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Organisation, Management and Control Model

(Updated under ruling by the Board of Directors as of 13.12.2017)

1. Italian Legislative Decree no. 231/2001

1.1 Premise

In accordance with D.Lgs. 231/2001 (in partial application of the Legge delega 300/2000 for transposition of OECD and EU regulations) and successive modifications and integrations, legal entities, companies and associations are to be considered responsible for certain crimes committed to their advantage or in their interest by persons who act on behalf and in the name of these bodies. Such crimes are considered administrative offences.

The role played by illycaffè S.P.A. in the local, national, international and global economic context means that the company must pay particular attention to these legal requirements; the attention of the company policy to ethical behaviour and its passion for excellence, make illycaffè S.P.A. particularly enthusiastic to instate an ethical code that follows D.Lgs 231/2001. The principal points of the law are described below.

The “Recipients” of the Model described herein are all those people who operate within illycaffè S.P.A.: Corporate bodies, Managers, Employees, external collaborators and partners (these last two categories to be considered within the terms and limitations of the specific clauses in their contracts), who must all comply with the principles and the rules of conduct, and follow the procedures indicated in the Model;

1.2 Constituent elements of company responsibility

D.Lgs. 231/2001 (hereafter also “Decree”) and successive modifications and integrations states that bodies are responsible when:

- a) Any of the offences set out in Appendix 1 is committed, even if only as an attempt. These are classified according to the following categories:

- 1 Crimes against Public Administration (art. 24 & 25)
- 2 Computer crimes and unlawful data processing (art. 24-bis)
- 3 Organised Crime (art. 24-ter)
- 4 Crimes related to forgery of money, legal tender, revenue stamps and devices or signs of recognition (art. 25-bis)
- 5 Crimes against industry and commerce (art. 25-bis 1)
- 6 Corporate offences (art. 25-ter)
- 7 Criminal offences for the purpose of terrorism and the breakdown of democratic order, (art. 25-quater)
- 8 Practices of female genital mutilation (Article 25-quater.1)
- 9 Crimes against the person (art. 25 quinquies).
- 10 Market abuses (art. 25-sexies)

- 11 Transnational offences
 - 12 Offenses committed in violation of accident prevention, hygiene and health and safety regulations (art. 25-septies)
 - 13 Crimes relating to receiving, laundering and use of money of unlawful origin, as well as self-laundering (art. 25-octies)
 - 14 Offences related to violation of copyright (art. 25-novies)
 - 15 Crime of incitement not to make statements or to make false statements to judicial authorities, (art. 25-decies)
 - 16 Environmental crimes (art. 25 -undecies)
 - 17 Crimes of employment of third-country nationals who are staying in the country illegally (art. 25-duodecies)
- b) The crime is committed by persons who are responsible for the administration, representation or management of the company or one of its autonomous organizational parts, or by persons under their direction or supervision.
 - c) The company has an interest or advantage exclusive or concurrent with that of the perpetrator of the crime.

It is important to note that the corporate responsibilities under D.Lgs, 231/2001 of the juridical person do not annul the responsibilities of the physical person who has materially committed the crime; both these responsibilities are subject to prosecution by the legal authorities.

1.3 Sanctions the company may be subject to

The provision for sanctions for the crimes listed above under D.Lgs. 231/2001 requires the following penalties to be applied according to the offense committed:

- a) financial penalties: to be applied in every case of administrative responsibility by the company. The sum of the fine is to be set by the judge according to the limits set out in D.Lgs. 231/2001. For crimes that infringe health and safety and accident prevention regulations (art. 589 and 590 of the Italian Codice Penale), the fine is not to be less than one thousand quotas (art. 25 septies of the D.Lgs, 231/2001);
- b) ban: banning can be temporary, permanent or precautionary, and is to be applied only in the cases and within the provisions expressly defined under D.Lgs. 231/2001 The penalty may consist of:
 - the company being banned from conducting activities (the suspension or withdrawal of authorizations, licenses or concessions related to the running of the company);
 - suspension or revocation of authorizations, licenses or concessions related to the offense;
 - ban on negotiating with the Public Administration, apart from any exceptions set out in law;
 - exclusion or revocation of benefits, funding, contributions or subsidies;
 - ban on advertising goods or services;
- c) sequestration: the company is always liable to the confiscation of the price or profit of the offense, or in alternative, the confiscation of sums of money, property or other items of a value equivalent to the price or profit of the offense, excluding the part that can be returned to the offended party;
- d) publication of the judgement: can be applied in the case of application of prohibitory sanctions.

1.4. Grounds for exclusion of company responsibility

In the case of crimes committed by personnel in top positions, the company is not liable if :

- a) it has adopted and effectively implemented an organization, management and control model (hereafter "Model") suitable for the prevention of these kind of crimes before they are committed;
- b) it has set up a Supervisory Body (hereafter also "SB") with independent powers to act and control, with the task of

supervising the functioning of the Model, compliance with the Model and overseeing its updating;

- c) the personnel in top positions committed the offence by fraudulently evading the organisation and management Model;
- d) the Supervisory Body has performed its function with due diligence.

In any instance of crimes committed by staff working under the instruction of superiors, the company is not responsible if the crime was not committed due to failure to comply with managerial or supervisory obligations, so long as, before the offence was committed, the company had adopted and effectively implemented an organisation, management and control model suitable for the prevention of this type of offense.

Given these premises, it is clearly necessary to adopt a Model that specifically addresses the risks/crimes that could actually occur so as that the company will be exonerated from any responsibility.

The organisation, management and control Model is therefore one of the essential elements for any system of governance for a company, that is to say, a system intended to monitor and prevent risks.

The adoption of the Organization, Management and Control Model thus enables the company to indemnify itself against any charges of administrative responsibility. However, merely adopting such a document is not sufficient in itself to exclude any such responsibility: it is essential that the Model is actually and effectively implemented.

In order to indemnify the company from penalties, the measures adopted must be:

- *suitable*, that is, capable of guaranteeing the undertaking of the corporate purpose in the respect of law, as well as the timely discovery and elimination of risk situations;
- *effectively implemented*, that is, not only scrupulously developed in abstract terms and transcribed into the Model, but also applied in concrete terms and with the same scrupulous attention in the daily life of the company. As such, the company must constantly ensure that the measures adopted “on paper” are effectively applied and must periodically re-examine them (and possibly modify them) in case of violations, legislative changes or changes to the organization of the company.

Furthermore, the Model must include a disciplinary protocol and/or contractual measures to penalize non-compliance with the set rules.

2. The illycaffè S.p.A Organisation, Management and Control Model

2.1 Motivations for the adoption of the Model by illycaffè S.p.A.

Transparency and correctness in business management are two extremely important aspects for illycaffè S.p.A.. An internal control system is a valuable instrument for the prevention of crimes by any of the Directors, Employees, External Collaborators (i.e.: those working under short or long term contracts, agency workers, agents, technical and commercial advisers) and Business Partners (subjects with whom illycaffè S.P.A. holds any form of leadership, such as joint ventures, temporary joint ventures, consortium of companies, etc).

The adoption of the Model is not an obligation under the Decree, but rather an optional choice for each individual company. However, for the reasons previously mentioned, illycaffè has decided to conform to the requirements of the Decree, adopting the Organization, Management and Control Model (the “Model”) and entrusting the Supervisory Body (“SB”) with the task of verifying the functioning, effectiveness and compliance with the Model, as well as ensuring it is kept up to date.

illycaffè S.P.A. wholeheartedly condemns the committing of any crime in the pursuit of its corporate purpose, believing that such actions are contrary to the interests of the company, and therefore intends to prevent any crimes through the constant monitoring of company activity in areas at risk.

The adoption of this Model therefore represents the desire to constantly improve the system of governance for illycaffè S.P.A., going beyond the benefits provided by D.Lgs. 231/2001 (that is the indemnity from responsibility for crimes committed despite the adoption of preventive measures).

The Model has taken account of the guidelines published by Confindustria, approved by the Italian Department of Justice with D.M. 4 December 2003 and revised in 2014, both in the overall formulation process and in the choice of the specific procedures to adopt in order to prevent individual crimes.

2.2 Structure of the Model

The Model, which brings together in a single document both the theoretical and practical aspects of the system set out under D.Lgs. 231/2001, is subdivided into two sections: a General section and a Special section. The General section illustrates the functions and principles of the Model and identifies and regulates the essential components (system for preventative controls, disciplinary system and sanction mechanisms, characteristics of the Supervisory Body and the updating process). The Special section covers the identified risks/crimes and the specific procedures for preventing them.

The essential elements of the model are as follows:

- setting out the areas at risk, that is company activities where crimes described in D.Lgs. 231/2001 could theoretically occur;
- the specific measures of control for any processes exposed to the potential risk of crimes being committed;
- establishment of the Supervisory Body;
- the action plan for awareness-raising and communication of the rules of conduct and procedures to all levels of the company (in proportion to the level of responsibility) and also to third parties;
- the obligation for everyone working at illycaffè S.p.A to provide information to the Supervisory Body;
- the introduction of disciplinary sanctions for any infringements of the regulations set out in the Model.

2.3 Modifications and updates to the Model

The illycaffè S.P.A. Model is a document produced by the Board of Directors, and has been prepared with the aim of trying to balance and integrate the requirements of governance with those of the administrative and productive aspects of the company; it has a degree of flexibility that provides for possible modifications.

In setting out the Model, particular attention has been given to the need to:

- guarantee the constant updating of the Model to any changes in the organizational structure and the managerial direction of the company;
- enhance the measures and procedures for governance that already exist in the company, and which are suitable for preventing the crimes in question;
- guarantee the maximum diffusion and application of the Model, ensuring it is set out with maximum clarity, and through appropriate promotion and training activities.

The Board of Directors, in collaboration with the Supervisory Body, will check the suitability of the model and any necessary updating.

In accordance with the legal requirements, the adoption and the effective implementation of the Model are the responsibility of the Board of Directors. In consequence, the power to update or modify the Model also lies with the Board of Directors, who will exercise this power by issuing a resolution with the modality for its adoption.

It is, however, the responsibility of the Supervisory Body to evaluate the necessity and appropriateness of proceeding with any updating of the Model, promoting any such requirement with the Board of Directors. The Supervisory Body, within the terms of the powers conferred upon it in accordance with art. 6, paragraph 1 lett. b) and art. 7, paragraph 4 lett.a) of the Decree, has the responsibility to formulate proposals to the Board of Directors for the updating or modification of the Model.

Managers of company departments are to develop and apply modifications to the operating procedures within their remit whenever such modifications seem necessary of the effective implementation of the Model, that is, whenever they are seen to be inefficient for the correct implementation of the provisions of the Model.

2.4 Offences committed abroad

The company can be considered responsible in Italy for committing certain crimes abroad. In particular, art. 4 of the Decree states that companies having their main offices in Italy also answer for crimes committed abroad in the cases and under the conditions described in articles 7 to 10 of the criminal code, provided that the State in which the crime has been committed has not acted to prosecute.

Therefore, the company can be indicted when:

- the company has its primary offices in Italy, that is the head office where administrative and management activities are undertaken, which may be different from the site of the company or its legal residency (company with legal personality), or the place where activity is undertaken in a continuous way (company without legal personality);
- the state where the crime was committed is not acting to prosecute the company;
- the request of the Minister of Justice, to which punishment may be subordinated, also refers to the company.

These rules apply to crimes committed entirely abroad by persons in top positions or subordinates. For criminal activity that has occurred even only partially in Italy, the territorial principle in art. 6 of the Italian criminal code is applied. Under this “the crime is considered to be committed in the territory of the State when the action or the omission that constitutes it, occurred therein, in total or in part, that is, the event that is the consequence of the action or omission occurred therein”.

2.5 Adoption of the Model within the Group

illycaffè S.P.A., as leader of the Gruppo illy, proposes an appraisal process regarding the adoption of a Model by the controlled companies who are based in Italy.

Should the controlled Italian companies deem it necessary to adopt a Model under the terms of D.Lgs.231/2001, then they will adopt their own Model autonomously, under the direction of their own administrative structures and under their own responsibility, taking care of the Model's implementation and appointing their own Supervisory Body. Each company will identify sensitive activities, considering the nature and type of activity carried out, the dimensions and the structure of their own company.

The Model adopted by the aforementioned companies will be communicated for informative purposes to the Supervisory Body of the Company by the individual Supervisory Bodies. Any significant modifications to the Model is to be communicated by the Supervisory Body of the controlled Italian companies to the Supervisory Body.

3. Identification of potential risks for infraction and mapping of sensitive activities

Prior to the preparation of this document a detailed analysis was conducted to identify "at-risk" activities, i.e.: those that might be subject to potential crimes, taking account of the activities actually carried out and of the functions performed by those working within the company (risk-mapping).

As part of this activity, the Company has in the first instance analysed its own organizational structure, represented in the business organizational chart, that identifies management and corporate positions within the company, highlighting roles and hierarchies.

The company then undertook an analysis of its own business activities based on information collected from those in top positions, who, in virtue of their roles, were able to provide the broadest and deepest understanding of the functioning of the business sector they are responsible for. Specifically, the identification of at-risk activities in the area of business processes has been based on preliminary analyses:

- of the business organizational chart that highlights the structure of reporting based on hierarchy and roles in the company;
- of the deliberations and relationships of the administrative and control bodies;
- of the body of company regulations (i.e.: procedures, organizational provisions) and of control systems in general;
- of the system of powers and delegations;
- of the indications contained in the Confindustria guidelines, updated as of March 2014;
- of the "history" of the Company, that is of any prejudicial cases that have affected the company in the past.

4. System of governance

4.1 Ethical Code and Model

illycaffè has adopted an Ethical Code that reflects the values and rules of "business ethics" and believes that these values are fundamental to the Company itself. It requires that this code is followed by its own corporate bodies, employees and third parties. The Model herein is coherent and consistent with the principles of the Ethical Code, but addresses the requirements under the Decree more specifically. As such, it is therefore intended to prevent the commission of any relevant crime covered under the provisions of D.Lgs. 231/2001.

The illycaffè Ethical Code nonetheless sets out principles which are suitable for preventing the illicit behaviours covered under D. Lgs. 231/2001, making the Ethical Code relevant and complementary to the Model described herein.

4.2 Organisational principles

The system for the distribution of powers, also performed through delegations and powers of attorney, must be characterized by elements of "certainty" in order to provide for the efficient management of business activities and to clearly identify the responsibilities associated with each of the professional positions. In particular, the following aspects must be safeguarded:

- separation of roles (the authorization for the undertaking of an operation must be under the responsibility of persons other than those who execute it, control it or are responsible for its accounting);
- limitation of powers (nobody must be given limitless powers);
- clear definition and understanding of powers (the powers and responsibilities must be defined in a way that is precise and understood within the organisation, also through the creation of accurate job descriptions);
- coherence of the powers with the assigned organizational responsibilities (the powers for authorization and signing which

have been granted must be assigned in coherence with the managerial responsibilities related to each resource, and require a prompt indication of expense thresholds and accounting obligation to be given to the immediate supervisor).

Furthermore, in conferring delegations and powers of attorney, illycaffè S.P.A. follows the following essential principles:

- all those who deal with Public Administration bodies in Italy or abroad on behalf of the company must be authorized to do so with a formal delegation;
- an internal delegation describing the relative powers of management must be assigned for each instance of power of attorney that involves the power of representation of the company before third parties;
- the power conferred through delegations must be coherent with the relative responsibility and in keeping with the position in the organizational hierarchy;
- each delegation must specifically define the powers of the delegated person, specifying the limits, the body or individual to whom the delegated person must report in the hierarchy and the method to do so;
- the delegated person must be given powers for expenses appropriate to the functions they are to perform;
- powers of attorney must explicitly indicate the terms for the cessation of the conferred powers;
- delegations and powers of attorney must be kept updated.

The Supervisory Body, with the support of the other relevant bodies, is responsible for the verification of the system of active delegations and powers of attorney, recommending any necessary modifications should the power of management and/or the qualifications fail to correspond to the powers of representation conferred to the delegated person, or if there are any other anomalies.

4.3 Establishment of a reporting system for the Supervisory Body responsible for policing violations of the Model

The Decree states that the Model must include the setting out of specific obligations for sections of the company to inform the Supervisory Body, in order to allow the Supervisory Body to perform its role of vigilance and verification.

To this end the Supervisory Body must be given all data, information and documents in the case of waivers and/or exceptions to business procedures, previously identified by the Supervisory Body and requested by the individual section (information flows), according to the timeframes and modality set by the Supervisory Body itself.

Furthermore Recipients must inform the Supervisory Body of any information pertaining to conduct that might be considered a violation of the terms of the Decree and/or the Model and/or the Ethical Code, as well as any specific instances of crimes being committed.

The Supervisory Body is responsible for receiving all the information and indications of any infractions of the Model. After having evaluated the report - if appropriate listening to the person making the report and/or the person responsible for the alleged violation - the Supervisory Body will take any necessary action and must make written report of the motivations for the actions that were taken, or why actions were not taken, or why an internal investigation was not conducted.

Reports to the Supervisory Body should be made for every violation, including suspected violations, of the Model, and should be made verbally directly to the office of the Supervisory Body or sent in written form, which may also be done anonymously: in this case the report should be consigned to a letterbox in the company set aside for this purpose (the location of the letter box should be communicated to all Recipients of the Model) or sent by e-mail to the address *organismo.vigilanza@illy.com*.

The confidentiality of the source and the information is guaranteed without prejudice to any legal obligations. Furthermore, the Company will not carry out any retaliatory actions (disciplinary endorsements, demotion, suspension, lay-off) nor discriminate in any way in the work environment against members of staff who have in good faith acted to

report events or situations related to the respect of the Ethical Code, the Model, business procedures or any legal requirements.

The Supervisory Body must conserve all documentation related to written reports and should write up a report of those received verbally; a specific chronological register (the “Register”) should be used to record these reports, subdivided into homogeneous sections showing the report, the steps taken and the disciplinary measures taken. The Board of Directors may consult the Register at any time to examine the evaluations and the measures taken under its competence.

The Supervisory Body must protect informants against any form of retaliation, discrimination or penalty, and ensure their confidentiality, without prejudice to any legal obligations and the protection of the rights of the company or of persons accused in error and/or in bad faith.

5. Establishment of Supervisory Body (SB)

5.1 Identification and modality of appointment

Under D.Lgs. 231/2001, the Supervisory Board, which is entrusted with the task of supervising the correct functioning and effectiveness of the Model, ensuring compliance with it and seeing that it is kept updated, must be an internal department of the company (art. 6. 1, b).

In accordance with the terms of D.Lgs. 231/2001, the Board of Directors of illycaffè S.P.A. has created the Supervisory Body as a collegiate organization with three members, coincident with the Statutory Board.

This is intended to ensure that the Supervisory Body meets the following legal requirements:

- with respect to autonomy: the Supervisory Body must be provided with the necessary powers of initiative, control and discipline;
- with regard to independence: the Supervisory Body must be placed in a high hierarchical position and not undertake operational tasks connected to the management of the institution;
- with respect to professionalism: the Supervisory Body must guarantee adequate performance of inspection and consultancy activities by members of staff with the necessary technical/legal training;
- with respect to the continuity of activities: the Supervisory Body must guarantee continuous monitoring, in keeping with its intended purpose.

The Supervisory Body is appointed and revoked by the Board of Directors of the company through written acts, signed and agreed by the appointed members.

Just cause for the revocation of members:

- the identification of a serious failure by the Supervisory Body to perform the duties assigned to it;
- the failure to communicate to the Board of Directors any conflict of interest, or any potential conflict of interest, that impedes a member of the Body from performing their role;
- the conviction of the Company in final judgement, or a plea bargain, wherein the evidence reveals an insufficiency or lack of vigilance by the Supervisory Body;
- the violation of the requirements for secrecy in regard to any news or information acquired in performing the functions of the Supervisory Body;
- an enforceable judgement, also prior to appeal, or the application of the required sentence, (so-called plea bargain), in Italy or abroad, for the violations related to administrative responsibility of bodies under D.Lgs 231/2001;

- a conviction, also prior to appeal, or a plea bargained sentence, with a penalty involving being banned, even temporarily, from public offices, that is the temporary banning from the executive offices of legal entities and companies.
- for anyone related to the Company in a subordinate employment relationship, the initiation of disciplinary proceedings for situations that may result in dismissal.

The cessation of the mandate as a member of the Audit Board does not constitute grounds for terminating the mandate as a member of the Supervisory Board.

Should the revocation be without just cause, the party in question has the right to demand their immediate reinstatement to their post.

Any member may rescind their post at any time by giving written notice at least 30 days prior. This should be communicated to the Members of the Board of Directors by recorded mail. The Board of Directors will appoint a new member during the first board meeting, and nonetheless within 60 days from the date the member left their post.

In the case of cessation from the post by a member of the Supervisory Body constituted in collegiale form, the other member or members remain in their posts and the Board of Directors must then appoint a new member as soon as possible.

5.2 Functions and powers

The duties of the Supervisory Body are:

- to ensure conformity to the Model by Recipients, to ensure its suitability to the corporate structure and its effectiveness in preventing the commission of the crimes described under D.Lgs. 231/2001 and successive modifications. Should any violations of the Model be discovered, the Supervisory Body will undertake the disciplinary measures laid out in chapter 7;
- ensure the Model is kept up to date, adapting it to any changes in business conditions or the introduction of new offenses to the provisions of D.Lgs. 231/2001 (see paragraph 2.3). In particular the Supervisory Body must examine business activities in order to update the mapping of activities at risk of crimes being committed;
- to put into effect the control procedures described in the Model, in particular in the Special Part, through periodic verifications undertaken on samples and without prior notice of the activities at risk, to communicate the results to the Board of Directors and the Audit Board, in accordance with the terms in the following paragraph e);
- to supervise the periodic training of Recipients of the Model within the company, in particular in accordance with the terms in the following chapter 6, and prepare the necessary internal documentation needed for the functioning of the Model and documents containing instructions, clarifications or updates;
- to report periodically to the corporate bodies of illycaffè S.P.A. as specified in detail in the following paragraph 5.3;
- maintain the chronological Register of activities undertaken, subdivided into homogenous sections, which record all instances relevant to the application of the Model, in accordance with the provisions set out in this document;
- coordinate with the other sections of the company to improve monitoring of activities in relation to the procedures set out in the Model;
- to conserve the documentation regarding the information received and the activities carried out in relation to activities of control, monitoring and inspection set out in the Model.

In order to carry out its activity, the Supervisory Body has free access to all relevant business documentation. In particular, certain information must be made available to the Supervisory Body by the relevant parties:

- decisions related to requests, issuing and use of public funding;
- measures and/or information from the judiciary police bodies, or any other authority, which indicate that investigations are underway, even against unknown persons for the offences referred to in D.Lgs. 231/2001 committed within illycaffè S.P.A.;
- all news regarding the implementation of the Model at all levels of the company;
- reports sent by the heads of other corporate departments as part of their supervisory activities, which may reveal instances that are relevant for compliance with the provisions set out under D.Lgs. 231/2001;
- delegations and powers of attorney conferred within illycaffè S.P.A.

The Supervisory Body, nonetheless has the power and duty to demand information regarding all aspects of business activity that could expose the company to the risk of committing any of the crimes set out under D.Lgs. 231/2001.

The Supervisory Body appoints its own President. In order to better undertake its activities, the Supervisory Body can delegate one or more specific tasks to individual members of the Supervisory Body who will carry them out in the name and on behalf of the Supervisory Body. The responsibility derived from all delegated tasks falls on the Supervisory Body as a whole.

The Board of Directors of the company assigns an annual expense budget to the Supervisory Body to the sum requested by the Supervisory Body, and in any case suitable for performing the functions the Body is charged with. The Supervisory Body autonomously determines the use of the budgets in respect of the company powers of signature, should expenses exceed the budget, authorization must be sought from the Chief Executive Officer.

5.3. Verification and reporting activities to other company departments

In order to guarantee the updating and the efficiency of the Model, the Supervisory Body will undertake two types of verifications:

- examination of company documents: at least once a year there must be an examination of the main company documents and most important contracts agreed by the company in areas of activity at risk in order to verify that they have been set out and executed in accordance with the procedure and conduct norms set out under the Model;
- verification of the Model: a periodic verification must be undertaken on samples and without prior notice to determine if the procedures of conduct set out for Recipients, in particular Recipients within the company, are being respected.

At the discretion of the Supervisory Body, specific further investigations and controls may be carried out in regard to the principles and procedures of the Model.

The results of verifications and any measures or sanctions taken must be reported by the Supervisory Body to the top level corporate bodies by appropriate means. In this way the other corporate bodies can also adopt all the measures necessary to ensure the aims of the Model are effectively put into action.

In particular, the reporting will address:

- the activities carried out by the Supervisory Body;
- the results of verification and all actions, including disciplinary ones, that have been taken;
- the suitability of the Model for preventing or reducing the risk of crimes being committed.

The Supervisory Body of illycaffè S.P.A. reports in first place to the Board of Directors, to whom it must report on the state of implementation of the Model and the outcomes of verification activities.

There must be regular reporting directly to the Chairman, and annually to the Board of Directors.

Minutes must be kept of reporting meetings and copies of the minutes will be kept by the Supervisory Body (these must be included in the appropriate section of the chronological Register of the activity of the Supervisory Body) and by the corporate bodies involved in each instance.

Should the Supervisory Body uncover particularly serious violations or the commission of a crime, it must report to the Board of Directors no later than the day after the discovery of the violation of the Model or any other suspicious behaviour, in order to enable action under their responsibility to be taken.

6. Communication of the Model

6.1 Communication within illycaffè S.P.A. and training activity for staff

In order for the Model to be effective it is necessary to communicate the adoption and the contents to all the Recipients, in accordance with the position and role of the Recipients, the level of risk for the commission of crimes in the area in which they operate, and the role (or absence thereof) of representing the Company.

As such, the rules of conduct, the procedures and the control systems adopted in order to implement principles set out in the Model have been communicated to all the Recipients, in particular to those within the Company.

All those who work at or for illycaffè S.P.A. have been informed about the adoption of the Model and its contents, in particular in regards to disciplinary provisions that can be applied to the activities carried out in different sectors, the procedures in order to prevent the committing of crimes and the steps to be taken by anyone who becomes aware of the commission of a crime within the Company.

Managers and staff in general are required to sign a specific declaration agreeing to abide by the Ethical Code and committing to the procedures set out in the Model.

The same declaration must also be signed by the members of the Board of Directors.

The Model is to be communicated within the Company using electronic and printed means: a copy has been therefore been made available in the HR office so that Recipients in the Company may consult it at any time.

6.2 Communication with suppliers, external Collaborators and Partners

By publishing it on the Company website, illycaffè S.P.A. has also communicated the adoption and the contents of the Model to Company suppliers, external collaborators and Partners, who are required to respect the terms of the Model.

Any infraction will be considered a serious breach of trust and in more serious cases will lead to the termination of the relationship.

7. Disciplinary measures for infraction of the Model

7.1 General principles

A suitable system of disciplinary measures will be adopted towards any infractions of the terms of the Model and the principles set out in the Ethical Code, these will be in accordance with the gravity of the infraction.

The application of disciplinary measures for the violation of the Ethical Code and business procedures is independent of the outcome of any legal judgment: these rules set out the norms of conduct and company policy, and must be respected even if their violation does not constitute a significant legal violation.

7.2 Disciplinary measures against employees

The definition of a system of disciplinary measures, to be applied in the case of violations of the terms of the Model, is essential to guarantee the effective performance of the Model itself, it is furthermore an essential condition in order for the Company to benefit from exemption from administrative responsibility.

The application of disciplinary measures is independent of any legal sentence applied to staff, managers or top level staff or of the initiation of legal proceedings or the committing of any relevant crime under D.Lgs. 231/2001.

Any staff whose conduct violates the terms of the Model will be liable to disciplinary measures. To this end, the part of the Model that relates to the Ethical Code, the procedures of the Special Part and the disciplinary guidelines, in respect of the directives under art. 7 of the Statuto dei lavoratori (workers' bill of rights) must be made known to all staff by posting it in a place that is accessible to everyone.

The following disciplinary measures may be imposed:

- verbal warning;
- written warning;
- a fine of no more than three hours' standard pay;
- suspension from work without standard pay for up to three days;
- immediate dismissal with severance pay.

The type and severity of each of the listed disciplinary measures will be determined in relation to:

- the gravity of the violations committed and in proportion to this;
- the position and the duties of the employee;
- how much it was possible to foresee the event;
- the intentionality of the conduct or the degree of negligence, carelessness or incompetence;
- the overall conduct of the employee, with particular with regard to any previous disciplinary proceedings;
- any other particular circumstances involved in the violation in question.

Except in the case of a verbal warning, the disciplinary procedure must be conducted in written form to the employee according to the modality laid out in the terms of the disciplinary regulations, or otherwise by registered post or equivalent means to guarantee the letter has been received.

The Employee may offer their own justifications, also verbally and if they wish also with trade-union representation, within five days of receiving notification of the disciplinary proceedings. Upon the expiry of the period of five days, the disciplinary proceedings must be enacted within the following ten days, under penalty of expiration.

The imposition of the disciplinary measures must be explained and communicated in written form to the Employee.

The disciplinary measures outlined in the previous paragraphs b), c) and d) may be appealed against by the employee at an employment tribunal, in accordance with the terms of the contract relative to employment disputes.

Dismissal for misconduct set out in the previous paragraph e) may be appealed in accordance with the procedures set out under art. 7 of Italian law n. 604 of the 15 July 1966 confirmed in article 18 of law n. 300 of 20 May 1970.

Disciplinary measures will be held to be expired two years after they have been imposed and will no longer be considered.

To this end the Supervisory Body must ensure the disciplinary measures that have been issued are recorded in the appropriate section of the chronological Registers of the activity of the Supervisory Body.

The sanctions applicable to subordinate employees for the violation of the Model fall within the provisions of the “Contratto Collettivo Nazionale Lavoro Dipendenti Industria Alimentare” (National Collective Agreement for Employees in the Food Sector) dated 14 July 2003 and successive modifications and will be adopted by illycaffè S.P.A., in respect of the terms under article 7 of the law of 30 May 1970, n. 300 (Statuto dei Lavoratori) and the application of any special conditions.

The infraction of the Ethical Code and the procedures indicated in the Model by Managers whose employment terms are regulated under the “Contratto Collettivo Nazionale Lavoro Dirigenti di Aziende Produttrici Beni e Servizi” (National Collective Contract for Managers in Companies Offering Goods and Services) of 24 November 2004 and successive modifications, will result in the application of the most suitable measures in compliance with the terms of the aforementioned employment contract.

In accordance with the relevant collective contract legislation, this does not in any way prejudice the rights of illycaffè S.P.A. in respect to any actions to recover the damages caused to it by Employees as a result of the violation by Employees of the Model, as in the case of the application by a judge of the measures set out under D.Lgs. 231/2001.

7.3 Measures Against Directors

In the case of violation of the Model by one or more members of the Board of Directors, the Supervisory Body will inform the entire Board of Directors, who will take the appropriate steps as set out in the relevant legislation.

7.4 Measures for suppliers, external collaborators, and partners

The disciplinary measures too be applied to external collaborators or partners who violate the terms of the Model exposing themselves to the risk of committing one of the crimes described under D.Lgs. 231/2001 are set out in the specific clauses of their contracts.

These contracts must set out suitable disciplinary measures for the violation of the Ethical Code and the Model: the measures (termination for breach of contract, express termination clause, penalty clause, etc) will be evaluated on a case-by-case basis according to the identity of the counterpart.

This does not prejudice any claims for damages to the Company resulting from these violations.

8. Functions of the Special Part. Establishment of specific procedures

After a short introduction outlining the crimes that could conceivably be committed within illycaffè S.P.A., the Special Part describes the specific regulations for conduct and the procedures to use in the execution of business activities in the areas at risk.

The principles of internal control, that have determined the choice of the internal procedures and the controls for processes at risk, and that make up the guidelines for the implementation of any new procedures and for their application, are:

- clear and precise definition of the company hierarchy structure, of the scope and of the responsibilities of positions in the company;
- respect for the principle of the distinction between the person who takes the decision, the person who executes the decision and the person who must control the process (“segregation of duties”) in every process or activity at risk;
- verifiability, documentation, coherence and congruity in relation to the nature of the company (traceability) of every operation, transaction, and action that is part of the process;
- verifiability and transparency in financial management;
- recordability of the controls undertaken.

To this end, specific policies and operating procedures have been set out that also regulate the processes for the selection and qualification of the main business suppliers, the processes for entrusting responsibilities to External Collaborators according to specific evaluation criteria, the management of business activities in relation to public clients and the management of the institutional or occasional relationships with Public Administration bodies.

Furthermore, all operations that relate to corporate management must be undertaken respecting not only the requirements of law, but also respecting the regulations of the administrative, book keeping, financial and management control systems of the Company.

9. Crimes against the Public Administration

9.1. Crimes related to fraud against the State and public funds

9.1.1 Relevant laws and examples of prosecutable behaviour related to the business activity of illycaffè S.p.A

The following crimes have been considered in setting out the specific procedures of this Special Part:

- **Embezzlement of State funds:** art. 316 *bis* c.p. punishes anyone, outside the Public Administration, who obtains contributions, subsidies or financing from the State, Public bodies or the European Community intended for the realization of works or the undertaking of activities of public interest, and uses them for other purposes
- **Misappropriation of funds from the State:** art. 316 *ter* c.p. punishes anyone who receives, for themselves or for others, contributions, financing, subsidized loans or other funds of this kind from the State, other Public bodies or the European Community using false declarations, false documents or by making false claims, or omitting to provide the required information, even if this does not constitute fraud.
- **Fraud against the State or other Public Body or the European Community:** art. 640, paragraph 2, n.1 c.p. punishes anyone who obtains for themselves or for others unlawful profit through intentional deception, causing damage to the State or a public body or to the European Community.
- **Aggravated fraud to obtain public funds:** art. 640 *bis* punishes anyone who obtains for themselves or for others unlawful profit through intentional deception causing damage to the State or a public body in relation to contributions, financing, subsidized loans or other funds from the State, public bodies or the European Community.
- **Computer fraud against the State or other public body:** art. 640-ter c.p. punishes with imprisonment anyone who obtains for themselves or for others unlawful profit causing damage to third parties, by altering in any way the operation of a computer or telecommunication system or operating in any way without permission on data, information or programs contained in a computer or telecommunication system or relevant thereto.

Whilst these crimes could potentially be committed in any area of the company, the areas most at risk are: the financial sector, investments for environmental protection, investments in production, technological and product-based research and innovation, and staff training.

A common example of aggravated fraud against the State is presenting documents to the Public Administration that falsely attest that the applicant meets the conditions required to participate in calls for tender in order to obtain licences, authorizations, etc.

In essence, we speak of crimes in relation to the distribution of public funds when these actions are perceived to be “fraudulent” and obtained without the right to do so, or when, even if funds are obtained lawfully, they are then employed for purposes other than those for which they have been obtained.

9.1.2 Identification of activities at risk of crime

The following activities are those that the Company has identified as being at risk:

- Management of financing in terms of modality of use;
- Compilation of administrative, economic and technical documentation requested for calls to tender to obtain financing and for the subsequent accounting to the Public body providing the funding in regards to the use of the funding received;
- Compilation, signing and consigning of documentation for requests for subsidies (eg. administrative documentation and requests to INPS etc.) aimed at the employment, re-employment and job security for the categories of staff described in the relevant legislation (eg. L.92/2012);
- Demand for administrative action necessary for the commencement of work for the construction, restructuring and maintenance of property;
- Relationships with Public Official during inspections of sales points;
- Requirements with representative bodies (INPS, INAIL, ASL, Direzione Provinciale del Lavoro, ENASARCO, etc);
- Requirements with officials of Italian and foreign Public financing bodies, (e.g., Provincia, Regione, European Community), for obtaining financing;
- Requirements with public bodies in relation to fulfilling obligations for employing people with disabilities;
- Relationships with officials of the bodies responsible for compliance with requirements by the company at the Courts, the CCIAA and the Registry Office.

9.1.3 Principles of conduct

The principles of conduct which must be followed in order to prevent the committing of the crimes described in paragraph 9.1.1. are:

- identifying a person responsible for undertaking specific controls on the documentation to be presented for the issuing of contributions or funding (for example, the planning documentation and the documentation confirming the technical, economic and professional requisites of the company);
- separating the activity of those who prepare and present the necessary preparatory documentation from the activity of those who manage the activities that have been financed;
- following and monitoring the way financings are used in order to guarantee that financings are not used other than for the purposes they have been issued;
- during inspections or verification visits by public authorities, all relationships with Public Administration officials must be undertaken only by those people specifically charged with these duties and with the duty to write up an appropriate written report about the inspection;
- during the course of any inspection activities all company staff must offer maximum collaboration and cooperation;

- the execution and/or management of contracts with the Public Administration, and relationships with public officials must be conducted with maximum correctness and professionalism, without any use of pressure or undue influence of good will that could influence the conduct of the public official.

9.2. Crimes of corruption and undue induction to give or promise benefit

9.2.1 Relevant laws and examples of prosecutable behaviour related to the business activity of illycaffè S.p.A

The following crimes have been considered in setting out the specific procedures of this Special Part:

- **Corruption in the exercise of Public functions:** art. 318 c.p. punishes any public official, who, in order to complete an action of their function or powers or for an action of their function or powers already completed, receives, for themselves or a third party, pecuniary benefits or other benefits that are not due, or accepts a promise to receive them.
- **Corruption constituting and act contrary to official duties:** art. 319 and 319 bis c.p. punish any public official, who, in order to omit or to delay or for having omitted or delayed an action of their function or powers, or in order to perform or for having performed an action contrary to their official duties, receives, for themselves or a third party, pecuniary benefits or other benefits, or accepts a promise to receive them.
- **Aggravating circumstances:** Art. 319-bis increases the penalty if the offense described in art. 319 relate to the awarding of state employment, salaries or pensions or the stipulation of contracts involving the Public Administration to which the public official belongs as well as payments or refunds of taxes.
- **Bribery of a public servant:** art. 320 c.p. extends the application of the provisions of art. 319 so they also apply to a person charged with performing a public service and those of art. 318 so they also apply to a person charged with performing a public service, in so far as they perform a duty as a public servant.
- **Penalties for persons offering bribes:** art. 321 c.p. also extends the penalties for corruption to anyone who gives or promises to a public official or to a person charged with performing a public service pecuniary benefits or other benefit.
- **Incitement to corruption:** art. 322 c.p. considers corruption also in the case that the offer or the promise is not accepted.
- **Undue Induction to giving or promising benefits:** art. 319 quater introduces the autonomous crime of extortion through induction. This crime is described as the coercion of the will of the private party, which occurs when the public official, abusing their position or powers, induces the private party to submit to their demands. The new formulation therefore also sets out that the private party who is complicit in the act shall also be punished.

In synthesis, art. 318 and following c.p. punish the conduct of any public official who receives for themselves or for a third party, pecuniary benefits or other benefits that are not due, or accepts a promise to receive them in order to complete an action of their function or powers or for an action of their function or powers already completed, or in order to perform an action contrary to their official duties. They also punish both the person receiving and the person offering the bribe. They also punish any public servant or person charged with performing a public service who abuses their position or powers to induce a private party to submit to their demands, also punishing the private party who is complicit in the act.

The conduct described could potentially occur in various areas of the company and at all organizational levels, in particular in the areas of the management of calls for tender and in the area of financial management.

Acts of corruption could potentially be used in order to obtain licences, concessions and authorizations from the Public Administration or in order to obtain preferential treatment or in order to establish contractual relationships with the Public Administration.

9.2.2 Identification of activities at risk of crime

The following activities are those that the Company has identified as being at risk:

- Management of the relationships with the authorities responsible for inspections (Health and Safety Inspectorate, Fire Department, Labour Inspectorate) related to the protection of health and safety at work, during inspections and verifications;
- Relationships with Public bodies, also through third-party companies, in order to obtain authorizations and permits for property owned by the company, for example during the testing of plant and equipment (compliance with standards), when fulfilling the provisions for the Dichiarazione Inizio Attività (beginning of works declarations) or in obtaining permissions for construction, also during verifications, inspections and assessments;
- Management of the relationships with public officials relative to the construction, opening, maintenance, etc. of points of sale;
- Management of the relationships with public officials for the issuing of certificates confirming that production plant conforms to standards and regulations (ASL, ISPESL, etc.);
- Management of the relationships with public officials (ASL, NAS) during quality controls on products in regard to relevant standards and legal requirement and during checks on laboratories;
- Management of the relationships with public officials (eg. ARPA, supervisory bodies) during inspections and verification of the maintenance/respect/renewal of the AIA (pollution prevention and control);
- Management of the relationships with public officials during the implementation and inspection related to the production of refuse, acoustic, water and atmospheric pollution and activities of land reclamation (Municipal Police, ARPA, etc.);
- Management of the relationships with officials of the Guardia di Finanza, and official bodies concerned with fiscal, tax and corporate matters, also during verifications, inspections and assessments (e.g. periodic communication to the tax register, annual submissions to the tax office, communications with Agenzia delle Entrate);
- Management of the relationships and the information communicated to Independent Administrative Authorities (for example the Data Protection Authority), also during verifications, inspections and assessments;
- Management of the relationships with officials of competent authorities (INPS, INAIL, ASL, Direzione Provinciale del Lavoro, etc.) in relation to conformity with the terms set out in the regulations governing social security obligations for employees;
- Management of the relationships with Public officials during verifications regarding the respect of conditions set out under legislation for subsidized hiring;
- Management of the relationships with officials of Italian and foreign Public Funding Bodies (e.g., Provincia, Regione, European Community), for obtaining, by way of example and not limited to, financing for the implementation of training programs for the company (e.g.. European Social Fund) or for research and development projects;
- Management of the requirements of relationships with officials of the bodies responsible for company obligations with the Courts, the CCIAA and Ufficio del Registro.
- Management of the relationships with officials of public bodies during verifications of conformity with customs regulations for activities related to the import of finished products;
- Management of the relationships with the Italian Office for Brands and Patents, or the European Patent Office - EPO;
- Selection and hiring of employees;
- Management of monetary and financial flows;
- Management of sponsorships, donations and gifts;
- Management of credit positions and processes for debt recovery (in relation to possible partial or total credit write-offs), as well as remission of commercial transactions in the face of unfulfillment of service or contestations;
- Selection, negotiation, stipulation and execution of purchase contracts;
- Management of the relationships with Judges, with their technical advisers and their assistants, during judicial procedures (civil, penal, administrative), with particular reference to the appointment of lawyers and technical advisers.

9.2.3 Principles of conduct

The following principles of conduct must be followed in order to prevent the commission of the crimes described in the previous paragraph 9.2.1:

- diffusion of the Model and implementation of periodic informative and training activities for employees;
- setting up of a control system for company financial flows and invoices to be paid in order to avoid the creation of hidden funds which could be used for corruption and/or the giving of donations or gifts to public officials or their families for the same purpose.
- the allocation of powers for the management of relationships with the Public Administration coherent with the organizational and managerial responsibilities of the body in question, with an indication of the thresholds for authorization of expenses where necessary;
- undertaking checks on the activity of External Collaborators and the congruity of the sums or commissions paid in relation to those normally paid in the geographic area in question.

10. Crimes connected to the use of computer systems

10.1. Relevant laws and examples of prosecutable behaviour related to the business activity of illycaffè S.p.A

The following types of crimes have been taken into consideration:

- **Forgery of public electronic documents or those having evidentiary value:** art. 491-bis c.p. states that should any acts of forgery covered in this paragraph regard a public or private document with evidentiary value, the terms described in the paragraph regarding both public documents and documents agreed between private parties shall be applied ¹.

¹ the relevant crimes referred to in art. 491-bis c.p. are listed below:

Art. 476 c.p. (Material falsification by a public official in a public document): A public official who, in the exercise of their functions, creates, in total or in part, a false document or alters a genuine document shall be punished with imprisonment from one to six years. If the falsification concerns a document or part of a document, that is used as evidence in a court case, imprisonment is from three to ten years.

Art. 477 c.p. (Material falsification by a public official in official authorizations or certificates): A public official who, in the exercise of their functions, falsifies, or alters official authorizations or certificates, or by falsification or alterations make it appear that the conditions for their validity have been met shall be punished with imprisonment from six months to three years.

Art. 478 c.p. (Material falsification by a public official in authenticated copies of public or private documents or in the attestation of the content of documents): A public official who, in the exercise of their functions, makes a copy of an existing public or private document and issues it as a legal document, or issues a copy of a public or private document that is different from the original shall be punished with imprisonment from one to four years. If the falsification concerns a document or part of a document, that is used as evidence in a court case, imprisonment is from three to eight years. If the falsification is committed by a public official in the attestation of the content of public or private documents imprisonment is from one to three years.

1. Art. 479 c.p. (Forgery by a public official in a public document): Any public official, who, receiving or creating a document in the exercise of their functions, falsely attests that a fact has been completed by that public official or has happened in their presence, or attests that said public official has received declarations that were not received, or omits or alters declarations that were received, or in any way falsely attests to actions of which the document is intended to demonstrate the veracity, the punishment set out in art. 476 shall be imposed.

Art. 480 c.p. (Forgery by a public official of official authorizations or certificates): Any public official, who, in the exercise of their functions, falsely attests, in certificates or official authorizations, to facts of which the document is intended to demonstrate the veracity, shall be punished with imprisonment from three months to two years.

Art. 481 c.p. (Forgery of certificates committed by persons exercising a service of public necessity): 1. Anyone who, in the exercise of their medical or legal profession, or of any other service of public necessity, falsely attests in a certificate facts of which the document is intended to demonstrate the veracity, shall be punished with imprisonment of up to one year or with a fine from 51.00 to 516.00 euro. 2. This penalty is to be applied jointly if the crime has been committed for pecuniary reward.

Art. 482 c.p. (Falsification by private parties): If any of the crimes described under articles 476, 477 and 478 is committed by a private party, or by a public official outside the exercise of their functions, the respective penalties in the aforementioned articles to be applied are reduced by a third.

Art. 483 c.p. (Forgery committed by a private party in a public document): 1. Anyone who falsely attests to a public official in a public document facts of which the document is intended to demonstrate the veracity shall be punished with imprisonment of up to two years. 2. If the falsified attestation refers to marital status, the punishment of imprisonment cannot be less than three months.

Art. 484 c.p. (Falsification in registers and notifications): Anyone, being obliged by law to make records subject to the inspection of public safety officials, or to give notifications to the same authority regarding their industrial, commercial or professional operations, who writes or lets third parties write false information shall be punished with imprisonment of up to six months or with a fine of up to 309.00 euro.

Art. 485 c.p. (Falsification in private agreements): 1. Anyone who, to advantage or interest to themselves or to others, or to cause damage to others, sets down wholly or partially, a false private agreement, or alters a true private agreement, shall be punished, if they make use of it or let others make use of it, with imprisonment from six months to three years. 2. Alterations also include any false additions added to a true agreement after the agreement has been concluded.

Art. 486 c.p. (Falsification through pre-signing. Private agreements): 1. Anyone who, to advantage or interest to themselves or to others, or to cause damage to others, making unlawful use of a pre-signed paper in their possession for a purpose that imposes the obligation or the possibility to fill it in, writes or has written a private agreement producing legal effects, different from that to which they were obliged or authorized, shall be punished, if they make use of it or let others make use of it, with imprisonment from six months to three years. 2. A paper is considered pre-signed when the signee has left blank any space that is intended to be filled in.

Art. 487 c.p. (Falsification through pre-signing. Public documents): A public official, who, making unlawful use of a pre-signed paper in their possession due to the exercising of their function and for a purpose that imposes the obligation or the possibility to fill it in, writes or has written a public document different from that to which they were obliged or authorized, shall be punished in accordance with the terms of articles 479 and 480.

Art. 488 c.p. (Other forms of Falsification through pre-signing. Applicability of the terms regarding material falsification): 1. In cases of Falsification through pre-signing different from those outlined in the previous two paragraphs, the provisions described under material falsification in public documents or private agreements shall be applied.

Art. 489 c.p. (Use of falsified documents): 1. Anyone who, without having participated in the falsification, makes use of a falsified document shall be subject to the punishments set out in the previous paragraphs, reduced by one third 2.

- **Unauthorized access to a computer or telecommunication system:** art. 615-ter c.p. Anyone who gains unauthorized access to a computer or telecommunication system protected by security measures or takes control of such a system against the express or implied will of whoever has the right to prohibit it, shall be punished by imprisonment of up to three years.

The punishment shall be imprisonment from one to five years:

- 1) if the crime is committed by a public official or a person charged with performing a public service, with abuse of the powers or violation of the duties inherent to their function or service, or by anyone who also exercises the profession of private investigator, even without authority, or abuses their position of system operator;
- 2) if the guilty party uses violence against things or persons in order to commit the crime, or if they are clearly armed;
- 3) if the crime involves the destruction or damaging of the system or the total or partial interruption of its operation, or the destruction or the damaging of the data, information or programs contained within it.

Should the crimes described in the first and second paragraphs be committed against computer or telecommunication systems related to the military,

law and order, public safety, health services, civil defence or services of public interest of any kind, the punishment shall be, respectively, imprisonment of from one to five years and from three to eight years.

In the case set out in the first paragraph, the offence is punishable on complaint by the injured party; other cases are automatically subject to prosecution.

- **Unlawful possession and distribution of access codes to computer or telecommunication systems** art. 615-quater c.p. Anyone who, in order to procure a benefit for themselves or others or to harm others, unlawfully obtains, reproduces, disseminates, communicates or delivers codes, passwords, or other means suitable for accessing a computer or telecommunication system protected by security measures, or in any way provides indications or instructions suitable for this purpose, shall be punished by imprisonment of up to one year and by a fine of up to 5,164 euro. The penalty is of one to two years imprisonment and a fine of from 5,164 euro to 10,329 euro in the cases set out under numbers. 1) and 2) of the fourth paragraph of Art. 617-quater.
- **Distribution of equipment, devices or computer programs intended to damage or interrupt the functioning of a computer or telecommunication system:** art. 615-quinquies c.p. Anyone who, in order to unlawfully damage a computer or telecommunication system, the information, data or programs contained therein or relevant thereto, or to induce total or partial interruption or alterations in its operations, procures, produces, reproduces, imports, distributes, communicates, delivers or in any way makes available to others equipment, devices or computer programs shall be punished by imprisonment of up to two years and by a fine of up to 10,329 euro.
- **Unlawful interception, preventing or interrupting communication by computer or telecommunication system:** art. 617- quater c.p. Anyone who fraudulently intercepts communications related to a computer or telecommunication system or those shared between several systems, or impedes or interrupts such communications, will be punished by imprisonment of from six months to four years. Unless the act constitutes a more serious offence, the same penalty will apply to anyone who discloses to the public, in whole or in part, by any means of information technology, the content of the communications referred to in the first paragraph. The offences referred to in the first and second paragraphs are punishable on complaint by the injured party. However, the case is automatically subject to prosecution and the penalty is imprisonment of from one to five years where the offence is committed:
 - 1) to the detriment of a computer or telecommunication system used by the State or other public bodies or by companies providing public services or services of public necessity;
 - 2) by a Public official or a person responsible for a Public Service, with abuse of authority or in violation of the duties inherent to the function or service, or by abusing their position of system operator;
 - 3) by a person who is exercising the profession of private detective without authorization (1). (1) added to art. 6, L. 23 December 1993, n. 547.
- **Installation of equipment designed to intercept, impede or to interrupt communications by a computer or telecommunication system:** art. 617-quinquies c.p. punishes anyone who, except as permitted by law, installs devices that are capable of intercepting, impeding or interrupting communications on a computer or telecommunication

In the case of private agreements, the person committing the crime is punishable only if they have acted with the aim of obtaining advantage or interest to themselves or to others, or to cause damage to others.

Art. 490 c.p. (Removal, destruction and concealment of genuine documents): 1. Anyone who, in whole or in part, destroys, removes or conceals a genuine public document or a private agreement will be punished respectively with the penalties set out in Articles 476, 477, 482 and 485, according to the distinctions they contain. 2. The terms of the paragraph of the previous article are applied.

Art. 492 c.p. (Authentic Copies that take the place of missing originals): 1. In regard to the effects of the terms previously described, the definition of "public documents" and "private agreements" includes both the original documents and authentic copies of them when these lawfully take the place of missing originals.

Art. 493 c.p. (Falsification committed by a public official charged with a public service): The terms of the preceding articles regarding Falsification committed by a public official are applied also to Employees of the State, or of any public body, charged with a public service relative to the documents drawn up by them in the performance of their duties.

system, or between several systems, shall be punished by imprisonment of from one to four years. The penalty is imprisonment from one to five years in the cases set out in the fourth paragraph of Art. 617-quater. (1) (1) added to art. 6, L. 23 December 1993, n. 547.

- **Damaging of information, data and computer programs:** art. 635-bis c.p. Unless the act constitutes a more serious crime, anyone who destroys, damages, deletes, alters or removes information, data or computer programs of others shall be punished, upon complaint by the injured party, with imprisonment of from six months to three years.

If the circumstance referred to under number 1) of the second paragraph of Art. 635 apply, or if the act is committed by abusing the position of system operator, the case is automatically subject to prosecution and the offender will be punished by imprisonment of between one and four years.

- **Damaging of information, data and computer programs used by the State or other public bodies or of public utility:** art. 635-ter c.p. Unless the act constitutes a more serious offence, anyone who commits an act intended to destroy, damage, delete, alter or suppress computer information, data or programmes used by the State or public body, or of public utility, shall be punished by imprisonment of from one to four years. If the act results in the destruction, damage, deletion, alteration or suppression of computer information, data or programmes, the penalty will be imprisonment for between three to eight years. If the circumstances referred to under number 1) of the second paragraph of Art. 635 apply, or if the act is committed by abusing the position of system operator, the punishment shall be increased.

- **Damaging computer or telecommunication systems:** art. 635-quater c.p. Unless the Act constitutes a more serious offence, whoever, by means of the conduct referred to in article 635-bis, or through the introduction or transmission of data, information or programs, destroys, damages, renders, in whole or in part unusable computer or telecommunications systems of others, or seriously hinders their operation shall be punished with imprisonment from one to five years.

If the circumstances referred to under number 1) of the second paragraph of Art. 635 apply, or if the act is committed by abusing the position of system operator, the punishment shall be increased.

- **Damaging computer or telecommunication systems of public utility** Art. 635-quinquies c.p. states that if the act referred to in art. 635-quater is aimed at destroying, damaging, rendering inoperable, in whole or in part, a computer or telecommunication systems of public utility or severely hindering its operation, the penalty will be imprisonment from one to four years. If the act results in the destruction or damage to the computer or telecommunication system of public utility, or if it is rendered inoperable, in whole or in part, the penalty will be a term of imprisonment for three to eight years. If the circumstances referred to under number 1) of the second paragraph of Art. 635 apply, or if the act is committed by abusing the position of system operator, the punishment shall be increased.

- **Computer fraud by subjects providing electronic signature certification services:** art. 640-quinquies c.p. Anyone who provides services of electronic signature certification, who, with the aim of obtaining for themselves or for others unlawful profit or damage to others, violates the statutory requirements for the issuing of a qualified certificate, shall be punished with imprisonment of up to three years and with a fine of 51 to 1,032 euro.

10.2. Identification of activities at risk of crime

The following activities are those that the Company has identified as being at risk:

- Falsification of electronic documents related, for example, to computerized accounting and/or the electronic attestation of qualifications or requirements of the Company;
- Access to company computer systems or those of third parties;
- Unauthorized acquisition, holding and management of access credentials (password) to Company computer systems or those of third parties;
- Management of instruments, devices and programs, by persons in the Company and system administrators, by means of which information can be intercepted, communications can be prevented or by means of which computer or telecommunication systems can be damaged.

10.3. Principles of conduct

In order to prevent the commission of the crimes described in par. 10.1, the Company explicitly forbids:

- the alteration of private or public electronic documents having evidentiary value;
- the unauthorized access to computer or telecommunication systems of public or private subjects;
- unauthorized access to company computer or telecommunication systems with the aim of altering and/or to cancel data and/or information;
- accessing a computer or telecommunication systems, or parts of it, or company data bases, or parts of them, without possessing the appropriate access credentials or by using the credentials of other colleagues who have access to them;
- unauthorized holding and use of codes, passwords or other means of access to company computer or telecommunication systems with the aim of acquiring confidential information;
- Procuring and/or producing and/or dissemination of equipment and/or software for the purpose of damaging a computer or telecommunication systems of public or private subjects and the information, data or programs contained within them, or facilitating the interruption, total or partial, or alteration of its operation;
- conducting fraudulent activities of intercepting, impeding or interrupting communications relating to a computer or telecommunication system of public or private subjects in order to acquire confidential information;
- installing equipment for the interception, impediment or interruption of communications of public or private entities;
- using unauthorized technical devices or software tools (for example virus, worm, trojan, spyware, dialer, keylogger, root kit) capable of impeding or interrupting communications on a computer or telecommunication system, or between several systems;
- carry out modification and/or deletion of data, information or programs of private subjects or public subjects or otherwise of public utility;
- undertake activities to damage information, data and computer programs or telecommunication systems of others;
- destroy, damage, render usable computer or telecommunication systems of public utility;
- producing and transmitting electronic documents with false and/or altered data.

As part of the aforementioned rules, there is furthermore the specific obligation to:

- to behave in compliance with the legal requirements, regulations, and existing company procedures in all activities that involve the use of a computer terminal and access to computer systems. Each employee is responsible for the correct use of the IT resources entrusted to them (for example, fixed or portable personal computers), which must be used exclusively for their work activities. Third parties must not be given access to them. These resources must be kept in an appropriate way and the Company must be promptly informed of any theft or damage;
- any security incidents must be reported to management (also regarding attacks on computer system by external hackers) and all documentation related to the incident must be kept and made available;
- always follow all legal requirements to protect privacy and always act in accordance with internal company procedures, which are based on these rules. A general data protection plan is intended to serve this purpose;
- to guarantee and to facilitate all controls carried out in respect to art. 4 of the Statuto dei Lavoratori (Workers Bill of Rights), intended to prevent the committing of such crimes;
- avoid introducing and/or holding in the company (in paper or electronic form, or using company devices) in any form and for any reason, confidential information and/or material of a confidential nature owned by third parties, unless they were acquired with their express consent; the same applies to applications/software that have not been authorized;
- avoid transferring and/or transmitting outside the Company files, documents, or any other confidential documentation owned by the Company itself, except for purposes strictly related to the performance of duties;
- avoid using the passwords of other users in the company, not even to access protected areas in the name of, and on behalf of, the user, unless expressly authorised by the IT manager;
- avoid the use of software tools and/or hardware designed to intercept, forge, alter or suppress the content of communications and/or electronic documents;

- connect to the Internet only for the time and purpose that is needed for the activities that have made the connection necessary. Access to the Internet must be exclusively for the purpose of work unless authorised by the competent authority. Computer terminals that are in any way connected to work activities for the company must not be used to access web sites or web pages that are prohibited under law (e.g.: child pornography) which might constitute a threat for the computer network. To this end, the Company implements an overall block of all such internet sites, no attempt of any kind must be made to avoid this blocking system by anybody connected to the Company;
- comply with all indicated procedures and standards, inform the relevant member of staff of any anomalous use and/or operations of the computer resources without delay;
- only use products officially obtained by the Company itself on Company equipment;
- do not install software and/or connect personal computers, peripherals or equipment to the Company computer System without the authorization of the relevant member of staff;
- do not make copies of data or software unless specifically authorized;
- do not use the available computer resources for activities other than those specifically authorized.
- do not modify in any way the software and/or hardware configuration of fixed or mobile work stations unless authorized by operating procedures, operational notes and/or company regulations unless specifically authorized to do so;
- observe all other specific rules regarding access to systems and the protection of the Company's data assets and applications;
- strictly follow all the terms of the company's security policies for the protection and control of computer systems;

11. Transnational crimes, Italian Law 146/2006 (art. 10 L. 146/2006)

11.1 Relevant transnational crimes and examples of prosecutable behaviour related to the business activity of illycaffè S.p.A

The type of transnational crime that could potentially occur within illycaffè S.P.A. and for which the Model has been set out is:

- **Provisions against illegal immigrations:** Art. 12, D.Lgs. n. 286/1998, paragraphs 3, 3-bis, 3-ter and 5, unless the act constitutes a more serious offence, anyone who, in violation of the provisions of this decree, promotes, manages, organises, finances or carries out the transportation of foreigners in the territory of the State, or performs other acts aimed at helping them illegally enter the territory of the State, or of another State of which the person is not a citizen, or has no permanent residence, shall be punished by imprisonment for five to fifteen years, and with a fine of 15,000 euro for each person, in the case that:
 - a) the act concerns the illegal entry or stay in the territory of the State of five or more persons;
 - b) the transported person was exposed to danger to their life or safety in pursuance of the illegal entry or stay;
 - c) the transported person underwent inhuman or degrading treatment in pursuance of their illegal entry or stay;
 - d) the act was committed by three or more people, whether acting jointly or by using international transport services, or counterfeit or altered or otherwise illegally obtained documents;
 - e) the perpetrators of the act had use of weapons or explosive materials.
- 3-bis. If the acts referred to in paragraph 3 are committed using two or more of the cases referred to in points (a), (b), (c), (d) and (e) of the same paragraph, the penalty shall be increased.
- 3-ter. The term of imprisonment is increased by one third to one half and a fine of 25,000 euro per person applies if the acts referred to in paragraphs 1 and 3:
- a. are committed to recruit persons for the purpose of prostitution, sexual exploitation or exploitation of labour, or for the entry of minors to be used in illicit activities to facilitate their exploitation;
 - b. are committed in order to gain profit, even indirectly.

5. Except for the cases set out in the preceding paragraphs, and unless there are aggravating circumstances, anyone who, in order to obtain an unfair advantage from the illegal status of the foreigner, or through the activities punished under this Article, favours their stay in the territory of the State in violation of the rules of this decree, shall be punished by imprisonment of up to four years and with a fine of up to 15,493. euro If the act is committed with the participation of two or more people, or regards the stay of five or more people, the penalty is increased by one third to one half.

11.2 Identification of activities at risk of crime

The following activities are those that the Company has identified as being at risk:

- Management of the relationships with the relevant Public bodies, also during inspections and assessments, for the obtaining of permissions for visits to property (productive or not) of the Company (or of the Group) and/or business events, by foreign nationals.

11.3 Control principles

In order to prevent the committing of the crimes indicated in paragraph 11.1, invitations shall only be prepared by employees whose powers authorize them to do so. Such invitations are made on the basis of concrete operational/organisational needs and must be suitably tracked.

12. Crimes related to forgery of money, legal tender, revenue stamps and devices or signs of recognition

12.1 Relevant crimes of forgery and examples of prosecutable behaviour related to the business activity of illycaffè S.p.A

The type of crimes of forgery that could potentially occur within illycaffè S.P.A. and for which the Model has been set out are:

- **Spending of counterfeit money received in good faith:** art. 457 c.p. Anyone who spends, or in any way puts into circulation counterfeit or altered currency, which was received in good faith, shall be punished with imprisonment of up to six months or a fine of up to 1,032 euro.
- **Counterfeiting, alteration or use of trademarks or distinguishing marks or patents, models and designs/drawings:** art. 473 c.p.
Anyone who, being aware of the existence of an industrial property right, counterfeits or alters any foreign or domestic trademarks or distinguishing marks of industrial products, or anyone who, without being involved in the counterfeiting or alteration, makes use of such counterfeit or altered trademarks or distinguishing marks, shall be punished with imprisonment from six months to three years and with a fine of 2,500 to 25,000 euro.
The punishment is of one to four years imprisonment and a fine from 3,500 euro to 35,000 euro for anyone who counterfeits or alters foreign or domestic industrial patents, models and designs or anyone who, without being involved in the counterfeiting or alteration, makes use of these counterfeit or altered patents, models and designs.
The offenses described in the first and second paragraphs are punishable provided that the rules of domestic law, European regulations and international conventions on intellectual or industrial property protection have been observed.

12.2 Identification of activities at risk of crime

The following activities are those that the Company has identified as being at risk:

- Management of money received at sales points;
- The development, registration and renewal of trademarks and patents (eg. design patents, ornamental design patents, names, brands, etc.).

12.3 Principles of conduct

The Company is committed to guaranteeing the respect of the regulations related to the protection of industrial property.

With particular reference to the protection of trademarks and patents, the following are expressly prohibited:

- using industrial secrets of others;
- using the project designs of others (eg. patents) without the authorization of the holder of rights or outside the limits set out in relevant contracts;
- using trademarks, distinguishing marks, patents, industrial designs or models in an industrial or commercial context that have been counterfeited by a third party;
- introducing into the territory of the State for the purpose of commerce, holding for sale or in any way putting into circulation industrial products with trademarks or distinguishing marks that are counterfeit or altered by third parties;
- behaving in any way as to hinder the normal functioning of the economic and commercial activities of companies in competition with the Company.

13. Crimes against industry and commerce

13.1 Relevant crimes against industry and commerce and examples of prosecutable behaviour related to the business activity of illycaffè S.p.A

The types of crime that could potentially occur within illycaffè S.P.A. and for which the Model has been set out are:

- **Compromising free trade and industry:** art. 513 c.p. Anyone who uses violence against things or fraudulent means to prevent or interfere with the exercise of an industry or trade shall be punished, upon complaint by the injured party, if the act does not constitute a more serious offense;
- **Unlawful competition through the use of treats or violence:** art. 513 bis c.p. Punishes anyone who, in the exercise of a commercial, industrial or productive activity, performs competitive acts with violence or threats;
- **Fraud against national industries:** art. 514 c.p. punishes anyone who, offering for sale or in any way putting into circulation, on foreign or domestic markets, industrial products with fraudulent or altered names, trademarks or distinguishing marks, causes harm to national industry;
- **Fraudulent trading:** art. 515 c.p. Anyone who, in the exercise of a commercial activity, or in a shop open to the public, provides the purchaser one type of moveable good in the place of another, or a movable good the origin, source, quality or quantity of which differs from that being declared or agreed upon, shall be punished, if the act does not constitute a more serious offense, with imprisonment of up to two years or with a fine of up to 2,065 euro. If this regards precious items, the penalty shall be up to three years imprisonment, or a fine of no less than 103 euro.
- **Sale of non genuine foodstuffs as genuine:** art 516 c.p. Anyone who sells or makes available for sale non-genuine foodstuffs as genuine shall be punished by imprisonment of up to six months, or with a fine of up to 1,032 euro.
- **Sale of industrial products bearing false marks:** art. 517 c.p. Anyone who sells or in any way puts into circulation works of intellectual property or industrial products, with names, trademarks or distinguishing marks, national

or foreign, seeking to mislead buyers on the origin, source or quality of the work or product, shall be punished, if the act is not covered as an offence under other statutory provision, with imprisonment of up to two years, and with a fine of up to 20,000 euro;

- **Production and sale of goods made by infringing industrial property rights:** art. 517-ter c.p unless articles 473 and 474 apply, anyone who, reasonably expected to know of the existence of an industrial property right, manufactures or industrially exploits items or other goods by infringing an industrial property right or in breach thereof, shall be punished, upon complaint by the injured party, by imprisonment of up to two years, and with a fine of up to 20,000 euro. The same penalty shall apply to those who, seeking to profit therefrom, introduce into the State, hold for sale, sell directly to consumers or in any way make available for sale the goods referred to in the first paragraph. The terms in art. 474-bis, 474-ter, second paragraph, and 517-bis, second paragraph shall apply. The offenses described in the first and second paragraphs are punishable provided that the rules of domestic law, European regulations and international conventions on intellectual or industrial property protection have been observed.
- **Counterfeiting geographic indications or designations of origin of agri-alimentary products** art. 517 quarter c.p Anyone who counterfeits or otherwise alters geographical indications or designations of origin of agri-alimentary products shall be punished by imprisonment of up to two years, and with a fine of up to 20,000 euro. The same penalty shall apply to those who, seeking to profit therefrom, introduce into the State, hold for sale, sell directly to consumers or in any way make available for sale such products with counterfeit indications or designations. The terms in art. 474-bis, 474-ter, second paragraph, and 517-bis, second paragraph shall apply. The offenses described in the first and second paragraphs are punishable provided that the rules of domestic law, European regulations and international conventions for the protection of geographical indications or designations of origin of agri- alimentary products have been observed.

13.2 Identification of activities at risk of crime

The following activities are those that the Company has identified as being at risk:

- Procurement of raw materials
- Distribution and sale
- Quality, safety and hygiene checks during the process
- Supplier selection and checks
- Marketing and advertising
- Labelling
- Metrological checks
- Fencing stolen products
- Management of self-check tests
- Management of returns, by-products or scraps from production
- Management of traceability procedures
- Management of product withdrawal/recall procedures
- Management of food product logistics (transport, warehousing)
- Planning and design of company trademarks
- Research for clearance, risk of confusion or deception
- Activation of procedures for registration of trade marks
- Planning and design of espresso machines and packaging, also in collaboration with external professionals.
- Analysis, development and planning of new patents for system and industrial production processes, also in collaboration with external professionals who assist the Company in such activities.

13.3 Principles of conduct

All the general principles of conduct already set out and described in all the others special parts of this Organizational Model, which is referred to in its entirety in as far as applicable, must be applied.

It is absolutely forbidden to:

- engage in actions of competition with competitors of illycaffè S.P.A. using violence or threats;
- to provide customers with a product whose origin, source, quality or quantity differs from that agreed upon; offer for sale industrial products with names, trademarks or distinguishing marks intended to deceive the buyer about the origin, source or quality of the products.
- industrially manufacture or exploit objects or other goods made by infringing an industrial property right belonging to third parties;
- introduce into the State, hold for sale, sell directly to consumers or in any way introduce into circulation goods made by infringing an industrial property right belonging to third parties;

It is mandatory to:

- before registering any brand, logo or any other distinguishing marks, or before patenting of inventions, designs, models or any other works of intellectual property, verify or have verified by the competent bodies, that these have not been registered or patented nationally, international or in the European Union;
- obtain a licensing contract for every distinguishing mark or work of intellectual property used by illycaffè S.P.A. of which the Company is not the owner;
- not use any kind of distinguishing marks or intellectual property that the company does not own or possess the license to use;
- not counterfeit ,or in any way alter, trademarks or distinguishing marks owned by other companies;
- not use patents belonging to third parties in production processes without holding the license to do so;
- respect the processes and procedures indicated in the Quality Handbook (ISO 9001, BRC IFS), the HACCP Handbook, and the system of traceability;
- follow the procedures for the approval of labels and advertising/promotional communications;
- operate in compliance with the Consumer Code, which guarantees the rights and protects the interests, individual and collective, of consumers, and recognizes the following as fundamental rights:
 - a) the right to health protection;
 - b) the right to safety and quality of products;
 - c) the right to adequate information and correct advertising;
 - d) the right to consumer education;
 - e) to correctness, transparency and fairness in contractual relationships.

For sales activities, also through the use of intellectual property rights, the requisites of the object for sale must be defined and there must be checks aimed at guaranteeing the correspondence with the characteristics agreed with customers.

Contractual clauses are laid out in contracts with suppliers wherein suppliers agree not to infringe the rights of third parties in undertaking the activity defined in the contract.

14. Corporate crimes

14.1 Relevant corporate crimes and examples of prosecutable behaviour related to the business activity of illycaffè S.p.A

The type of corporate crimes that could potentially occur within illycaffè S.P.A. and for which the Model has been set out are:

- **False corporate communications:** art 2621 c.c Except as provided for in Article 2622 c.c., directors, general managers, auditors and liquidators, who, with the intent to deceive share holders or partners or the public, and in order to obtain an unlawful profit, for themselves or others, in the budgets, reports or other corporate communications required by law, directed at shareholders or the public, display material facts that are untrue, (also if they are evaluations) or omit information whose disclosure is imposed by law about the economic, asset or financial situation of the company or group to which it belongs, so as to mislead the recipients about the above situation will be punished by imprisonment for up to one year and six months.

- **Minor offenses:** art. 2621-bis c.c. Unless the act constitutes a more serious offence, the penalty of six months to three years imprisonment applies if the acts referred to in Art. 2621 are considered minor, taking into account the nature and size of the company, as well as the manner in which the offence was committed or its effects.
Unless the act constitutes a more serious offence, the same penalty referred to in the preceding paragraph applies when the acts referred to in Art. 2621 relate to companies that do not exceed the limits set out in the second paragraph of Article 1 of Regio decreto 16 March 1942, no. 267. In such cases, the offence can be prosecuted on complaint by the company, its partners or shareholders, creditors or other recipients of company communications.
- **Obstruction of controls** art. 2625 c.c. punishes directors who, by concealing documents or through other means prevent or in any way obstruct the undertaking of control or auditing activities legally due to shareholders, other corporate bodies or auditing companies.
- **Undue repayment of capital contributions:** art. 2626 c.c. punishes Directors who, except in cases of legitimate reduction of the share capital, return, even simultaneously, contributions to shareholders or release them from the obligation to execute them.
- **Illegal distribution of dividends and reserves:** art. 2627 c.c. punishes, unless the act constitutes a more serious offence, Directors allocating profits or advances on profits not actually achieved, or destined by law to be reserved, or allocating reserves, also not constituted with profits, which cannot by law be distributed;
- **Illegal transactions of shares or shares in the company or parent company:** art. 2628 c.c. punishes Directors who, except in cases permitted by law, buy or subscribe to stocks or shares, thereby damaging the integrity of the share capital or reserves that cannot be distributed by law.
- **Transactions to the detriment of creditors:** art. 2629 c.c. punishes Directors who, in violation of legal provisions protecting creditors, make reductions in the share capital or mergers with other companies or demergers, causing damage to the creditors.
- **Fictitious formation of capital:** art. 2632 c.c. punishes Directors and Contributing Shareholders who, even in part, fictitiously form the capital of the company through the assignment of stocks or shares for an amount lower than their nominal value, mutual subscription of shares or quotas, significant overstatement of the contributions of assets in kind or of receivables or of the company's assets in the case of transformation.
- **Corruption between private individuals:** art. 2635 c.c. punishes Directors, General Managers, or Executives responsible for the preparation of accounting documents, Statutory Auditors, Liquidators, who, also through a third party, solicit or receive, for themselves or others, money or other benefits not due, or accept the promise of such benefits, to perform or to omit an act in violation of the duties inherent to the office or to obligations of fidelity, even if the fact is committed by those subject to the direction or supervision of one of these subjects. The article also punishes those who, also through a third party, offer, promise or give money or other benefits not due to the persons indicated in the previous point. The offence can be prosecuted on complaint by the injured party.
- **Incitement to corruption between private individuals:** art. 2635 bis c.c. punishes anyone who offers or promises money or other benefits not due to Directors, General Managers, or Executives responsible for the preparation of corporate accounting documents, Statutory Auditors and Liquidators of companies or private entities - as well as those who work there in a managerial capacity - to incite the performing or omitting of an act in violation of the duty inherent to the office or obligations of fidelity, when the offer or promise is not accepted. The article also punishes Directors, General Managers, or Executives responsible for preparing the corporate accounting documents, the Statutory Auditors and Liquidators, of companies or private bodies - as well as those who work in them in a managerial capacity - who solicit for themselves or for others, even through a third party, a promise or donation of money or other benefits, to perform or to omit an act in violation of the obligations inherent to their office or obligations of fidelity, if the solicitation is not accepted.
- **Unlawful influence over the Shareholders meeting:** art. 2636 c.c. punishes anyone who, by means of simulated or fraudulent acts, achieves the majority in the shareholders' meeting, with a view to gaining, for himself or others, an unlawful profit.
- **Stock manipulation:** art. 2637 c.c. punishes anyone who disseminates false information or puts in place simulated operations or other artifice which might cause a significant change in the price of financial instruments, quoted or not.
- **Obstructing supervisory authorities in the exercise of their duties:** art. 2638 c.c. punishes anyone who hides the economic, asset or financial situation of the company from the supervisory body, through any of the practices described in the regulations regarding failure to communicate the necessary information or through fraudulent means.

In the majority of cases, the examples set out here are offenses specific to certain classes of offender, that is crimes that only occur if they are committed by persons who hold the specific qualification indicated in law. Directors, General managers, Auditors and Liquidators, and, in the example of the new art. 2635 c.c., also by those subordinate, parasubordinate, employed, agents or anyone else subject to the direction or supervision of the subjects in question.

The modifications to art. 2635 c.c. regard both subjective and objective aspects. Indeed, compared to the previous terms of the law, active parties - as well as Directors, General Managers, or Executives responsible for preparing the corporate accounting documents, Statutory Auditors and Liquidators - are also considered to be those who are subordinate, parasubordinate, employed, agents or anyone else subject to the direction or supervision of the subjects in question, although with reduced penalties. Furthermore it states that the promise or donation of money or other benefits is referred not only to those directly involved, but also to third parties. In regard to that which constitutes the committing of the crime - as well as in the performing or the omission of an act in violation of the "obligations inherent to their office"- this also extends to a more generic obligation of fidelity, which broadens the range of conduct covered by art. 2635 c.c. This aspect confirms that the intention of the law is to recognize the need to punish those forms of bad management that have an impact on the good running of the company, as it is only considered to be an offense when it incurs "harm" to the company.

14.2 Identification of activities at risk of crime

The following activities are those that the Company has identified as being at risk:

- Management of general accounting
- Collaboration and support to the Administrative Body for the preparation of asset reports;
- Collection, compilation and evaluation of the necessary data for preparing the statutory and consolidated financial statements of the company, as well as the reports attached to the economic-asset projections of financial statements subject to the deliberation of the Board of Directors;
- Management of relationships with the supervisory bodies in relation to checks on administrative/accounting procedures and on financial statements and with share holders in the verification of business management;
- Keeping of accounting documents and company records;
- Collaboration and support for the Administrative body in dividing company profits, reserves and return of capital;
- Collaboration and support for the Administrative body in operations to increase/reduce share capital or other operations on stocks or shares or on controlled companies;
- Relationships with (private) Certification Bodies of the client during inspection visits intended to certify that the Company meets the qualitative standards demanded by the same customer;
- Managing relationships with certification bodies for the issuing/renewal of certifications (eg: ISO9001, EN, etc.);
- Management of bargaining /commercial negotiations with large retail chains;
- Management of relationships with third parties to define pre-litigation or litigation situations undertaken against the Company;
- Management of relationships with agents and maintenance staff in the Business to Business sales network
- Management of the relationships with public officials relative to the construction, opening, maintenance, etc of points of sale;
- Selection and hiring of employees;
- Management of monetary and financial flows;
- Management of sponsorships, donations and gifts;
- Selection, negotiation, stipulation and execution of purchase contracts, including calls for tender addressed to private parties;
- Preparation of the documentation that will be the subject of discussion and deliberation in the shareholders' meeting and management of the relationships with relevant bodies;
- Management of the relationships and the information communicated to independent Administrative Authorities also during verifications, inspections and assessments;
- Communication of false information or the undertaking of "simulated operations" or "other artifice" which might cause a significant change in the price of financial instruments.

14.3 General Principles of conduct

All the operations relating to the management of the company must be conducted in respect of both the rules of the Ethical Code as well as the general rules and specific procedures set out below.

Whenever Recipients undertake any of the activities for which there is a risk of committing corporate crimes, they must respect these general rules of conduct:

- a) avoid any conduct that could constitute a corporate crime under existing legislation, or that, even if it does not constitute one of the crimes that has been outlined, could potentially become a crime because of the conduct of third parties;
- b) maintain correct and transparent conduct in all activities relating to the compilation of budgets, periodic financial statements and other corporate communications, in full respect of the legal and regulatory requirements and internal company procedures, in order to provide the Company's partners and other interested parties truthful and correct information about the Company's economic, asset and financial position.

In particular, it is forbidden to:

- prepare or communicate false or incomplete data that could give an incorrect description of the economic, asset and financial position of illycaffè S.P.A.;
 - fail to communicate data and information required by legal and regulatory requirements on the economic, asset and financial position of illycaffè S.P.A.;
- c) all the provisions of law to protect the integrity and veracity of the share capital must always be strictly observed and the internal company procedures based on these regulations must always be respected, so as not to prejudice the guarantees of creditors and third parties in general;

In particular, it is forbidden to:

- return contributions to shareholders or free them from the obligation of making such contributions, outside the cases provided by law;
 - distribute profits (or advance payments of profits) which have not yet been earned or which are required by law to be set aside as reserves, or release of reserves (even if not constituted by profits), which may not legally be distributed (this excludes reserves held for taxes and reserves that are not otherwise destined for use but considered under the terms of art. 109, comma 4, letter b) of DPR of 917/1986);
 - acquiring or subscribing to illycaffè S.p.A. shares in cases not allowed by law, causing a loss of the integrity of share capital or reserves that are non-distributable by law;
 - perform reductions in the share capital, mergers or demergers, in breach of the laws to protect creditors;
 - undertake fictitious formation or increase of share capital;
 - during liquidation, divide corporate assets among the partners before the payment of the company's creditors or the allocation of the sums necessary to pay them;
 - prevent or hinder, also by concealing documents or in any other fraudulent way, the conduct of the institutional audit and audit activities which are the responsibility of the Audit Board and/or the Auditors;
 - during the shareholders' meeting, present false or fraudulent documents aimed at altering the normal decision making process.
- d) carry out promptly, correctly, and completely all communications required by law and regulations in order to offer maximum collaboration with Public and Fiscal Authorities.

In particular, it is forbidden to:

- fail to carry out promptly, correctly, and completely all communications required by law to the offices of the Public Administration or Public Authorities;
- present in the submitted communications or documentation incomplete or untrue facts, in particular in regard to the economic, asset and financial position of illycaffè S.P.A.
- behave in such a way as to hinder the performance of the duties by the Public Administration or Public Authorities also during controls (open opposition, spurious refusals, obstructionism or non-cooperation, or delays in communication or making documents available).

All accounting data communicated by the controlled companies, the information required in financial statements and other corporate communications must be truthful, complete and accurate.

In particular, the truthfulness and accuracy of the information submitted for the purposes of the consolidated financial statements of the illycaffè group is guaranteed through special specific certifications issued by the CEO and the CFO of each country.

14.4 Specific principles of conduct

This paragraph describes the principles of conduct that must be respected by all Recipients in addition to all other business procedures and principles of conduct set out in the Ethical Code.

14.4.1 False corporate communications

In order to avoid the committing of crimes related to false corporate communications, the communications addressed to share holders, and thirds parties in general terms - in particular for the purpose of compiling the accounts and other intra-year financial statements - will be undertaken so as to guarantee:

- the delivery to all the members of the Board of Directors of the draft financial statement and the financial statement report in plenty of time before the Board of Directors' meeting so that these documents can be approved;
- setting out a list of the data and information that must be supplied, without exception in written form, by heads of department to the Administrative body;
- the introduction of a system of registers and records of corporate communications, with an indication of the timescale and of those whose responsibility it is.

Control tools for the elaboration and presentation of financial statements are as follows:

- a) the Administrative Officer, with reference to the data contained in the draft financial statement or other accounting documents that make up the draft corporate communications, shall issue to the Administrative Body a declaration that attests:
 - o the veracity, correctness, precision and completeness of the data and information ordinarily and directly held by the Administrative Officer and on which the Administrative Officer can easily carry out checks to ensure its intrinsic veracity;
 - o the coherence of the data received from other sections of the company with the data reported to the Board of Directors;
 - o the absence of elements which suggest that the statements and the data collected and provided by the managers of other departments contain elements that are incomplete or inaccurate;
- b) if there are procedures to control the intrinsic veracity of the data communicated to the Administrative Officer by other sections of the company or if the Administrative Officer requests it, the person responsible for these other company departments must issue a declaration that attests the veracity, correctness, precision and completeness of the data and the information communicated;

- c) the Administrative officer must make the declarations referred to in the above letters c) and d) available to all members of the Administrative body during the meeting to discuss the approval of the proposed financial statement.
- d) the Administrative Officer of illycaffè S.P.A. shall:
 - o prepare training and/or informational activity on the main issues and problems related to drawing up accounting documents for all managers and staff whose roles mean they are involved in preparing the financial statement and other corporate communications, and in particular for those who have recently been hired in administrative positions.