities assigned: The authorisation and signature powers defined by the company are: (i) consistent with the organizational and management responsibilities assigned, providing, where required, suitable levels of authorisation; (ii) clearly defined and known within the Company at all organizational levels.

2.1 The content of controls

Chapter 4 lists all high-risk activities identified, with the description of the associated control protocols according to the criteria listed below:

- the “**Identifiable offences**” paragraph specifies the types of crime, grouped by families, of which, as part of the risk assessment activities, the potential risk of perpetration was found. Regardless of the offences specified, all control and behaviour protocols must always be applied in the performance of sensitive processes, as these are useful in preventing any offence or illegitimate activity.

In any case, then, in the performance of any activity, compliance with the principles established by the Code of Ethics must always be guaranteed, as these, together with compliance with the corporate procedures and with the principles of the general control as referred to in Chapter 3, are suitable to prevent the perpetration of those offences that, although taken into account in the risk assessment phase, have not submitted such a profile as to require the introduction of specific checks and are thus not showing in the paragraph "Identifiable offences";

- The paragraph "**Corporate roles involved**" indicates the Functions or corporate structures

involved directly in the performance of individual activities;

- The paragraph "**Existence of formalised procedures/guidelines and segregation of duties**" describes the operating mode followed at the time of the adoption of the Model for the performance of the specific activity. In particular, it identifies the functions involved and the controls carried out in compliance with the segregation of duties, indicating any policies and corporate procedures that regulate each individual process in detail and in a formalised manner. Future modifications of these operating modes do not involve the need for an immediate formal update of the Model, if these are transposed in corporate procedures or normative acts, ensuring a similar degree of segregation of duties;
- Paragraph "**Traceability and ex-post verifiability of activities through adequate documentary/digital supporting information**" describes the procedures associated with registering and archiving the documentation and decision-making steps relating to the high-risk process.

3. GENERAL RULES

In the course of carrying out their activities, in addition to the rules set out in the Model, Directors, Executives and Employees of Pharmanutra S.p.A., as well as its partners in general, within the scope of the activities they carry out, must know and comply with:

- applicable regulations;
- the Code of Ethics;
- the internal control system and thus the corporate procedures/guidelines, the documentation and the provisions related to the corporate organizational structure.

The general prohibitions specified below apply directly to Directors, Executives and Employees of Pharmanutra S.p.A., as well as Partners by virtue of the appropriate contractual clauses.

It is forbidden to carry out, cooperate in or cause others to perform behaviours such that, taken individually or collectively, they constitute, directly or indirectly, the offences falling within those set out in Legislative Decree no. 231/2001; it is also forbidden to engage in behaviours in breach of the principles and rules set out in this Special Section.

With reference to the risk of perpetration of **offences against the Public Administration** is forbidden, in particular, to:

- make donations in cash to public officials, whether Italian or foreign;
- distribute and/or receive gifts outside the provisions set out in corporate procedures (i.e. every form of gift offered in excess of the normal commercial or courtesy practices or in any case directed at acquiring treatments of illicit favours in the performance of any corporate activity). In particular, any form of gift to public officials, Italian or foreign, or to their family members, which may influence their independence of judgement or induce them to guarantee any advantage for the Company, is prohibited.
In any case, the gifts allowed are always characterized by the exiguity of their value (which must not exceed the maximum amount permitted by corporate rules or by the codes of conduct adopted by the individual public administrations and in any case cannot be higher than 150.00 Euros) or because they promote initiatives of a beneficial or cultural nature, or the image of Pharmanutra S.p.A.'s products (brand image);
- grant or promise favours of any kind (recruitment, internships, consultancy contracts, etc.) or grant benefits of any nature in favour of third parties (also private), public officials or representatives of public services belonging to the Public Administration, to public bodies and/or to similar entities of the Italian State, of the European Communities and of foreign countries, as well as for the benefit of other individuals or legal entities that can in any event be traced to the sphere of interest of the entities indicated above;
- provide, draw up or deliver to public officials or public services managers belonging to the Public Administration, to public bodies and/or to similar entities of the Italian State, of the European Communities and of foreign States declarations, data or documents in general having imprecise, incorrect, incomplete, severely incomplete and/or false content in order to obtain certifications, permits, permissions and/or licenses of any kind, or obtain subsidised public payments, grants or financing;

- submit false declarations to Italian or European public bodies in order to obtain funding, grants or payments of any kind;
- allocate the sums received from Italian or European public bodies as payments, grants, or financing for purposes other than those for which these were obtained;
- receive services from service companies, consultants and suppliers that do not find adequate justification in the context of the contractual relationship with these;
- recognize remuneration in favour of suppliers of goods and services as well as consultants who do not find adequate justification in relation to the type of task to be undertaken;
- in relations with public officials or public service manager, make reference to personal relationships so as to affect the relationship with the public official or public service manager.

With reference to the risk of perpetration of **corporate offences, of corruption between privates and of market abuse**, the following obligations are established:

1. hold correct, transparent and collaborative behaviour, compliant with the rules of law and with internal corporate procedures, in all activities aimed at drawing up the financial statements and other corporate communications, in order to provide shareholders and third parties with a true and correct view of the company's balance sheet, profit and loss and financial position;
2. behave fairly, in compliance with the rules of law and internal company procedures, placing the maximum attention and accuracy in the acquisition, processing and illustration of the accounting data needed to allow a clear representation of the financial and economic position of the Company and on the development of its activities;
3. strictly comply with all the rules laid down by the law to protect the integrity and composition of the share capital, so as not to impair the guarantees provided by creditors and third parties in general;
4. ensure the smooth operation of the company and the corporate boards, guaranteeing and facilitating all forms of internal control with respect to corporate management as provided by the law, and the reaching of free and fair board decisions;
5. not to engage in fictitious transactions or disseminate false information capable of causing a significant change in the price of financial instruments.
6. behave fairly in commercial transactions and collaborative relationships, not awarding or promise money or other benefits to induce the counterparty to make and/or to omit acts in breach of its obligations and with undue interest and/or advantage in favour of Pharmanutra S.p.A.;
7. give or promise money, goods or other utilities extraneous to the subject of the contract during or by reason of ongoing trade negotiations.

In the context of the aforementioned behaviours, it is forbidden to:

with reference to the previous point 1:

- a) representing or transmitting for processing and representation in financial statements, reports and statements or other corporate communications, false or incomplete data or data that does not, in any case correspond to the truth, on the Company's balance sheet, profit and loss and financial position;
- b) omit data and information required by law on the Company's economic and financial standing;

with reference to the previous point 2:

- a) illustrate the data and information used in such a way as to provide a presentation that does not correspond to the actual judgement matured on the financial and economic position of the Company and on the development of its activities;

with reference to the obligation specified in point 3 above:

- a) return shareholder contributions or releasing shareholders from the requirement to make contributions, in cases other than legitimate share capital reduction;
- b) distribute profits or advances on profits not actually earned or intended by law to the reserve;
- c) purchase or subscribe to shares of the Company or its subsidiaries outside the cases set out by the law, with violation of the integrity of the share capital;
- d) perform share capital reductions, mergers or demergers, in violation of legal provisions on the protection of creditors, causing damage to the latter;
- e) proceed to the fictitious formation or increase of share capital, allocating shares at a value lower than their nominal value at the time of a share issue;

with reference to the previous point 4:

- a) engage in behaviours that physically prevent, by withholding documents or using other fraudulent means, or in any event hamper the performance of control and auditing activities by the Board of Statutory Auditors or the Auditing Firm;
- b) determine or influence Shareholders' meeting decisions through simulated or fraudulent actions aimed at altering the standard formation process of meeting decisions;

with reference to the previous point 5:

- a) publish or disseminate false news, or engage in fictitious transactions or other fraudulent or deceptive conduct relating financial instruments or extraordinary operations;

with reference to the previous point 6:

- a) omit to perform, with due completeness, accuracy and timeliness, the periodic communications set out in the internal rules;
- b) include in the aforementioned communication and transmitted documents false information, or concealing significant information on the company's economic, equity or financial position.

With reference to the risk of perpetration of the **offences of fencing, recycling and the so-called redeployment of money or other benefits of illicit origin and self-laundering** are established with the following obligations:

- not to entertain trading relationships with subjects (natural or legal) that are known or suspected members of or close to criminal or otherwise illegal organizations;
- not to carry out financial and/or commercial transactions with counterparties that use opaque corporate structures and/or prevent the unambiguous identification of the corporate structure (properties) and/or of the real beneficiaries of the operation;
- behave in a correct, transparent and collaborative way, in compliance with the rules of law and with internal company procedures, in all activities aimed at managing the personal and corporate data of suppliers/customers;
- comply with the general regulations concerning means of payment set out in Legislative Decree no. 231/2007 (i.e. regulations pertaining to cheques, prohibition to own bearer securities beyond certain thresholds and/or the prohibition to transfer to cash beyond the limits

- of the law in force);
- not to accept payments and not to perform invoices against entities other than those who take the role of contractual counterparts and in the absence of adequate justification;
 - suspend/pause a relationship with a customer/supplier/informants where, after appropriate consultation with the Top Management, behaviour was noted that was not in line with the legislation, rules and control principles set out in this document. Alerting reports, as well as any interruption of relations must be carried out with the utmost promptness;
 - ensure the correct management of fiscal policy, also with regard to any transaction with the countries specified in the so-called "black list" defined in the existing regulations and with those with privileged tax regimes specified with Ministerial Decree dated 23 January 2002 and subsequent amendments and additions;
 - identify and implement specific programs of internal control with particular regard to the management of payments and of the treasury, to agreements/joint ventures with other firms, to intercompany relations, as well as to relations with counterparties with registered and/or operative office established in tax privileged countries;
 - implement the training and information of company representatives on issues related to the prevention of money laundering;
 - provide evidence for the activities and controls performed.

Moreover, in the customer acquisition phase, the competent Functions assess also the associated "recycling risk" profiles through the analysis of some important elements, such as, for example:

- the line of business and the profession of customer/line of business and business purpose (in the case of a legal entity);
- the residence/registered office of the customer in "tax havens" or in "non-cooperative" countries specified in FATF lists;
- payment for the operation occurs by means of financing by a bank established in one of the countries specified in the previous point;
- the customer intends to settle payment for the operation with a sum of money exceeding the limits set by the law in force for payment in cash, i.e. with bearer bank or postal accounts or bearer securities (checks, postal orders, certificates of deposit, etc.) in Euros or in foreign currency or with instruments out with the normal commercial practices;
- the customer intends to settle payment for the operation by means of cheques with progressive serial numbers or more checks of the same amount on the same date;
- the customer insists that the transaction is concluded rapidly.

Before undertaking any operation with one of the signs of anomaly indicated above, the Administration and Finance Director must be informed.

With reference to the risk of perpetration of **offences against industry and trade**, the following obligations are established:

- whenever the risk is detected of performing activities that may enter the contrast with, and therefore violate, industrial property rights belonging to third parties (including the use of technologies covered by an already deposited patent), it is necessary to carry out a prior check on previous patents and trademarks registered by third parties;
- insert in the contracts for the acquisition of products protected by industrial property rights specific clauses with which the counterparty attests:
 - o to be the legitimate holder of economic exploitation rights on trademarks, patents, distinguishing signs, designs or models being sold or in any case to have obtained from the legitimate owners the authorization to their concession for use by third parties;
 - o that trademarks, patents, distinguishing signs, designs or models being sold or granted for use does not violate any industrial property right borne by third parties;
 - o to hold harmless and indemnify Pharmanutra S.p.A. from any damage or injury due to falsity, incorrectness or incompleteness of such a declaration.

It is forbidden to:

- use corporate secrets of others;
- adopt behaviours aimed at impeding the normal operation of economic and commercial activities of competing companies;
- engage in fraudulent acts capable of producing a misuse of others' customers and damage to the Company's competitors;
- illegally copy, imitate and tamper with brands, distinguishing signs, patents, industrial designs or models owned by a third party;
- in an industrial and/or commercial context, make use of brands, distinguishing signs, patents, industrial designs or models counterfeited by third parties;
- introduce in the territory of the Italian State industrial products with trademarks or distinctive signs counterfeited or altered by third parties in order to market them, store them to sell them place them into circulation in any way.

With reference to the risk of perpetration of the **offences relating to copyright infringement** the following prohibitions are established:

- obtain illegally, retain, reproduce, disseminate, distribute and/or use in the Company's activities (e.g.: preparation of materials for conventions, meetings, institutional events, etc.) material obtained in breach of the rules concerning copyright protection;
- hinder or omit, even with tricks and deception, the fulfilment of the obligations arising from the provisions on copyright protection.

With reference to the risk of perpetration of **digital offences**, the following obligations are established:

- prohibition to fraudulently gain access into computer systems of the Public Administration to obtain or modify data or information in the interest or for the benefit of the Company;
- prohibition to make changes or updates to the operating system or software following one's own initiative (if not expressly alerted by the competent Functions);
- prohibition to change configuration parameters received and install on one's PC "peer to peer" programs or personally owned means of communication (modem, wi-fi cards, etc.);

- prohibition to add unauthorized programs to the network or the servers (for example "malicious code");
- prohibition to use software and/or hardware tools intended to intercept, alter or suppress the content of digital communications and/or documents;

With reference to the risk of perpetration of the **offence of illicit brokering and exploitation of labour** the following obligations are established:

- prohibition to provide remuneration differently from national or local collective agreements drawn up by the most representative trade union organizations at the national level;
- prohibition to provide remuneration that is disproportionate with respect to the quantity and quality of the work done;
- prohibition to violate the rules on working hours, rest periods, weekly rest, compulsory leave and holidays;
- prohibition to violate the rules of hygiene and safety in the workplace;
- prohibition to subject workers to degrading working conditions, methods of surveillance or housing situations;
- obligation, in the cases provided for in the collective negotiations and in the reference legislation, to ensure the involvement of the trade unions and in any case, ensure that the latter's instances are always taken into adequate consideration, promoting transparency in relation to the grounds for corporate decisions;
- obligation to scrupulously observe corporate procedures for the qualification of suppliers, in particular with reference to the award of contracts for tender.

With reference to **offences such as manslaughter or serious / extremely serious injuries committed in violation of the rules on the protection of the health and safety at work**, one must comply with the following principles of behaviour:

- comply with the regulations and internal procedures concerning health and safety in the workplace;
- use machinery, equipment and substances correctly and in accordance with the training received;
- always use safety devices and use them appropriately;
- relations with the Public Administration/Agencies charged with monitoring compliance with health and safety legislation are held only by persons in possession of the necessary powers;
- before choosing a supplier, as well as during relationship, the appointed subjects verify possession/upholding of requirements/permissions by suppliers; with special clauses, the Company demands compliance with legislation in the field of health and safety in the workplace;
- the business relations with suppliers are formalized and include the inclusion of a clause requiring the commitment to comply with the Code of Ethics and Legislative Decree no. 231/2001;
- it is mandatory to report to the competent Functions situations that may have an impact on the management of health and safety;

- it is forbidden to carry out, out of one's own initiative, activities or tasks outside one's field of expertise and that might cause danger to one's or others' safety;
- it is mandatory to participate in programs of education and training.

With reference to **environmental offences**, one must:

- not engage in behaviour such as to include, even if only potentially or by way of competition or attempt, the offences referred to in art. 25 *undecies* of Legislative Decree no. 231/2001;
- comply with all environmental legislation in order to ensure the prevention of pollution;
- ensure that relations with the Public Administration/bodies charged with monitoring compliance with environmental legislation are kept by subjects with the necessary powers;
- ensure the continuous updating of the environmental requirements applicable to the company's context;
- carry out all "management" activities (collection, temporary storage, transport and delivery of waste), even if carried out by third parties (such as suppliers, cleaning or waste disposal companies entrusted by the Company), in compliance with applicable laws and with the rules of the Code of Ethics;
- provide for the adequate qualification of suppliers appointed to waste disposal, checking they possess the requirements and the authorisations prescribed by law for the purposes of performing these activities.

4. INDIVIDUAL HIGH-RISK ACTIVITIES

Below is the list of high-risk activities detailed in the subsequent paragraphs and already briefly described in chapter 1 of this Special Section:

1. Research, development and patenting of products

Identifiable offences

Offences against the Public Administration,
Crimes against industry and commerce
Falsehood in identification signs
Digital crimes and illegal processing of data
Crimes relating to safety at work
Corporate offences (corruption between privates)
Organised Crime offences

Corporate roles involved

Board of Directors Top
Management
R&D Sales (RDS)
Chief Scientific Officer (CSO)
Quality Control (QC)
Regulatory Affairs (RA)
Regulatory and quality assurance (RQA)
Technical Area (TA)
Production and Logistics (PL)

Existence of formalized procedures/guidelines:

The process of research and development and patenting of products is governed by the procedure "Workflow Sheet SP-03 - Product Development", from procedure "Workflow Sheet SP-01 - Budget & Reporting" and operational rules known to the functions involved, according to which:

- annually the Board of Directors defines the budget to be used for research and development of new products and communicates this to the Managers of the Functions involved (RDS and CSO);
- The CSO and RDS identify the various research areas and divide the budget defined by the Board of Directors between them;
- The RA Function, under the coordination of the CSO and RDS, analyses the market conditions and the scientific literature in order to identify the project to develop;
- The Technical Area and the RA Function, instructed by CSO, RDS and PL, define the technical profile of the product to be developed (dosage, active principle, pharmaceutical form, applications and target market) and the development plan;
- The Top Management commissions an external consultant, identified according to corporate rules and in compliance with this Model, to carry out prior art checks instrumental to patenting;

- once the checks are performed, the Chairman of the board of directors, after consulting the CSO, signs the patent application;
- The external consultant submits the application to the competent authorities and follows the approval/rejection process;
- CSO and RDS carry out an assessment of the product under the regulatory profile and analyse the results of the patentability research;
- having defined the technical characteristics of the product, the RA Function searches for suppliers of raw materials for its creation and the CSO starts sampling through an external supplier;
- the Technical Area and the RA Function verify the technical characteristics of the sample;
- if the need arises to make changes, the Technical Area and the RA Function define aspects to be changed in the second sampling and submit them for approval by CSO;
- if the characteristics of the sampling meet what is required, the CSO submits the sample for approval by the RDS;
- for each sample approved, the Technical Area defines the cost of production of the single batch, the conditions of stability and relative quotation;
- the RA Function requests the supplier for the technical sheets of raw materials and packaging materials used;
- if the packaging materials offered by the supplier are different from the usual ones, the RA Function and the Technical Area require a sample of all the materials used and the associated technical documentation;
- the QC Function verifies the characteristics and sees to their approval or to the evaluation of alternative materials;
- the datasheets and materials used are then subjected to evaluation by the CSO and the RDS, who approve their use or detect the need to seek alternative materials;
- if the sample does not meet the technical requirements set out by the CSO, RDS and PL, the RA Function processes a second sampling;
- in the case in which the sample complies with the specified characteristics, the RDS Function stores the set of approved samples;
- the RQA Function carries out the technical analyses aimed at defining the nature of the product (drug, medical device or supplement);
- if a medical device, the RQA Function sees to determining the class it belongs to by means of an analysis of the risks associated with the product and its composition;
- For Class I medical devices, once the prototype has been developed, the RQA - supervised by the CSO - prepares the associated technical documentation and the necessary procedures (management of findings, reporting of risks, etc.), prepares a self-signed certificate certifying the conformity of product produced with the requirements of the technical regulations and sees to notifying the Ministry of Health;
- for Class I devices, the RQA Function communicates to Notified Body, the certifying agency of the Ministry of Health, which evaluates the correct qualification of the product, the formulation and the associated indications for use and, in the event of a negative outcome of clinical analysis conducted, requires more evidence or disputes specific statements;
- having obtained the certification for the class II medical device, the RQA Function sees to its

- registration in the medical devices database and the Board of directors authorises its production;
- the certification as a manufacturer of class II medical devices is renewed every 5 years as a result of inspection by the National Institute of Health;
 - with reference to food supplements, the RQA Function - with the support of an external consultant - defines the technical content of the product label and sends it to the Ministry of Health for approval;
 - for each new product, the Company buys raw materials exclusively after certification and/or analysis certificate issued by the manufacturer or by an analytical laboratory;
 - the QC Function verifies that all the raw materials used have the necessary certifications;
 - product production and packaging activities are outsourced;
 - the QC Function sends the samples to an external laboratory in order to verify quality and compliance with the characteristics of the quali-quantitative formula and with the statements present in the technical sheet, as well as to ensure compliance of the end product with EC legislation;
 - in the event of a positive outcome, the product is placed on the market.

At all stages, Recipients of the Model must observe the following rules:

- perform every activity in such a way as to guarantee the accuracy, completeness and congruity of the documentation and the information placed in support of the self-declarations and registration requests;
- ensure segregation of roles and responsibilities between the person who performs the task of making contact with the public entity to request information, the drafting of the self-certification and the submission of applications for certification and registration, putting specific control systems in place in order to ensure compliance with the standards of integrity, transparency and correctness of the process;
- define a methodology for archiving documentation relating to the activities associated with research, development and patenting suitable to ensure ready availability of documents if these were to be requested.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

Traceability is ensured by archiving all relevant documentation, by the Functions involved, with respect to their area of competence.

In particular, the following are always stored: (i) samples and associated analyses; (ii) the technical datasheets; (iii) the documentation relating to the tests carried out on the raw materials and on packaging materials; (iv) the technical specifications; (v) the results of the prior art searches performed.

Segregation of duties

With regard to the activities of research, development and patenting, segregation of the process is implemented through the distinction between (i) the operational activities by RQA, QA and Technical Area Functions; (ii) control by the CSO and RDS; (iii) the role of the board of directors in releasing

authorisations.

Existence of a system of delegation consistent with the organizational responsibilities assigned
All individuals involved in the activity operate within the scope of their duties on the basis of their role within the corporate organization. Approval of projects lies with the board of directors.

2. Purchase of goods and services

Identifiable offences

Offences against the Public Administration
Corporate crimes (corruption between privates)
Fencing, laundering and self-laundering
Falsehood in identification signs
Employment of citizens from third countries whose residence status is illegal
Illegal intermediation and exploitation of labour
Crimes relating to safety at work
Organised crime offences
Crimes with terrorist aims and transnational associative offences

Corporate roles involved

Function managers
Regulatory and quality assurance (RQA)
Supplier and Commissions Accounting (CFP)
Chief Scientific Officer (CSO)
Production and Logistics (PL)
The applicant Function
Finance, Administration, Legal, Communication (FA)
Purchasing Office (UA)
Company attorneys (President and Vice-president of the board of directors)

Existence of formalized procedures/guidelines:

The management activities associated with the procurement of goods and services functional to Pharmanutra S.p.A.'s activities take place in accordance with internal operating rules, according to which:

- the Function that detects the need to proceed to purchase makes a request to its Manager;
- having obtained approval for the Manager, the applicant Function shall send the order to the habitual supplier or search for a new supplier on the market;
- the Function receives offers by suppliers that were previously contacted for a quotation;
- the Manager of the applicant Function assesses its content and characteristics and chooses the supplier;
- the Function involved sends the quote chosen to the UA, which sees to uploading it to the management system and to send the order to the supplier;
- the Purchasing Office issues the Purchase Order, previously authorized by a subject with the appropriate powers of expenditure;
- the applicant Function checks the correctness and quality of the received material;
- the Manager of the applicant Function report any non-conformity of the goods to the Suppliers and Commissions Accounting Office to block the payment.

The supply of raw materials activities used for the production of medical devices and nutraceutical products are regulated by "Workflow Sheet SP07- Suppliers Management", according to which:

- the PL searches for potential suppliers via internet, e-mail and phone contacts;
- the RQA Function asks the supplier identified (or more suppliers, where this is made possible by market conditions) for a representative sample of the raw materials requested and sends it to the analytical laboratory;
- the RQA Function checks for the presence of certifications and approvals from the Ministry and the relevant local healthcare authority;
- if checks produce a positive outcome, the same Function sends to the supplier documentation, corporate presentation and the NDA (Non Disclosure Agreement), requires a quotation to be produced, and sees to the archiving of documents;
- the RQA Function verifies the documentation received from the supplier and communicates the outcome of the qualification activities to the FA and to the PL, and to the HIB for foreign products;
- authorization to purchase by a subject with the appropriate powers of expenditure;
- the CFP Function inserts the Supplier's details into the management system;
- the RQA Function draws up the quality agreement and requires the supplier to comply with Social Accountability requirements (SA8000 International Social Accountability Standards);
- the supplier is subjected to verification and evaluation audits by an external auditor who reports the outcome to the CSO;
- the RQA Function prepares a report specifying the shortcomings detected, transmits it to the supplier and monitors their gradual improvement.

In addition, in the case of the awarding of works or services under contract, it is an indispensable requirement for qualification and subsequent conclusion of the contract that the required documentation requested to the supplier is verified, including:

- certificate from the chamber of commerce with evidence of the business purpose, accompanied by a self-assessment of the supplier about the possession of technical and professional capacity required for the execution of the contract;
- certification of the lawful possession of a valid residence permit, in the case of third-country nationals;
- Valid Certification of Labour Compliance (DURC);
- copy of the last DM10/2 Form available under existing legislation on the matter.

In the procurement process, all Recipients shall comply with the following rules:

- the choice of supplier is always based on predefined criteria and is as objective as possible, taking also into consideration the reputation and reliability of the subject on the market;
- where possible, by reason of the requested product and the target market, the choice of supplier is preceded by a comparison of two or more tenders;
- the choice of supplier is always tracked, motivating in writing the results of the evaluations performed, in compliance with the principles of transparency and objectivity;
- not to proceed with the purchase when by reason of the price proposed, the nature of the supplier or of the payment conditions requested, there are doubts about the legitimacy of the origin of the goods proposed;

- relations with suppliers of goods and services, including consultants, can be managed exclusively by corporate subjects with the necessary powers in accordance with the Company's system of internal delegations and powers of attorney;
- the supply of goods or services is always governed by contract or written order, in which the price of the goods or provision are clearly established, or criteria to establish them are;
- all contracts for the purchase of goods and services and consultancy contracts (or, if unavailable, the purchase orders) are supplemented by specific clauses whereby the counterparty undertakes to comply with the principles set out in the Code of Ethics adopted by the Company as well as Legislative Decree no. 231/2001, and in general to behave in accordance with the applicable rules of law;
- all payments to suppliers and/or contractors may be carried out only after a prior validation by the Manager of the Function involved in the purchase, following the successful verification of the conformity of the delivered goods/services supplied to what was contractually agreed;
- subcontracting is prohibited without prior consent, and the supplier must employ professional figures in possession of the requirements necessary for the performance of the task and observe the rules of law in the field of health and safety in the workplace while supplying the Company, and observe the work safety procedures in force at the offices of Pharmanutra S.p.A.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

Traceability is ensured by the archiving of all documentation by RQA Function and the CFP Function. In particular, archiving of all the documentation relating to the procurement process (e.g. contract/letter of assignment, invoices and bills of payment, checks carried out on suppliers) is ensured.

In addition, the documentation associated with purchase orders and with the partial or total fulfilment of these by the supplier is highlighted by the corporate information system.

Segregation of duties

The segregation of duties is implemented through the distinction between: (i) the purchase request and search for the supplier by the Function involved; (ii) the choice of the supplier made by Manager of the applicant Function; (iii) the authorization for the purchase by a subject with suitable authority, with attribution of the relevant powers of expenditure.

The segregation of duties with reference to the activities of purchase of raw materials occurs through: (i) the request of the Function involved; (ii) the search for the supplier by the PL; (iii) the verification of the quality of the product offered by the supplier by the RQA Function and an external auditor; (iv) the authorization for the purchase by a subject with suitable authority, with attribution of the relevant powers of expenditure.

Existence of a system of delegation consistent with the organizational responsibilities assigned

The process is carried out in compliance with the internal authorisation system, as defined within the corporate delegation system.

3. Management of clinical and pre-clinical tests

Identifiable offences

Offences against the Public Administration,
Corporate crimes (corruption between privates)
Fencing, laundering and self-laundering
Organised crime offences

Corporate roles involved

CFO (Chief Financial Officer)
Chief Scientific Officer (CSO)
Clinical trials and Medical Affairs Manager (CMA)

Existence of formalized procedures/guidelines:

The activities of clinical and pre-clinical trial take place as provided for in 'Workflow Sheet SP-02, Clinical Research', according to which:

- having identified the need to test a product in order to improve the formula or the raw materials used, the CMA Function defines the Experimental Research Plan and submits it to the CSO for approval;
- having obtained approval of the Plan, the CMA Function contacts hospital doctors or a Contract Research Organization (CRO) in order to identify possible collaborators;
- with reference to the scenario in which the project is developed autonomously, once a doctor interested in the project has been identified, the CMA Function defines the potential cost of the project and prepares a draft protocol;
- the protocol is shared with the doctor, who submits it to the scrutiny of the Ethics Committee of the Agency he/she belongs to;
- having defined the contractual conditions, the CFO verifies the contractual agreement with the doctor, in which the object, timeline, budget and the reporting process are expressly defined; a procurator of the Company signs the agreement.
- the study is performed by the doctor;
- the CMA Function monitors the progress of the project;
- with reference to the possibility that the study is carried out with the support of a CRO, the Company enters into a contractual agreement with the CRO with the same procedures referred to above;
- the CRO identifies the doctor who will perform the study and prepares the experimental Protocol;
- the Protocol is approved by the doctor involved and is then subjected to the approval of the FA;
- the CRO requires the necessary permissions to the competent office of the Ministry of Health to start the trials;
- the CMA Function monitors the project, checking the clinical protocol and the completeness of the documentation;
- the CSO assesses the opportunity to make the results of the experimentation public, through a

- report, an event or a scientific article;
- the CMA Function extracts from the results of the study the data to write on specific documents or on the packaging of the product;
- the CSO approves the texts and arrange for their publication.

In all phases of the process, the recipients comply with the following rules:

- before the conclusion of the agreement with the CRO, verify possession by the CRO selected of the minimum requirements set out in Ministerial Decree dated 15 November 2011 "Definition of minimum requirements for Contract Research Organizations (CRO) in the context of clinical trials of medicinal products";
- formalise the relationship with the CRO in writing, with a clear definition of the tasks and responsibilities of each party in the contract, in particular as regards relations with the Public Authorities and the request for authorisations;
- ensure a constant monitoring of the activities carried out by the CRO, through the identification of individuals dedicated to this, and the adoption of tools for the registration of all stages of the trial.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

Traceability is ensured by the archiving of all documentation by the CMA Function.

Segregation of duties

The segregation of the tasks in the management of clinical and pre-clinical tests is implemented through: i) execution of the tests by Doctors appointed by the Company or through Contract Research Organizations; ii) the control activities are carried out by the CMA Function, under the supervision of the CSO; iii) authorization by the procurator.

4. Management of non-compliant products

Identifiable offences

Offences against the Public Administration,
Corporate crimes (corruption between privates)
Crimes against industry and commerce
Organised crime offences

Corporate roles involved

Regulatory and Quality Assurance (RQA)
Responsible Vigilance Medical Devices (RV)

Existence of formalized procedures/guidelines:

The activity takes place according to the rules specified in 'Instruction I-03, withdrawal and recall of non-compliant products' and in 'Instruction I-08, NC Management', according to which:

- The RQA and RV Functions annually perform a two-yearly assessment of Class 2 medical devices and as appropriate an assessment of Class 1 devices;
- anyone (customers, pharmacists, doctors) who detects a non-conformity of the product/an incident in the use of the product sends an alert to the RQA Function and to the RV through the appropriate channels;
- the functions involved analyse any non-conformity reported/detected in order to assess the completeness of the reporting and the seriousness of the non-conformity;
- RV and RQA register the non-compliance using a specific form;
- if conditions to proceed are met, the RV reports the non-conformity to the competent Authority and to the Notified Body;
- the RV, with the support of the RQA, starts an internal investigation aimed at ascertaining the level of risk associated with the non-compliance;
- the RV performs specific checks with the support of suppliers involved in the production and distribution stage;
- in the case in which the need emerges to proceed to a recall, the RV activates the internal team responsible for the identification of products belonging to the batch to be recalled that have already been distributed;
- if the need arises to proceed with a withdrawal, the RV activates the procedure for withdrawal of the products on the market and the execution of the necessary communications;
- RV presents to the competent Authority and to the Notified Body a final report on the non-compliance;
- the Company sees to the possible adoption of corrective actions and to issuing a Safety Alert in the case of products marketed abroad;
- with reference to the expired products, the supplier of the logistics system sees to distinguishing them from goods that are still valid;
- the expired products are stripped of the barcode and identified through specific label.

With reference to the management of non-compliant products in all phases of the production process and from the moment raw materials are received, each recipient must adhere to the following rules:

- prepare, manually and/or with appropriate tools, documents proving that all sampling, inspections and the control procedures required have actually been carried out;
- prepare tools aimed at allowing an analysis of the end product that takes into account all relevant information such as the production conditions, the results of the checks during the manufacturing process, examination of the manufacturing documents and the conformity of the finished product to the agreed specifications;
- relations with the Public Administration must be held only by persons expressly delegated or with adequate powers.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

Traceability is ensured by the archiving of all documentation by the RQA Function.

Segregation of duties

The segregation of duties in the activities is implemented through: (i) the detection of non-compliance by users, wholesalers, pharmacists and doctors; ii) the control activities carried out by the RQA Function, together with suppliers and the internal team; (iii) the final authorisation by the RV, who takes the decisions relating to recall operations.

Existence of a system of delegation consistent with the organizational responsibilities assigned

The task is carried out by subjects expressly identified in the corporate procedures, consistent with corporate delegations. Relations with the public entities are entertained by the RV, in compliance with the powers assigned.

5. Management of marketing activities

Identifiable offences

Offences against the Public Administration
Corporate offences (corruption between privates)
Copyright infringement crimes
Crimes against industry and commerce
Fencing, laundering and self-laundering
Organised crime offences

Corporate roles involved

Board of Directors Top
Management
Head of Marketing & Communication (HMC)
Marketing
Administration and Finance and Control (AFC)
Purchases (ACQ)
Regulatory and Quality Assurance (RQA)
Chief Scientific Officer (CSO)

Existence of formalized procedures/guidelines:

The process of "Management of marketing activities" takes place according to defined rules, according to which:

- annually, the Board of Directors defines the budget to be used for marketing activities;
- the HMC uses the budget allocated for the development of various projects during the year in question, which he/she submits for approval to the Top Management;
- quarterly, the HMC communicates the data relating to the budget used by the AFC function, which updates its record modifying the budget monitoring file;
- having defined the project to develop, the Marketing Function prepares a job sheet and shares it with other Functions involved, for aspects of their competence;
- the Marketing Function develops the graphical part of the project while the Scientific Function is responsible for the writing of texts;
- each promotional text is submitted for the approval of the RQA Function and of the CSO;
- having defined the first draft of the promotional material, this is shared by the Marketing Function with the Sales Function;
- The Sales Function approves the draft or sends its observations to the Marketing Function;
- having incorporated the observations, the Marketing Function shares the draft of the project with the Commercial Department, the Italian or foreign one according to the destination of the product;
- having obtained the internal approvals, the promotional campaign is subjected to the scrutiny of an external consultant in order to verify its compliance with the rules in force;

- promotional materials of Class 2 medical devices are sent to the Ministry of Health by the CSO, with the support of the external consultant;
- having obtained the approval of the Ministry or incorporate any suggested changes, the material is sent to production/printing;
- to this end, the HMC requires multiple quotes on the market and sees to their storage in corporate management system;
- the choice of supplier to which the production/printing is entrusted is made by the Top Management member who follows the project for which promotional material has been developed;
- having identified the supplier, the HMC notifies the Purchasing Function;
- periodically, the HMC performs a survey on the market in order to verify the price quotation for the requested services;
- the AFC Function calculates the costs incurred by the Company for promotional activities;
- the external consultant checks the accuracy of the calculations and identifies the significant costs for the purposes of payment of the annual contribution to the Ministry of Health;
- preparing the declaration concerning expenditure for promotional activities is taken care of by the external consultant, who also sends it, by virtue of a specific provision inserted in the contract;
- payment of taxes to the provincial Treasury is carried out by the Administration Function.

With reference to the provision of brochures and gadgets:

- the Sales Function defines the requirements for the printed materials and/or objects;
- the Marketing Function develops the project and the HMC searches the market for a supplier for its implementation;
- the project and the associated costs are subject to approval by the Top Management;
- having obtained the necessary approvals, the HMC contacts the supplier and puts it in contact with the Purchasing Function (ACQ);
- The relationship with the supplier is managed according to the procedures described in the sheet "Procurement of goods and services".

With reference to packaging:

- once the new product has been developed, the R&D Function informs the Marketing Function;
- The Graphic Designer (GR) prepares the graphical setup and submits it to the scrutiny of the HMC and subsequently of the RDS,
- having obtained the approval of the RDS, the patentability of the packaging is verified, through the support of an external consultant;
- the HMC identifies the supplier to which to entrust the production of the package and submits it for approval to the member of the Top Management that follows the project;
- having obtained the necessary approvals, the HMC contacts the supplier and puts it in contact with the Purchasing Function (ACQ);

- once printed has started, the GR verifies its accuracy at the premises of the supplier;
- the relationship with the supplier is managed according to the procedures described in high-risk activities no. 2 "Procurement of goods and services".

In every activity aimed at promoting the products or the image of the Company, Recipients must comply with the following principles of control:

- carry out promotional campaigns only within the limit of the budget established at the beginning of the year by the Board of Directors;
- with regard to advertising on newspapers and magazines, also online, ensure compliance with the principle of transparency, assuming as the binding criterion the clear separation between information and advertising, always guaranteeing the reader the immediate recognition of the promotional message in any form, whether it in writing or tabular;
- ensure that all promotional material intended for doctors and pharmacists is purchased directly by the Company at a central level;
- citations must not be permitted that, removed from the context from which they are derived, may be partial and/or contradictory with respect to the positions of the author;
- use only images contained within databases whose contents have been verified and the use of which is therefore safe from the point of view of compliance with legislation on copyright;
- in the case in which, for the development of a marketing project, it becomes necessary to get the support of external agencies and vendors, insert within the contract a dedicated clause with which the supplier undertakes to ensure the legitimate usability of the images used;
- in the case in which distinctive signs of third parties (e.g. the brand of a sponsor) are used in advertising material/gadgets or in installations, the Marketing Function checks for the presence of a contract or a written waiver with which the holder of the right expressly grants the possibility of use and exploitation.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

the process is traced by archiving all relevant documentation within the Company's information system by the Marketing, RA and RQA Functions.

Segregation of duties

The segregation of duties is implemented through: (i) the development and definition of promotional campaigns and their contents by the Marketing Function and Scientific Function; (ii) the control activities of the CSO, RDS and of the Administration, Finance and Control Function, for aspects of their competence; (iii) the approval of the Top Management and of the board of directors in accordance with their respective powers.

Existence of a system of delegation consistent with the organizational responsibilities assigned

Those involved in the activity operate within the scope of their duties on the basis of their role within the corporate organization.

6. Management of gifts, of donations for humanitarian or solidarity initiatives and of sponsorships

Identifiable offences

Offences against the Public Administration,
Corporate crimes (corruption between
privates), Fencing, laundering and self-
laundering

Corporate roles involved

Board of Directors Top
Management
Sales Department,
Area Manager
Commercial Scientific Informers (ISC)

Existence of formalized procedures/guidelines:

The process of "Management of gifts, of donations for humanitarian or solidarity initiatives and of sponsorships" takes place according to an established practice, known within the company, according to which:

The process of "Gift management" is divided into the following phases:

- every Scientific Informer tends to the relationships with the doctors and pharmacists under his/her sphere of jurisdiction, also through the donation of samples and gadgets, as well as through the organization of small events such as dinners and seminars;
- with reference to gadget and samples, every Scientific Informer uses resources that are given to him/her by the Company;
- with reference to the organization of events, every Scientific Informer communicates to the relevant Area Manager the intention to organize the event, specifying the subject, the purpose and the participants;
- The Area Manager will inform the Sales Department;
- The Sales Department evaluates the proposal and, in case of positive outcome, authorises the event and defines a maximum expenditure amount for each participant;
- with reference to the events organized by the Company, the latter avails itself of an external consultant;
- the consultant is responsible for the organization and management of events under the supervision of the Marketing Function;
- the Administration Function controls receipt of the accounting documentation;
- the Purchasing Function controls compliance with what is indicated in the signed contracts;
- supplier payments are made by the Administration Function.

The "Management of humanitarian or solidarity initiatives" process is divided into the following phases:

- every Function detects the opportunity to support a specific initiative, on the basis of the matters within its competence;
- in the case of donations, the Administration Manager sees to verifying certain information relating to the recipient institution:

- legal nature and date of constitution;
 - registered office and operating headquarters
 - identity of directors;
 - summary of financial information relating to the approved budgets over the last two years;
- operations considered unusual by counterparty, type, purpose, frequency or amount are detected by the Administration and communicated to the Top Management; if some anomaly is detected, the operation is blocked or not performed;
 - the Board of Directors authorizes the disbursement of funds;
 - the Administration Function controls performance of the initiative.

The "sponsorship management" process is divided into the following phases:

- the sponsorships are identified by Top Management;
- each sponsorship is regulated by a dedicated contract defining the budget available to the project;
- sponsorship contracts are signed by the Chairman or Deputy Chairman of the Board of Directors;
- management of the sponsorship can be entrusted to an external consultant;
- the provider that might be selected directly incurs into the costs related to the project;
- at the end of the activity the Company remunerates the consultant by refunding the costs incurred.

The "Management of gifts, of donations for humanitarian or solidarity initiatives and of sponsorships" process requires compliance with the following control elements:

- compliance with the budget limit established at the beginning of the year by the Board of Directors;
- invitation of health workers to events organised by the Company or by Scientific Informers is conditional on the existence of a specific relevance between the topic covered and the areas of competence of the participant;
- without prejudice to the principles of behaviour referred to in Chapter 3 of this Special Section, gifts must:
- be performed in relation to actual business goals and be admissible by the commercial practice; ii) comply with the rules and procedures applicable, included the authorization and purchase process; (iii) be registered and supported by suitable documentation;
- all requests for payments by third parties must be made in writing with the express indication as to the destination and the amount, and must be signed by the legal representative of the applicant entity;
- each donation requires the permission of the Top Management, after verification of the purpose of the donation, the appropriateness of the value with respect to its intended use, as well as the absence of conflicts of interest with the potential beneficiary institution;
- each sponsorship should be fully regulated on the basis of a written contract, with clear and precise identification and costing of the services provided by both parties;
- in the dialogue with healthcare workers, only use internally approved promotional material submitted to the competent authorities;
- never make or accept donations or promises of money, goods or other benefits of any kind to members of the Public Administration or to third parties indicated by them or that have direct or indirect relationships of any nature with them, in order to obtain undue favours or benefits in breach of the law.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

The process is tracked by archiving all relevant documentation by Marketing, RA and RQA Functions.

Segregation of duties

The segregation of duties with reference to the Management of gifts is pursued by: (i) the delivery of gifts and gadgets by the ISC; (ii) the control activities carried out by the relevant Area Manager and by the Sales Department; (iii) Authorisation by the Board of Directors.

Separation within donation management activities between humanitarian or solidarity initiatives and sponsorships is guaranteed by: (i) sponsorship project management by an external service provider contractually bound according to the principles of the present Model and management of donations by Administration Function, ii) the control activities of the Top Management; (iii) the authorisation by the Board of Directors.

Existence of a system of delegation consistent with the organizational responsibilities assigned

The activity takes place in compliance with the assigned powers of representation and corporate signature.

7. Relations with the public authorities functional to obtaining/renewing authorisations, certifications and registrations

Identifiable offences

Offences against the Public Administration

Information systems offences and offences related to the illegal processing of data

Environmental offences

Crimes regarding health and safety in the workplace;

Self-laundering

Organised crime offences

Corporate roles involved

Board of Directors

Top Management

Chief Scientific Officer (CSO)

Regulatory and quality assurance (RQA)

Existence of formalised procedures/guidelines

The management of the fulfilments for obtaining/renewing authorisations, certifications and registrations is carried out according to the following operating rules:

- the RQA Function verifies the need to request or renew a certification/registration, also spurred by external consultants;
- the RQA Function prepares the necessary documentation for obtaining/renewing the authorisations, certificates or registrations necessary for performing the company's business, with the support of an external consultant;
- the CSO supervises and monitors the preparation of the technical documentation;
- the Chairman of the Board of Directors/other member with suitable powers signs the request;
- the RQA Function submits the application and the documentation to the competent Public Bodies.

In the process in question, all Recipients must follow the rules set out below:

- the subjects authorised to intervene in the process and manage the relationships with the Public Administration are clearly identified and have the necessary powers in accordance with the Company's system of delegations and powers of attorney;
- monitoring of the status of the permissions necessary for the performance of the company's business is always guaranteed by entering information into a specific register showing, for each authorization, the expiry date and the necessary requirements for renewal, as well as the responsible subject;
- the activities must be carried out in such a way as to guarantee the accuracy, completeness and congruity of the documentation and the information provided in support of the request.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

Traceability is ensured by archiving all relevant documentation, by the Functions involved, with respect to their area of competence.

Segregation of duties

Segregation of the process is implemented through the distinction between (i) the operational activities performed by the RQA Function; (ii) the control by the CSO; (iii) the authorisation of the board of directors.

Existence of a system of delegation consistent with the organizational responsibilities assigned

The process is carried out in compliance with the internal authorisation system, as defined within the corporate delegation system.

8. Selection and management of Commercial Scientific Informers

Identifiable offences

Offences against the Public Administration,
Corporate crimes (corruption between privates)
Fencing, laundering and self-laundering,
Organised crime offences

Corporate roles involved

Board of Directors
Top Management
The Sales Department
Sales Manager
Area Manager
Commercial Scientific Informers (ISC)
Human Resources (HR)
Clinical Trials and Medical Affairs Manager (CMA)

Existence of formalized procedures/guidelines:

The activity associated with Selection and Management of Commercial Scientific Informers takes place according to the following workflow sheet:

- Workflow Sheet SP-09, commercial planning;
- Workflow Sheet SP-10, ISC selection and introduction;
- Workflow Sheet SP-11, ISC training and distributors;
- Workflow Sheet SP-12, Scientific Information;
- Workflow Sheet SP-13, Management of Human Resources;
- Workflow Sheet SP-14, Improving Skills and Training;
- Workflow Sheet SP-15, Sales Force Effectiveness.

Specifically, the "Scientific Informer Selection" activity is divided into the following phases:

- The annual business Plan approved by the board of directors defines the objective in terms of extension of the sales network for the relevant year;
- based on the extension of the business area and on the number of available resources, the Sales Department defines the number of ISC to contract for the year;
- based on the indications of the Sales Department, the HR Function publishes an announcement on appropriate search platforms;
- the CVs received are subject of a first selection by HR according to the parameters and criteria defined by the Sales Department;
- the selected CVs are subject to the assessment by the Sales Director and a Sales Manager, who identify the profiles considered more appropriate to the requirements;
- candidates who pass the interview stage are invited to a training course at the Company, at the expense of the latter;
- At least two weeks before the date of the course, the HR Function sends to each participant the information material to study to prepare for the test delivered during the training;
- each ISC performs the assessment test at the time of entry to the training event;
- correction of the test is the responsibility of the CMA Function;

- participants who obtain a result greater than or equal to 75% continue with sales training;
- participants who obtain a result between 75% and 60% can perform the test again at the end of training;
- participants who obtain a result less than 60% are excluded from the selection;
- the CMA Function sees to the storage of test and the attendance register;
- the choice of ISC who should be offered a contract is the responsibility of the Sales Department and the Scientific Department;
- the contractual agreement provides explicit definition of the geographical area of competence and of the economic conditions;
- the contracts are signed by a member of the board of directors with suitable powers and submitted to the HR Function;
- In each contract comes with a confidentiality clause, an exclusivity clause and a clause by which the informant is bound to compliance with the Organizational Model and the Code of Ethics of Pharmanutra S.p.A.;
- the selected Scientific Informers sign the contract and carry out a trial period of 6 months.

The "Scientific Informer Management" activity is divided into the following phases:

- The Sales Department defines the area of competence of each ISC;
- The Area Manager responsible for the target zone works alongside the ISC for the first 2 days of activity or, where deemed necessary, for a greater period of time;
- The Area Manager shall draw up a report on the skills and aptitudes of the Informant and sends the document to the Top Management, the Sales Director and to Sales Managers;
- The Sales Manager and the competent Area Manager meet periodically - at least at the start of each of the 5 cycles of the working year as well as during the area meetings and on the occasion of events at the headquarters and in the hinterland - with the ISC operating in the area of their competence;
- every 15 days, and subsequently on a monthly basis, each Area Manager works alongside the ISC operating in the area of his/her competence and on such occasions verifies his/her organization and scientific preparation in order to define any points of improvement;
- each Area Manager prepares monthly reports (feedback of field activities and any points deserving special attention) and sends them for assessment by the Sales Department and Sales Managers;
- every ISC writes up a monthly report on market conditions (e.g. the objections of doctors and customers, difficulties in placing the product, status of competitors, etc.) and the list of doctors and chemists under his/her competence, specifying visit days and times;
- the ISC sends the report and lists prepared to the relevant Area Manager;
- the Area Manager submits the reporting to Top Management and to the Scientific Department and the Sales Department;
- the Scientific Department investigates any issues considered to be of greater importance and updates the information files on the basis of what emerges;
- ISCs undergo continuous training through meetings with Area Managers and with Sales Managers and specific training and evaluation on the occasion of the placing on the market of a new product;
- quarterly, on occasion of local conventions, Scientific informers undergo an evaluation test of technical knowledge related to a specific product through e-learning system, and undergo an annual test - delivered in paper form - in order to verify their general skills;
- quarterly, the Sales Department defines the premiums and related objectives (so-called Incentives plan) and communicates them to the ISCs during periodic meetings with the Area Manager and the Sales Manager,
- the allocation of performance bonuses is recognized only to informers who obtained a result greater than or equal to 60% in the annual test;

- monthly, the Company defines the remuneration of each informant through the calculation of the variable component connected to the sales of the relevant month (for each piece sold, Scientific Informers have a right to a predetermined fee);
- the definition of pieces sold is performed using the IMS method and on the basis of direct orders data;
- the Administration Function pays the remuneration by invoice.

In the process in question, all Recipients must follow the rules set out below:

- it is the task of the Scientific Informer to provide the healthcare worker with all information relating to the properties and characteristics of the product;
- to this end, Informants are properly trained through: (I) participation in meetings, seminars and internal specialized courses; (ii) the provision of publications, information and technical documents; (iii) the shadowing by Area Managers and Sales Managers;
- Scientific Informers must not work in medical or paramedical professions, or in any profession that might be related with the use of the product, even if not remunerated, nor work in any other ongoing activity that involves a relationship of employment;
- in the discussion with healthcare workers, only internally approved promotional material can be used, submitted to the competent authorities;
- the training activities and the results of the learning tests are always documented and recorded for a period of time established by the internal procedures;
- Commercial Scientific Informers are recipients of training events on the contents of the Company's Model and Code of Ethics and agree to comply with the requirements contained therein;
- each contract specifies the sanctions in place in the event of failure to comply with the recommendations of the Code of Ethics and of the Organizational Model in its applicable parts.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

The process is tracked by means of archiving all relevant documentation by the Functions involved: administrative and contractual documents are stored by Personnel Administration and the HR Function, scientific materials and evaluation tests are stored by the CMA Function.

Segregation of duties

The segregation of duties in the process of selection of ISCs is implemented through: (i) the analysis of CVs and the assessment of candidates is performed by the HR Function, the Sales Function and the CMA Function; (ii) checks on the profile of the candidate are done by the Sales Department; (iii) the choice of the candidate by means of tests relating to commercial and scientific aspects; and (iv) the authorisation to proceed to the search for new informants is given by the Board of Directors; (v) the signature of the agency contract is done by the Chairman of the board of directors.

Segregation in the management of ISCs is guaranteed by: (i) operational management by the Area Manager and Sales Manager, ii) control activities carried out by the Sales Department and by the Scientific Department; (iii) authorisation by the Board of Directors.

Existence of a system of delegation consistent with the organizational responsibilities assigned
Contracts are signed in compliance with the allocated powers of representation and corporate signature.

9. Selection and management of Distributors

Identifiable offences

Company offences

Fencing, laundering and self-laundering

Organised crime offences

Corporate roles involved

Board of Directors (BOD)

Board members Chief Operating Officer (COO)

Export Manager (EM)

Chief Financial Officer (CFO)

Foreign Back Office (BES)

Regulatory Affairs (RA)

Existence of formalised procedures/guidelines

The "Selection and management of Distributors" process takes place according to Workflow Sheet SP-05 'Production and Delivery' and in accordance with specific operational rules, by virtue of which:

- the BES Function searches for potential distributors, through an analysis of the requests received and market surveys, and submits these to the assessment of the COO or EM, depending on the geographical area of competence;
- The COO or the EM see to the evaluation of proposals received;
- having identified a potential distributor of interest, through documentary requests and the support of specialized companies, the BES verifies its reliability and the solvency;
- in the case of a positive evaluation, the BES sends the contractual template to the potential customer and asks it to prepare a proposal for a business plan, i.e. a three-year distribution plan;
- the comments of the potential distributor on the contractual template and the business plan developed by it are analysed by the BES and by the CFO with the support of an external lawyer;
- the same documents are then subject to the evaluation of the COO or EM;
- the RA Function verifies that the product that is the subject of the contract conforms to the regulations in force in the country of destination;
- the COO/EM oversee the negotiation phase which defines the minimum quantity of products to be placed on the market annually and their selling price;
- the BES oversees the formalisation of the contract, which is signed by a person with suitable authority;
- the distributor ensures that the product is registered with the competent national authorities in accordance with the deadlines agreed in the negotiation phase;
- on an annual basis, the distributor communicates to the Company a forecast of the orders that will be performed in the following year;
- quarterly, the distributor sends the order via e-mail to the BES;
- the BES, having received the order by the distributor, forwards it to the COO/EM and adds it into the system;
- at the time of receipt of the order, the BES issues the pro-forma advance payment notice and, after having received the payment, starts the production process;
- the BES oversees the preparation of export documents, i.e. the invoice and the packing list

- and the CoA for orders destined for European countries, and the invoice, packing list, the CoA and the dual use declaration for orders destined to non-EU countries;
- the BES sees to the organization of transport and delivery of the order;
 - annually, the BES verifies that orders correspond to the minimum thresholds specified in the contract;
 - in the case of orders under the minimum thresholds established contractually, the COO/EM terminates the contract and/or revokes the exclusivity of distribution.

In the process in question, all Recipients must follow the rules set out below:

- the relationship with the distributor is governed by a written contract which clearly states the value of the transaction or the criteria to establish it;
- every contract entails the inclusion of a clause requiring the commitment to comply with the Code of Ethics and Legislative Decree no. 231/2001;
- the distributors are the subject of analysis for their evaluation in terms of reliability and solvency.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

Traceability is ensured through archiving of any relevant documentation by the BES Function as well as by the use of the dedicated information system.

Separation of duties

The segregation of duties is implemented through the distinction between: i) the contracting phase overseen by the COO/EM; ii) the control performed by the BES and the CFO; (iii) the signing of the distribution contract by of a person with the appropriate powers.

Existence of a system of delegation consistent with the organizational responsibilities assigned

The process takes place in line with the existing system of delegations.

10. Selection, recruitment and management of staff

Identifiable offences

Offences against the Public Administration

Corporate offences (corruption between privates)

Crimes against individual persons (illicit intermediation and exploitation of labor)

Use of citizens of third countries whose stay is illegal

Organised crime offences

Corporate roles involved

Board of Directors

Top Management

Human Resources (HR)

Personnel Administration (AP);

Existence of formalized procedures/guidelines:

The "Selection and recruitment of staff" activity takes place according to the "Workflow Sheet SP-13, Human Resources Management", according to which:

- the Function Manager reports to the Top Management the need for a new resource;
- the Top Management verifies the actual need and approves the request;
- the Top Management and the Function Manager involved define the requirements of the desired profile and communicate them to the HR Function;
- the HR Function publishes an announcement on the search platforms used by the Company;
- the HR Function receives the curricula and sees to their storage;
- the HR Manager assesses the consistency of the CV with respect to Job Description provided and proceeds to a first telephone contact;
- candidates who pass the first selection are called by the HR Manager for an interview with the person responsible for the Function involved;
- the Top Management submits candidates deemed suitable to a second interview;
- the Top Management chooses the candidates to employ and package to offer to the candidate;
- for the recruitment of subjects belonging to protected categories, the HR Function evaluates, based on the quantitative (number of employees) and qualitative (placement within protected categories) regulatory parameters established by Law no. 68/1999 (amended by Legislative Decree no. 151/2015) if there are elements that are not covered and it is necessary to proceed to a recruitment/conclude an agreement;
- an outside consultant, with the support of the AP Function, prepares the necessary documentation for the recruitment and performs a check on the correctness of personal documentation of the candidate (also as regards the residence permit for non-EU citizens);
- the external consultant prepares the contractual offer according to the provisions of the applicable Collective Agreement and, subject to approval by the Top Management, submits it to the selected candidate;
- following approval of the content of the offer by the candidate, the external consultant prepares the contractual agreement and the AP Function submits it for signature by the candidate and the President or Vice-president of the board of directors;
- the AP Function prepares the personal datasheet of the new recruit and sees to the activation of corporate devices, such as badge, PC workstation, etc.;
- the new recruit, before starting its own activities, receives appropriate training on the Company's management system by the RQA Function and in the field of health and safety by the RSPP;

- the administrative management of personnel is carried out by the external consultant;
- attendance is collected via badge system and is sent monthly by the AP function to the Pay Office;
- overtime are subject to approval by the line manager;
- with reference to the expenditure refunds, expenditure incurred shall be notified by the employee to the AP Function, who, having checked the consistency with the evidence, authorises the payment.
- each employee is given the opportunity to apply for the awarding of benefits;
- the Top Management evaluates the request and the reasons underpinning it, and if appropriate, authorises its approval and notifies the AP Function;
- the AP Function draws up the Report and inform the IT Function or the Outsourcing Function, depending on the type of benefits assigned;
- at the same time as the award of benefits, the employee signing the delivery document.

The activities relating to the establishment of a disciplinary procedure against a member staff will take place in accordance an operative procedure, according to which:

- the Function Manager reports the behaviour warranting a sanction to the AP Function Manager;
- the AP Function performs an investigation aimed at checking the facts reported in the alert;
- the external legal consultant prepares the dispute letter and, if appropriate, the subsequent letter stating the enforcement of the sanction;
- the President of the board of directors endorses the disciplinary measure.

In all phases of the process, Recipients should follow the principles of control described below:

- the staff requirements is proven by specific plans or contingent needs authorized on the basis of predefined approval levels;
- the information required of candidates at the time of the scoping interview are respectful of privacy and personal opinions;
- the legality of the recruitment candidate's presence in Italy is always verified, if non-EU citizen;
- staff is hired under a regular employment contract, signed in compliance with the applicable NCLA, and no form of illegal work is admitted;
- the employment relationship is formalized through the signing of the letter of employment by subjects with the necessary powers, and, for acceptance, by the selected individual;
- Grading and remuneration are defined in accordance with objective criteria established beforehand that take into account the skills, experience and the role that the newly hired will cover;
- newly hired personnel is provided with all information, assistance, subsidiary information and tools useful and/or necessary for them to settle in the job position and carry out their assigned tasks;
- a check is carried out between expenditure reimbursements and the supporting documents produced by the employees, and, in the event of a discrepancy, repayment of expenditure is not performed;
- the files of each employee are stored in compliance with Legislative Decree no. 196/2003 and subsequent amendments;
- any disciplinary sanctions for conduct not in line with the provisions of the law or the Company are imposed by the subjects with the necessary powers;
- the new employee is given a copy of the Organisational Model and of the Code of Ethics adopted by the Company, as well as of the existing procedures/operating instructions.

Ex post traceability and verifiability of transactions through adequate documentary/digital

supporting documents

Traceability is ensured through the storage of any relevant documentation by the AP Function.

Segregation of duties

The segregation of duties in the selection process is implemented through: i) the analysis of CVs by HR Functions; ii) the evaluation of the candidate by the Manager of the Function involved and by the HR Manager; iii) the choice of the candidate is made by the Top Management; iv) the signature of the contract by the Chairman of the board of directors.

Segregation among personnel management activities is guaranteed by: i) operational management by the HR and AP Functions, ii) control activities carried out by the Manager of the Function involved and by the AP Manager; (iii) Authorisation by Top Management.

In relation to disciplinary proceedings, the separation of the main functions is implemented through: i) reporting of the conduct to be sanctioned by the Function Manager; ii) the initiation of proceedings by the AP Manager; iii) the dispute and the application of the sanction by signature of the President of the board of directors.

Existence of a system of delegation consistent with the organizational responsibilities assigned

Contracts are signed in compliance with the allocated powers of representation and corporate signature.

11. Management of intragroup relations

Identifiable offences

Corporate crimes
Self-laundering
False corporate communications
Organised crime offences

Corporate roles involved

Board of Directors
Top Management

Existence of formalized procedures/guidelines:

The management of inter-company services (procurement of materials, staff services, maintenance etc.) and the trade relations that Pharmanutra S.p.A. maintains with commercial companies controlled by it, is regulated by operating rules and by specific contractual agreements according to which:

- the Administration and Finance Function, with the support of an external consultant, sees to the definition of contractual agreements;
- all completed contracts contain a clear indication of the object of the supply, of the agreed payment amount and of the terms of payment;
- signing of the contract pertains to a member of the board of directors in compliance with the authorisation limits awarded to him/her;
- in the execution of projects, each party ensures and guarantees to the other to be the holder of the intellectual property rights and to be able to use these legitimately, to this end committing to indemnify the other party for any damages and costs (legal costs included) that the other party incurs or may incur;
- payments for services rendered in favour of its subsidiaries are carried out by the Accounting and Purchases function;
- the credits earned by Pharmanutra S.p.A. towards its subsidiaries are also subject to control by the Auditing Company and the Board of Statutory Auditors in the context of periodic audits.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

Traceability is implemented through the filing intragroup contracts and of any relevant documentation, as well as via the accounting management software.

Segregation of duties

The segregation of duties is divided as follows: i) the Administration and Finance Function deals with operational activities related to the definition of contractual relations; ii) a component of the board of directors with spending power concludes the agreement; (iii) the Function responsible sees to the reporting for invoicing purposes; (iv) the Accounting and Purchases Function takes care of the invoicing; v) the Auditing Firm and the Board of Statutory Auditors carries out the statutory audits.

Existence of a system of delegation consistent with the organizational responsibilities assigned

The process is carried out in accordance with the powers conferred and the intra-group contracts are signed by qualified subjects of the companies involved in the intragroup relation.

12. Management of cash flows (receipts and payments)

Identifiable offences

Offences against the Public Administration,

Corporate crimes (corruption between privates)

Fencing, laundering and self-laundering

Induction to not make statements or to make false statements to the judicial authorities (art. 377-bis of the Criminal Code)

Crimes with terrorist aims (Criminal Code and special laws) and transnational associative crimes

Organised crime offences

Corporate roles involved

Board of Directors

Top Management

Production

Supplier Accounting and Sales Commissions

Purchases (ACQ)

Client Accounting Administration (ACC)

Orders Function (OR)

Existence of formalized procedures/guidelines:

The "payment management" process takes place according to an established practice, differentiated according to the type of payment.

For payments relating to the purchase of goods and consultancies needed for production, the operating rules applied stipulate that:

- on a weekly basis, the Productions Office compares the warehouse stock file with the stock resulting from management software and in the case of discrepancies verifies the cause and solves the problem;
- the Production Office periodically verifies warehouse stocks and, whenever it detects the need for it, sends the purchase or production order to suppliers of raw materials and/or to the Production workshop;
- the Production Office enters the order in the management system and receives the accepted order and the delivery note;
- the Production Office Manager that requested the purchase verifies the correspondence between the purchase order and delivery note;
- the Suppliers and Commissions Accounting Office receives the invoice by the supplier and verifies the correspondence between invoice and delivery note;
- board members with spending power, within the respective limits, authorise payment;
- a different person from the one who takes care of the checks and of registration of invoices payable, still part of the Administration Office, carries out the payment by bank transfer to a current account specified by suppliers or withdrawal of a bank receipt.

With reference to the payments related to the sales network:

- the Suppliers and Commissions Accounting Office - with the support of the Sales Office for verification of the calculations - performs the calculation of commissions payable to the sales network and issues an Invoice proposal;

- the Suppliers and Commissions Accounting Office sends the invoice proposal to the sales network via e-mail;
- if the sales network highlights the need for changes (e.g. disputing the calculations performed), the Suppliers and Commissions Accounting Office discusses the matter with the Sales Office and with the Sales Manager, who authorises or refuses the requested changes;
- the Suppliers and Commissions Accounting Office receives the invoice and carries out a further check on the correspondence between the Invoice proposal and the Invoice received;
- board members with spending power, within the respective limits, authorise payment;
- a different person from the one who takes care of the checks and recording of invoices payable, still forming part of the Administration Office, makes the payment by bank transfer to the current account specified by the suppliers.

With reference to the payments relating to other purchases of goods and consultancies:

- every Function that needs to make purchases communicates this requirement to its Manager;
- the Function Manager involved authorises the purchase;
- the applicant Function chooses the supplier and sends the purchase request to the Purchasing Office;
- the Purchasing Office sends the order already authorised to the suppliers and communicates the shipment of the Order to the Function that made the request;
- the Purchasing Office receives the accepted order and the delivery note (in the case of purchases of goods);
- the Purchasing Office Manager verifies the correspondence between the purchase order and delivery note;
- the Suppliers and Commissions Accounting Office receives the supplier's invoice;
- the Suppliers and Commissions Accounting Office verifies the correspondence between invoice, order and delivery note;
- board members with spending power, within the respective limits, authorise payment;
- a different person from the one who takes care of the checks and recording of invoices payable, still part of the Administration Office, performs the payment by withdrawal of the bank receipt or in more rare cases by cash.

the "Collections Management" process takes place according to operational rules known to all functions involved and is divided into the following phases:

- every order placed by the customer is registered in the information system;
- the OR Function verifies the customer details and applies the related discounts;
- the OR function sends the orders received to the logistics warehouse, which takes care of the shipping of the product to the customer;
- the Sales Office receives a telematic file of the daily deliveries made by the logistics warehouse and inputs this in the internal management system;
- Twice per month, the ACC Function issues the relevant invoices based on the deliveries made;
- the internal management system automatically detects any expired credit positions and precludes the possibility to register further orders in the presence of unresolved ones;
- the ACC Function controls the entering into the accounts of deferred invoices on the company's information system and proceeds to sending it by PEC;
- the ACC Function sends a telematic file to credit institutions for the issue of bank receipts towards customers who pay in this way;
- periodically the staff of the Administration Function that takes care of the treasury sends reminder letters and shares with the sales network a list of unpaid invoices;
- the Top Management decides to activate the debt collection procedure for overdue

receivables of significant amount:

- generally, 6 months after the reminder letter, the company approaches an external consultant for forced debt collection.

the "Cash management" process envisages that a resource of the Administration Function is responsible for the safekeeping and management of cash and sees to the registration of the transaction in the accounts and on the dedicated register.

In the Payment management process, all recipients must act in compliance with the rules set out below:

- all transactions carried out in cash, provided that the amount is modest and in compliance with the legal limits, are recorded in a special register;
- the traceability of all cash transactions must be guaranteed;
- the parties authorized to intervene in the process (i.e. the subject authorizing the payment, the person in charge of making the payment and the person in charge of the control) must be clearly identified;
- transactions amounts to be deducted from the current account (i.e. payment of invoices, etc.) must be authorized by corporate subjects granted with adequate powers, before being completed;
- payments must take place through the banking system and, in any case, with means which ensure their traceability;
- the correspondence between the IBAN code and the recipient of the payment must be verified;
- payments and collections deemed anomalous by the CFO in relation to the counterparty, amount, type, purpose, frequency or to suspicious entities are subject to detection and analysis and are reported to the Chairman of the Board of Directors before proceeding with the payment or entering them into the accounts;
- checks are carried out on the country in which the supplier or the originator of the payment has its registered office or place of service, or on the location of the current account, checking in particular the so-called "Black Lists" drawn up by national or international bodies;

In the Collections management process, all Recipients must act in compliance with the rules set out below:

- the operations of opening, managing and closing bank and postal current accounts (for example, sending documentation, communications, etc.) are carried out by entities with specific powers in accordance with the internal powers or powers delegated by them in writing;
- the collections are made through the use of the banking system during transactions;
- payments and collections deemed anomalous in relation to the counterparty, amount, type, purpose, frequency or to suspicious entities are subject to detection and analysis are reported to the Top Management.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

The traceability of active and passive financial flows is implemented through registrations on banking systems and on internal software, as well as through the archiving of the relevant documentation by the ACC and ACQ Functions.

Segregation of duties

With regard to payments, the segregation of duties is implemented through the distinction between: i) the preparation of the order by the Sales Office or the Production Office; ii) control by the Suppliers and Commissions Accounting Office; iii) the bank transfer authorisation issued by components of the board of directors with spending power.

With reference to the takings, the segregation of duties is implemented through the distinction between: i) the activities of delivery of goods carried out by the OR Function; ii) administrative, accounting and balancing controls carried out by the ACC Function; iii) the authorisation role pertaining to the Top Management.

Existence of a system of delegation consistent with the organizational responsibilities assigned

Payments are made with the prior the authorization by one of the members of the Board of Directors in compliance with the spending powers allocated.

13. Management of tax obligations

Identifiable offences

Offences against the Public Administration

Information systems offences and offences related to the illegal processing of data

Corporate crimes (corruption between privates)

Fencing, laundering and self-laundering

Organised crime offences

Business roles involved

Board of Directors

Administration Function

CFO (Chief Financial Officer)

Existence of formalised procedures/guidelines

The process involved in the Management of tax obligations takes place according to a corporate operational practice, according to which:

- the Administration Function gathers accounting and tax data necessary to prepare tax returns or withholdings or other declarations aimed at the payment of taxes in general;
- the external consultant prepares the drafts of the declarations (VAT, Corporate income tax [IRES], regional business tax [IRAP] and Model 770) and the drafts of the payment forms (F24);
- the CFO controls and reviews the drafts prepared;
- the legal representative of the Company subscribes the declarations;
- the external consultant telematically sends the declarations (VAT, Corporate income tax [IRES], regional business tax [IRAP] and Model 770) and the payment forms (F24);
- the Administration and Finance Function checks the payment has taken place;
- the CFO and the external consultant intervene in the case of audits related to the activity.

In the process in question, all Recipients comply with the rules set out below:

- the data contained in the statements must accurately reflect what is reported in the supporting documentation thereof;
- precise control of the tax documentation in such a way as not to record invoices for operations that are objectively or subjectively non-existent, while also limiting any errors;
- it is forbidden, when calculating taxes and when accounting, to use invoices/expenditure for which internal controls have given negative results as to their compliance with the supporting documents;
- the competent Functions and consultants carry out a check on the congruity of the data contained in the declarations;
- the statements are always signed by the legal representative;
- the Auditor verifies the prompt settlement of the Company's taxes;
- relations with external consultants are regulated by a letter of appointment that indicates the task to be performed.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

Traceability of the preparation of declarations and related payments is implemented through the storage, by the Administration Function and the external consultant, of the tax documentation

prepared and sent on behalf of the Company.

Segregation of duties

The segregation of duties is implemented through the distinction between: i) the compilation of tax declarations by the tax adviser; ii) the control of data associated with the declarations made by the staff of the Administrative Function; iii) the authorization to the telematic sending and payments issued by the legal representative of the company.

Existence of a system of delegation consistent with the organizational responsibilities assigned

The signature of the declarations and the payment authorisations are made in compliance with the established powers of representation.

14. Drafting of corporate financial statements, reports and communications

Identifiable offences

Company offences

Fencing, laundering and self-laundering

Organised crime offences

Corporate roles involved

Board of Directors

Top Management

Chief Financial Officer (CFO)

Administrative Manager (RA)

Existence of formalised procedures/guidelines

The Process "predisposition of corporate financial statements, reports and communications" takes place following an operating practice, according to which:

- the CFO supervises the preparation of the consolidated financial statement, of the statutory financial statement, and of the quarterly and semi-annual financial statements and reports;
- the CFO participates in the evaluation activities to establish the individual balance sheet items, asks for information and verifies the data to operate the reclassifications and for the correct interpretation of each entry;
- the RA oversees registration and accounting control for the preparation of the consolidated financial statements, of the statutory financial statement, and of the quarterly and semi-annual financial statements and reports;
- the CFO prepares the draft budget, subjecting it to the control of the Auditing Company in the case of annual financial statements and semi-annual financial report;
- the financial statements draft is examined and approved by the Top Management;
- the CFO prepares the notes to the accounts and the management report in collaboration with external consultants, subjecting it to the control of the auditing company in the case of the annual and semi-annual financial statements;
- the draft of the notes to the accounts and the management report is subjected to the examination and approval of the Top Management;
- within the legal schedule, the annual accounts, accompanied by the management report, is sent to the Board of Statutory Auditors that issues its own report;
- the annual financial statements dossier and the semi-annual financial report are approved by the Board of Directors;
- the annual accounts, accompanied by the management report, is approved by the Shareholders Meeting;
- the annual accounts are deposited with the Register of Companies by the external consultants;
- the entire accounting documentation and the documentation relating to the preparation of the budget are kept by the Administration and Finance Function;
- communications to the market about budget trends are drawn up in draft form by the Board of Directors with the assistance of an external consultant and, as the company listed on the Italian Stock Exchange, these are subjected to the preventive scrutiny of Nomad.

In the process in question, all Recipients must follow the rules set out below:

- accounting records must be entered regularly, in compliance with the applicable regulatory requirements and on the basis of appropriate documentary evidence;
- entering of the accounting records must only be carried out by personnel with appropriate rights of access to corporate information systems and with procedures which make it possible to precisely identify the execution of each single registration;
- book entries and accounting records must be carried out in such a way as to accurately and correctly reflect all the Company's operations;
- all costs and charges, revenues and income, receipts and disbursements must be represented in accounting truthfully and accurately, and appropriately documented in accordance with the current legislation;
- accounting Managers must constantly ensure the congruity of the accounting balances, coordinating and controlling the performance of accounting personnel in the light of existing national and international accounting principles and of the relevant civil legislation;
- the personnel involved in preparing the financial statements must follow the procedures indicated by the Company in compliance with the provisions of the relevant civil and tax legislation.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

Traceability is ensured by the archiving of relevant documentation by the Administration Office as well as by the using the company's information system.

Separation of duties

The segregation of duties is implemented through the distinction between: (i) writing of the draft budget by the RV staff; (ii) the control performed by the Top Management, by the Board of Statutory Auditors, by the Auditing Company and by Nomad; (iii) the approval of the budget by the Board of Directors and the Shareholders' Meeting.

Existence of a system of delegation consistent with the organizational responsibilities assigned

Approval of the budget is provided for by the Board of Directors and by the Shareholders' meeting.

15. Management of relations with corporate and control bodies

Identifiable offences

Corporate crimes
Self-laundering
Organised crime offences

Corporate roles involved

Board of Directors
Top Management
Chief Financial Officer (CFO) Administration Office Manager
Administrative Manager (RA)
Administrative Office

Existence of formalised procedures/guidelines

The process of "Management of relations with corporate and control bodies" takes place in accordance with statutory provisions and in accordance with the established procedure known by all involved, according to which:

- the CFO verifies the completeness, relevance and the correctness of the documentation provided to the corporate bodies;
- the Board of Statutory Auditors and the Auditing Company have access to corporate accounts and all the information/documents necessary for their assessment;
- the Board of Statutory Auditors ensures compliance with the law and the bylaws, compliance with the principles of correct administration and in particular with the adequacy of the organizational, administrative and accounting procedures adopted by the Company and its concrete functioning; it draws up its meetings' minutes, which are transcribed onto the appropriate minutes book and draws up a report that gets attached to the annual balance sheet;
- the Auditing company performs the financial audits and assesses the internal controls that oversee the reliability goals of the corporate information system and of the risk monitoring system, issues a report certifying the separate and consolidated annual financial statements and limited audit report on the semi-annual consolidated financial statements;
- the Administrative Manager sees to the storage of all data and information requests and transfers as well as of any observation, communication or assessment made by the Board of Statutory Auditors or by the Auditing Company;
- the Administration and Control Function prepares the technical and accounting documentation necessary for the resolutions of the Board of Statutory Auditors and the Board of Directors and of the Assembly to be made;
- sending the documentation prepared to all participants in the meetings is done by the Administration Office Manager;
- scheduling of meetings and drafting of the agenda are done by the CFO, who discusses and shares the information with the President of the corporate body involved on each occasion;
- transcription and archiving of the minutes are overseen by the Administration Function.

In the process in question, all Recipients comply with the rules set out below:

- the documentation to be submitted to the Corporate Bodies must be clear, complete, timely and represent the Company's actual economic / financial standing;
- the parties appointed to prepare the information and documents and to deliver them guarantee compliance with the relevant legislation;

- the parties appointed to prepare the data and the requested information guarantee the completeness, truthfulness, promptness and correctness of the information and documents provided to the Audit Firm and to the Board of Statutory Auditors;
- the contact persons identified for each competent Functions is guaranteed to cooperate with any request for information/documents.

Ex post traceability and verifiability of activities through adequate documentary/IT support

Traceability is ensured thanks to the storage of the documentation (e.g. agendas, documentation examined in meetings, meeting minutes) at the Administrative Office.

Segregation of duties

The segregation of duties is implemented through the distinction between: i) provision of the material by the Administration Office; ii) control by the CFO; iii) authorisation by the Board of Directors, the Shareholders' Meeting and the Board of Statutory Auditors.

Existence of a system of delegation consistent with the organizational responsibilities assigned

The signature of corporate documents pertains to the Board of Directors and to the individual directors in compliance with the powers of representation and the delegated powers conferred upon them or provided for by the law or by the Articles of Association.

16. Management of market communications and privileged information

Identifiable offences

Corporate crimes

Market abuses

Corporate roles involved

Board of Directors

Top Management

Chief Financial Officer (CFO)

Head of Marketing & Communication (HMC)

Existence of formalised procedures/guidelines

The process of "management of communications to the market and of privileged information" takes place according to the Procedure for communication of privileged information to the public, in accordance with which:

- an external consultant performs the management of corporate communication and control over the content of press releases, including those of a price-sensitive nature;
- the assessment of the privileged status is carried out in accordance with the criteria set out by law;
- people who have access to privileged information are identified in the register kept and updated by the CFO;
- all employees and consultants who are occasionally aware of information are bound to the obligations of discretion and confidentiality, expressly covered within their contract;
- Privileged or confidential information are subjected to operational rules aimed at avoiding a disclosure to unauthorized persons even if only accidental;
- on occasion of meetings with institutional investors or with journalists, information that has not been previously communicated to the market through the institutional information channels cannot be provided;
- the decision to delay communication of a privileged information is taken by the Board of directors in compliance with the laws and regulations applicable, with the support of an external consultant;
- the consultant prepares an institutional statement draft and submits it, on the basis of their content, for assessment by the CFO and the HMC;
- having defined the text and the contents of the release, this is submitted to the Board of Directors for approval;
- the text of the statement is submitted to Nomad (Nominated Advisor), who verifies the content and proposes any changes, which are again notified and approved by members of the Board of Directors;
- the SDIR-NIS system (system of dissemination of regulated information), which must be used in the event of a price-sensitive press release, provides for the storage and dissemination of the press release;
- press releases are published on the corporate website in the investor relations section;
- following the successful dissemination of the press release, the Top Management authorises media agencies to be contacted and informed.

In the process in question, all Recipients must follow the rules set out below:

- the principles of correctness, transparency, completeness of information, protection of the market and compliance with the dynamics associated with the free determination of the price

of securities must be complied with, when concluding transactions in financial instruments and/or in the dissemination of information relating to these.

- relevant confidential or privileged news must be disseminated/used in a manner not in accordance with the applicable regulations and/or corporate procedures;
- false news that can, directly or indirectly, significantly affect the price of financial instruments must not be disseminated/used;
- institutional communications must not be made without prior coordination with the Functions responsible for this task;
- on occasion of "one-to-one" meetings, phone calls and/or email exchanges with financial analysts and/or institutional investors, privileged information not yet made public must not be divulged and/or comments on news and/or rumours about which the Company has not communicated to the market must not be made;
- operations on the Company's financial instruments must not be made, whether directly or indirectly, on one's own behalf or on behalf of third parties, using insider information, i.e. in such a way as to potentially alter the market or, more in general, provide inaccurate or misleading information.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

Traceability is ensured by storing the relevant documentation at the Administrative Office.

Segregation of duties

Segregation of duties is implemented through the distinction between: i) preparation of press releases by an external consultant; ii) control by the RDS and the HMC; iii) authorisation by the Board of Directors.

Existence of a system of delegation consistent with the organizational responsibilities assigned

all press releases are authorised by the Board of Directors in compliance with the powers of corporate representation.

17. Management of prosecutions and disputes

Identifiable offences

Offences against public administration

Coercing others not to make or to make false statements to the judicial authority (art. 377-bis of the Italian Criminal Code)

Corporate crimes (corruption between privates)

Fencing, laundering and Self-laundering

Organised crime offences

Corporate roles involved

Board of Directors

Top Management

Function involved

Existence of formalised procedures/guidelines

The process "Management of judicial proceedings and of disputes" is based on an operating practice according to which:

- the Function involved collects information and documents relating to the dispute (or possible controversy) and performs a first assessment, whose results are communicated to the Top Management;
- the Top Management analyses and assesses the dossier, taking every decision concerning the legal strategy to be undertaken, including the decision to appoint an external lawyer;
- if necessary, appointment of a external lawyer by Company procurator;
- all the documentation relating to the litigation is sent to the external lawyer;
- the professional informs the Top Management about the status of the litigation through communications and/or meetings;
- the authorization on important decisions in the lawsuit is issued by subjects with the appropriate powers.

In the process in question, all Recipients must follow the rules set out below:

- the relationship with the Judicial Authority and its auxiliaries is managed by board members with specific powers, also in the context of participation in hearings, through the appointment of external lawyers and consultants;
- for all cases of litigation, the external legal professional is identified on the basis of criteria of professionalism, reliability and competitiveness in accordance with the internal procedures for the purchase of consultancies, it being understood that where possible it is preferable to consult with lawyers trusted by the Company;
- assignment of a job to external professionals is conferred in writing with an indication of the agreed fee and of the purpose of the service;
- the fees or commissions to external professionals are determined appropriately in relation to the services rendered and in line with the assigned task, according to the conditions or practices existing in the market, taking into account the professional fees in force for the category concerned;
- In the event that a settlement agreement is reached regarding the resolution of a litigation, the agreement is validated by who has the power to decide to this effect; it is then adequately formalized and appropriately entered into the accounts - with regard to any amounts receivable or payable - in such a way as to ensure adequate traceability and verifiability of the process;
- the managers of the various Offices promptly communicated to the Top Management any

- cautionary warning and / or legal communication, addressed to them or to the Company from which the existence or probable emergence of a dispute can be inferred;
- external professionals are given communication of the adoption of the Code of Ethics and of the Model of Organization and Management by the Company; they must undertake to comply with the contents of the Code and of Legislative Decree no. 231/2001.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

Traceability is ensured through preservation of the documentation at the Administrative Office.

Segregation of duties

The segregation of duties is implemented through the distinction between: i) entrusting the work to an external consultant; ii) control by the Top Management; iii) the authorisation by the Board of Directors.

Existence of a system of delegation consistent with the organizational responsibilities assigned

The signing of contracts with external lawyers, as well as any act or agreement having a judicial or extrajudicial nature, pertains to members of the board of directors in accordance with their respective powers.

18. Management of inspections, checks, investigations

Identifiable offences

Offences against the Public Administration
Corporate offences (corruption between privates)
Self-laundering
Organised crime offences

Corporate roles involved

Board of Directors
Top Management
Reception
Managers of offices concerned

Existence of formalised procedures/guidelines

The process of "Management of inspections" takes place in accordance with operating rules that entail, in summary, the following phases and the following checks:

- welcoming of auditing team by the Reception staff, which see to identifying the auditors or the individual belonging to the certifying bodies;
- The Reception staff, having identified the scope of the investigation, informs the Managers of the functions affected by the inspection (e.g. CFO and external consultant for fiscal matters, Quality Control and Chief Scientific Officer for inspections of certifying bodies, workers' representative for SA8000 and Personnel Administration Function for SA8000 certifying bodies , etc.);
- The Manager(s) of the office concerned supervises directly the inspection activities and is always accompanied by at least another Company employee, chosen by him/her, without prejudice to the circumstances in which public officials require direct talks with specifically identified staff;
- the Managers of the offices concerned take part in the drafting of the minutes and request the noting of any declarations/comments;
- the Managers present at the inspection sign the minutes to confirm they have read them;
- the Managers of the offices concerned send the minutes to the Top Management, or a summary note if the minutes are not issued immediately;
- the Manager of the Office concerned verifies the implementation of any requirements specified by the inspector;
- the Manager of the Office concerned stores the documentation concerning the inspection.

Similar control rules are implemented if the checks are performed by external certification bodies for the renewal of certifications that had already been acquired by the Company, or to obtain new certifications.

In inspection management process, all Recipients of this Model must follow the rules set out below:

- the staff expressly authorised to manage relations with the Public Administration, or its representatives, or with private certification agencies, verifies the documentation prepared before forwarding. If allowed or required, the sending of documents is carried out electronically; in this case the subject tasked with transmission of the data ensures correspondence between what was prepared by the competent corporate areas and what is sent;

- in the case of audits at the Company’s headquarters, at the time of arrival of the representatives of the Public Administration or of private certification body, after having established its scope and purpose, the Manager of the Office affected is alerted immediately;
- only those that have been expressly delegated by individuals with the appropriate powers can take part in the inspection, as provided by the system of proxies and delegations in force;
- in the event of a conflict of interest in the context of the relations with the inspectors (e.g. kinship, marriage, etc.), one must refrain from participating in decisions where the aforementioned conflict might arise;
- where possible, at least two employees of the Company participate in the inspection, with the exception of cases in which direct interviews are requested with personnel specifically identified. Employees have the task to accompany and assist the inspectors in the performance of all verification activities;
- the Manager of the Office concerned by the audit takes responsibility for the management of relations with the inspectors or, if necessary, delegates in writing one of his collaborators;
- the company personnel who attended the inspection signs to the relevant minutes checking that the contents correspond to the findings of the investigation, reserving expressly any counter-observations;
- on occasion of each audit/investigation, the Manager of the Office concerned promptly informs the Top Management and sends it a copy of the minutes and any additional documentation attached to it.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

All relevant documentation is kept by the Functions involved in the inspection.

Segregation of duties

The segregation of duties is implemented through the distinction between: i) support activities performed by the staff concerned during the inspection; ii) control performed by the Manager of the Function concerned by the inspection; iii) the signature of the statement by a subject with suitable powers.

Existence of a system of delegation consistent with the organizational responsibilities assigned

The protocol envisages the precise identification of the subjects that can maintain relations with the inspectors, and who have the power to sign the minutes and deeds with external validity.

The Board of Directors, in particular, has attributed the power of representation in all dealings with people belonging to the Public Administration to the President and the Vice President.

19. Management of the requirements regarding health and safety in the workplace

Identifiable offences

Crimes relating to safety at work
Offences against the Public Administration
Organised Crime offences
Self-laundering
Illicit intermediation and labour exploitation

Corporate roles involved

Employer
Manager of the Prevention and Protection Service (RSPP) Workers'
Safety representative (RLS)
Company doctor
Human Resources (HR)

Existence of formalised procedures/guidelines

The management of activities relating to the prevention and the protection of workplace accidents are regulated by procedures and operational rules developed by the Company in compliance with the provisions of art. 30 of Legislative Decree no. 81/2008, in order to reduce the risk of occurrence of Manslaughter offences and severe and extremely severe culpable injuries.

The individual work activities with potential risk of offence in relation to the cases specified in art. 25-septies of the Decree are identified and assessed in the context of the Company's Risk assessment document, written pursuant to the relevant regulations and constantly updated in relation to the evolution of the characteristics of the work activities undertaken, of the needs of the Company and of the best practices applied.

This Special Section identifies and describes the procedures, controls and operational rules applied by the Company according to the following four phases for the continuous improvement of the measures in place for the protection of the health and safety of workers:

- 1 **PLANNING** - Activity aimed at establishing objectives consistent with corporate policy, establishing the processes needed to achieve the objectives, define and allocate adequate resources, define the principles of document management;
- 2 **IMPLEMENTATION AND OPERATION**: Activity aimed at defining organisational structures and responsibilities, methods of training, consultation and communication, methods for managing the documentary system, of document and data control, the operational control procedures, and the management of emergencies.
- 3 **CONTROL AND CORRECTIVE ACTIONS**: Activities aimed at implementing methods of measuring and monitoring performance, recording and monitoring of accidents, incidents, near-accidents, non-conformities, corrective and preventive actions, methods of managing records, procedures for performing periodic audits;

- 4 TOP MANAGEMENT REVIEW - Periodic review by Top Management in order to assess whether the health and safety management system has been fully achieved and whether it is sufficient for the implementation of the Company's policy and objectives.

PLANNING - Activity aimed at establishing objectives consistent with Corporate policy, establishing the necessary processes to achieve the objectives, define and allocate adequate resources, define the principles of document management.

Policy and objectives

Pharmanutra S.p.A. has adopted a Risk Assessment Document which expresses the commitment to protect health and safety in the workplace, promoting an improvement plan, over time, of the existing safety levels. Policy and objectives are assessed annually on occasion of the periodic meeting.

Annual and multiannual plans

Periodically, the RSPP prepares a plan of improvement and investment, which it submits to the attention of the Top Management during the meetings that take place during the course of the year. The Top Management proposes the improvement actions suggested and the board of directors approves the expenditure.

Supplies are managed by the Administration and Finance Function, with the support of the RSPP, which provides technical indications.

Legal requirements and authorizations

The evolution of the relevant legislation in the field of health and safety is constantly monitored by the RSPP, by using appropriate professional development databases. The latter informs the Top Management on occasion of the periodic meetings on the regulatory provisions relevant to the operation of the Company. On the basis of what is reported by the RSPP, the Company decides and schedules appropriate actions to be undertaken.

IMPLEMENTATION AND OPERATION - Activity aimed at defining organisational structures and responsibilities, methods of training, consultation and communication, methods for managing the document system, checking documents and data, methods of operational control, and management of emergencies.

Rules and system documentation

The Company has adopted a Risk Assessment Document (DVR) that contains the formal identification of persons with safety roles within the company as well as the identification of risk profiles and related responsibilities.

Organisation and responsibility

The Company ensures the availability of essential resources and defines roles and responsibilities so as to ensure the proper management of prevention measures.

The Employer (DDL), pursuant to Legislative Decree no. 81/2008 and subsequent modifications and supplements was identified as the Vice President of the board of directors.

Examining the DVR leads to the formal identification of the RSPP, the competent Doctor, the RLS and the parties responsible for the management of emergencies and first aid.

All subjects that have a role in the management, health and safety are properly trained according to the provisions of the State-Regions Agreement.

System for the delegation of functions

On the basis of the corporate organization, the Employer has not considered deemed it appropriate to issue delegations in the field of health and safety in the workplace, pursuant to art. 16 of legislative Decree no. 81/08.

Risk Assessment Document (DVR):

The Company has adopted a Risk Assessment Document, which is periodically updated.

In particular, the assessment was performed by the Employer in collaboration with the Prevention and Protection Service Manager, with the support of the competent doctor and with the involvement of the RLS.

The document is divided into ten paragraphs containing a general description of the company, a focus on activities undertaken and the identification of the risks present in the company, as well as the assessment of the latter and the indication of prevention and protection measures implemented and planned with perspective of improvement.

The DVR is subject to periodic updating due to regulatory/organisational changes.

Assigning responsibilities and duties and allocation of Personal protective equipment

At the time of introduction of the resource into the corporate structure, specific instructions are provided on the proper conduct of work activities, in compliance with the provisions set out in Legislative Decree no. 81/08 and specific training activities in the field of safety at work are undertaken, instigated by the RSPP.

The DDL with the support of the RSPP and MC, entrusts tasks to workers on the basis of their ability and health conditions, in compliance with the provisions of the DVR.

The Employer has not allocated Personal protective equipment, because the risk factors related to the work carried out within the company can be contained by implementation of specific prevention and protection procedures.

Emergency management

The Company has adopted and formalized an emergency plan, which contains the instructions for leaving corporate premises in the event of an emergency.

Evacuation tests are scheduled and recorded and are carried out annually.

Workers are provided with the necessary equipment for the prevention of emergencies and have received specific information regarding how to leave the place of work in the case of serious danger. Fire, evacuation and first aid officers have attended dedicated courses, as required by regulations on the matter.

Management of fire risk

The fire-safety training of workers is managed by the RSPP.

Consultation and communication

At least one periodic meeting per year is scheduled to include all Functions responsible for health and safety at work. In addition, in the course of the year there is a continuous communication between the RSPP, the employer and the Top Management.

Information and Training

Information and communication initiatives are arranged by Human Resources with the support of the RSPP. Training is delivered by the RSPP on the basis of the fire safety / first aid agreement between State and Regions.

The HR Function records the courses delivered and manages the schedule of training.

Assessment and qualification of suppliers;

The assessment and qualification of suppliers, also in the field of health and safety, is carried out by the Administration Function with the aid of the RSPP, where necessary.

The supplier is qualified periodically regarding accident prevention also on the basis of outcomes, on compliance with requirements, also behavioural, requested by the Company; failures may result in suspension or in the most serious cases the revocation status of qualified supplier.

Asset Management

The Company has not adopted a Maintenance plan, but has concluded periodic maintenance contracts with external suppliers.

To perform maintenance operations, the company can use both internal staff and third-party companies, in particular as regards interventions that may require specific and sector expertise, such as the maintenance of ground earthing systems.

The Employer guarantees compliance with the technical and structural standards imposed by law in relation to equipment, plants, workplaces, chemical, physical and biological agents; In such activity it is assisted by the Prevention and Protection Service Manager.

The Employer and other subjects involved in the safety management system are immediately informed of any shortcomings of safety means and devices, as well as of any other conditions of danger that might become known.

CONTROL AND CORRECTIVE ACTIONS: Activities aimed at implementing methods of measuring and monitoring performance, recording and monitoring of accidents, incidents, near-incidents, non-conformities, corrective and preventive actions, methods of managing records, procedures for performing periodic audits.

Surveillance, monitoring, and corrective actions

The Competent Doctor undertakes preventive investigations on the suitability of individual workers in relation to the specific task and informs the Top Management on the results of the visits on occasion of the annual meeting.

Measuring and monitoring performance - other data (different from injuries and accidents)

In accordance with the procedures set out in the DVR, health surveillance and medical first aid activities are guaranteed, by the competent doctor and, in so far as it concerns them, by first aid personnel.

The HR Function organizes periodic medical consultations set out by the relevant regulations with the support of the RSPP, and sees to the archiving of documentation relating to this periodic inspection activity.

The competent doctor shall also periodically update the workers' healthcare notes and inform them on the results of the investigations performed.

The DDL has provided workers with adequate information about the risks associated with the use of the machinery needed for the execution of the tasks entrusted.

Measuring and monitoring performance - lawsuits/disputes

Monitoring accidents and disputes that originate from these pertains to the Employer, which also sees to updating the Risk Assessment Document in the event of the identification of areas with a risk of injury.

Audit

The RSPP performs a period audit in the field of health and safety at work, also with regard to the implementation and effectiveness of the procedures adopted.

Periodic meetings

The Employer calls periodic meetings pursuant to article 35 of Legislative Decree no. 81/08, aimed at monitoring the risk assessment and the trends of accidents within the Company.

The meetings, which take place annually, are attended by the RSPP, the competent doctor and the RLS. In the context of these meetings, an assessment is performed of the risks related to the Company's activities, as well as an analysis of the healthcare situation of workers, of any critical issue found

in the use of PPE adopted within the Company and of the accidents that took place. The minutes of the periodic meetings is filed by the RSPP.

TOP MANAGEMENT REVIEW - Periodic review of the Corporate Top Management in order to assess whether the health and safety management system has been fully achieved and whether it is sufficient for the implementation of the Company's policy and objectives.

Management of the review process

The DLL and the Top Management must analyse the state of progress of the actions for improvement identified and define the improvement objectives.

The review normally coincides with the periodic meeting pursuant to article 35 of the Legislative Decree no. 81/2008, at which the effectiveness of the measures adopted to protect the health and safety of workers is constantly monitored and discussed.

The review process leads, where the need arises, to the Employer updating the DVR.

20. Management of compliance with environmental legislation

Identifiable offences

Environmental offences
Organised crime offenses

Corporate roles involved

RSPP
Department

In order to ensure the proper performance of waste management activities and the transfer of waste to authorised waste disposal companies, the Company operates in compliance with the following internal rules:

1 - Planning

Policy: the Company is committed to promoting the environmental protection, as an element of the general duty to comply with applicable legislation.

Identification and assessment of environmental aspects: the Company poses limited environmental risk, therefore the identification and assessment of environmental aspects is made jointly to the assessments relating to health and safety in the workplace, as an essential component in order to protect workers.

Regulatory and authorisation requirements: monitoring of the changes and new legislation is led by the RSPP, which alerts the Top Management of any new legislative provisions relevant to the operation of the Company, so as to take the actions necessary or appropriate to ensure their implementation.

Roles and Responsibilities : considering the limited complexity and the low risks of corporate activities from an environmental perspective, the subjects responsible for promoting and ensuring the correctness of the disposal operations and deal with possible risks related to emergencies are the same figures dealing with the system of prevention and protection of the health of workers in the workplace.

2- Implementation

Skills and Training: training activities are organised by the HR Function with support of the RSPP. The low environmental impact of the activities carried out allows the training content to be inserted within internal rules.

Documentation: In view of the limited risk of committing environmental crimes while performing corporate activities, the Company has adopted a system of operational rules which, although not formalized within a specific procedure, are widely used and known by all operators.

Operational control - waste generation, temporary storage at the production site and transfer of waste to third parties for transport/disposal/recycling: the waste resulting from office activities (paper, plastic objects) are transferred to the municipal company that provides waste collection and disposal

services. Printer toners are replaced and disposed of by the supplier of printers and toner cartridges. Any waste products generated within maintenance operations (e.g. electrical system or computer equipment) are taken and disposed of by the appointed maintenance firm. The disposal of unsold and/or expired products is entrusted to the logistics service provider, through a specific contractual agreement.

Selection and monitoring of suppliers observance of corporate processes regarding the procurement of goods and services ensures qualification of the supplier responsible for the collection and disposal of special waste and constant monitoring of the service provided.

3 Control and corrective actions

Accidents and non-conformities: in the case of events with environmental impacts, the RSPP examines the facts with the support of a technician in order to adopt measures and/or actions to reduce the risk of occurrence of further cases (e.g. decision to implement safety measures).

Control of registrations: the relevant documentation in environmental matters is filed by the RSPP.

4 - Review

Review: according to consolidated operating practices established on occasion of the periodic meeting pursuant to article 35 of Legislative Decree no. 81/2008 on-going actions are examined, together with operations and jobs that may present environmental impacts, and the implementation of the next measures is planned.

21. Use of the corporate computing equipment

Identifiable offences

Offences against the Public Administration

Information systems offences and offences related to the illegal processing of data

Copyright violation offences

Organised crime offences

Business roles involved

Information Technology

Functions involved

Existence of formalised procedures/guidelines

The activities will be carried out according to established practices, known by everybody involved, aimed at compliance with the following principles:

- confidentiality: guarantee that specific data is protected from improper access and is used only by authorized persons. Confidential information must be protected both in the transfer and in the saving/storage phases, in such a way that the information is accessible only to those who are authorized to know it;
- Integrity: guarantee that all Company data is really the one originally entered into the computer system and has been modified only in a legitimate way. It must be guaranteed that the information is treated in such a way it cannot be tampered with or altered by unauthorized persons;
- availability: guarantee that data relating to the Company's activities can be found, according to the requirements of process continuity and in compliance with the rules which impose its long-term historical preservation.

Safety policies

The Company requires that its directors, employees and consultants, authorised to use the Company's equipment and information systems, must use the corporate computing resources in compliance with the existing regulations and the corporate rules

It is expressly prohibited to intrude into and damage the computer systems of others, and all users must protect the integrity of the equipment and of the internal information systems, refraining from changes which could in any way modify the functionality.

Organization of safety for internal users

The Company provides for the assignment of unique user profiles for personal computers and servers, characterized by an identification code and keywords (username and password).

In the event of new resources, the HR Office will inform Information Technology and requests the technical personnel to activate the user profile.

The assignment of users having employees/collaborators and the relative profiling are based on principles of necessity in such a way as to allocate only the permissions necessary to perform the relevant corporate tasks and only for the time required to perform these. In particular, user profiles

of employees are standard and provide the same entitlements: the user profile of each employee allows access to computing resources and the Company's private Local Area Network (LAN) through secure connection and personal authentication via Virtual Private Network (VPN).

Each user profile is used after insertion of unique and individual credentials (username and password): all employees are properly informed about the criteria and rules for the definition and updating of passwords (complexity and temporal validity of password). Authentication credentials that are no longer used are disabled.

Classification and control of assets

The computing assets of the company are tracked and subjected to regular checks.

The checks on the state of activation of the software licenses and on the relevant contracts and licenses are carried out by the external consultant.

The installation of new software can be performed only by users of the Information Technology Function with system administrator privileges, while users with company profile standards cannot perform these operations. The data subjected to manual processing on non-digital media are collected in special folders with selected access, for which the employee in charge of data management is responsible.

Corporate documents are stored/archived in a traceable manner, in order to ensure their authenticity and reliability.

The Company, with the support of an external consultant, has launched a project for the upgrade and implementation of technical and organizational measures taken in respect of the protection of personal data.

Physical and Environmental Security

The company sees to the adoption of controls in order to prevent unauthorized access, damage and interference to the premises and to goods contained therein by means of the implementation of safety measures for areas and equipment.

The physical security of the computer equipment owned is implemented through security measures adopted in the offices which include, in particular, the activities and services of the Reception.

Management of communications and performance

The Company is equipped with a system of content filtering that monitors accesses to the internet network of all devices.

With regards to the proper use of computer equipment, the company has made use of a screen-saver compulsory

with the request of re-entering the password to the computer operating system in case of inactivity.

The Company uses automatic saving procedures, through management systems that periodically make a copy of the data present in the central systems and place it in the remote data centre. Protection from malicious software is implemented through firewall, and suitable anti-virus and anti-spam software.

The Company has formalized and communicated to employees the prohibition for all personnel to use software of any type that has not been approved by technical staff; moreover, no employee user profile have the necessary privileges for installation/uninstallation of software products. Accesses to the systems are traceable through logs files stored on the server.

Access Control

In addition to what is reported in the description of "Standard no. 2 Organization of safety for internal users", the Company has defined and communicated rules of behaviour relating to the selection and modification of passwords: the initial user passwords are generated by the System Administrator and must be periodically changed by the user.

If an employee's contract with the Company comes to an end, the technical staff sees to disabling its user profile.

Management of information security incidents and problems

In order to avoid damage to data and documents, as well as prevent external intrusions into the computer system of the Company, the latter is equipped with a comprehensive antivirus solution for protection from malware, spyware and emerging online threats.

This system allows you to constantly monitor the progress of attempts by third parties or by virus, to exploit one or more vulnerabilities in order to gain unauthorized access to systems or constrain their operation.

With regard to data processed electronically, automated saving procedures are set up, carried out by dedicated management systems, which periodically make a copy of the data present in the central systems on removable devices.

In the event of malfunctions or events that have an impact on information security, the technical staff analyses the incident, collecting all the information and promoting the necessary improvement actions.

Audit

Checks on the operation of information systems and equipment are regularly carried out by the IT Function with the support of a specifically appointed consultant.

Human resources and safety

The Company informs and trains all employees about the content of the computer security rules, through communications, information and training initiatives.

In the case of termination of employment of an employee, the latter must return all equipment received. Moreover, the Human Resources Department activates the procedure for disabling the user profile.

Safety in the acquisition, development and maintenance of information systems

All technological materials, both hardware and software, are evaluated in advance from the point of view of the security of information.

Only software with a dedicated license can be installed, and use of software for which the company has not proceeded to purchasing the appropriate license is forbidden: in particular, the company prohibits the duplication, installation and/or storage of programs and any other software product without explicit authorization, as well as the use of software products for personal activities.

The technical staff checks that the standard configuration of the computer supplied is maintained and that standard precautions are adopted to prevent the entry of viruses in the computer network.

Corrective and upgrade maintenance of the corporate information system and of the management systems is led by technical personnel with the support of specialized consultants.

Upgrades or customizations of installed software occur with the prior testing by technical staff.

All software and files downloaded legitimately from the internet or from sources external to the company are controlled by a specific virus detection software before the software is launched or files are used.

All hardware components are registered.

In the process in question, all Recipients must follow the rules set out below:

- use the information, software and equipment exclusively for work purposes;
- not to transfer and / or transmit files, documents or any other confidential documents outside the Company except for purposes strictly related to the performance of their duties;
- not to leave their PC unattended and / or accessible to others, and not to allow the use of the same to other people (family, friends, etc.);
- use the internet connection only for the purposes and for the time strictly necessary for the performance of the activities of one's own competence.

Ex post traceability and verifiability of transactions through adequate documentary/digital supporting documents

To ensure the traceability of the data, the Company has adopted a SAP login system useful to verify user operations on the computer system and on its software applications.

Existence of a system of delegation consistent with the organizational responsibilities assigned

The System administrator role is performed by the IT Manager (ITM).