



MAGIC S.P.A.'S ORGANISATIONAL MODEL

**APPROVED BY THE BOARD OF DIRECTORS ON 29 APRIL
2024**

GENERAL SECTION

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(i) LEGISLATIVE DECREE NO. 231/2001

The administrative liability of legal entities

Legislative Decree No. 231/2001 (*“Regulations governing the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Law No. 300 of 29 September 2000”*) (hereinafter, the “Decree”), issued on 8 June 2001 in implementation of the delegated powers referred to in Article 11 of Law No. 300 of 29 September 2000 and which came into force on 4 July of the same year, introduced into the Italian legal system the liability of legal entities for the commission of administrative offences arising from criminal offences, in accordance with certain international conventions¹ to which Italy has acceded in an effort to provide an adequate instrument for combating the phenomenon of corporate economic crime.

Under the provisions introduced by the Decree, companies may be held liable for specific offences strictly listed in the Decree itself, committed – or even merely attempted – in the interests or for the benefit of the companies by persons linked to them by a so-called ‘qualified relationship’, whether in senior management positions (so-called ‘senior managers’) or subject to the management or supervision of the latter (so-called ‘subordinates’). However, holding the company liable presupposes an organisational failure on its part, which prevented the offence from being prevented. Thanks to this latter element, the legal entity’s criminal liability appears to qualify as liability for its own act, arising from the legal person having made a causal contribution to the commission of the offence. This form of liability is in addition to the personal liability of the natural person who materially committed the act constituting

¹ *Brussels Convention* of 26 July 1995 on the protection of the European Community’s financial interests; *Brussels Convention* of 26 May 1997 on the fight against corruption of public officials of both the European Community and the Member States; *OECD Convention* of 17 December 1997 on combating bribery of foreign public officials in international business transactions; *the United Nations Convention and Protocols against Transnational Organised Crime*, adopted by the General Assembly on 15 November 2000 and 31 May 2000¹, ratified by Law

No. 146 of 2006.

offence. As expressly provided for in Article 8 of the Decree, this liability is independent of that of the perpetrator of the offence.

Predicate offences

The liability of the organisation presupposes the commission of one of the offences expressly listed in the Decree (so-called '*predicate offences*'). The list of predicate offences, which was initially much shorter than it is today, has been gradually expanded over the years, extending the scope of this legislation to other types of offences. Today, the list is extensive, including offences such as the misappropriation of public funds, fraud against the State or a public body or for the purpose of obtaining public funds, computer fraud against the State or a public body, and fraud in public procurement; computer-related offences and unlawful data processing; organised crime offences; offences of embezzlement, extortion, undue inducement to give or promise other benefits, bribery and abuse of office; offences involving counterfeiting of currency, public credit instruments, revenue stamps and identification documents or marks; offences against industry and commerce; offences relating to companies, consortia and other private bodies, including the offence of corruption between private individuals, as provided for in the Civil Code; offences committed for the purposes of terrorism or the subversion of the democratic order, as provided for in the Criminal Code and special laws; the offence referred to in Article 583-*bis* of the Criminal Code (practices involving female genital mutilation); offences against the individual; market abuse offences; offences of manslaughter and causing serious or very serious bodily harm through negligence, committed in breach of regulations on accident prevention and the protection of health and safety at work; offences relating to handling stolen goods, money laundering and the use of money, property or benefits of unlawful origin, as well as self-laundering; offences relating to non-cash payment instruments and the fraudulent transfer of funds; offences relating to copyright infringement; offences of inducing a person not to make statements or to make false statements to the judicial authorities; environmental offences; the offence of employing undocumented foreign workers; offences of racism and xenophobia as referred to in Article 3, paragraph 3-*bis*, of Law No. 654 of 13 October 1975; offences relating to fraud in sporting competitions, the unauthorised operation of gambling or betting activities, and gambling carried out using prohibited devices; tax offences; smuggling offences; offences against cultural heritage; offences relating to the laundering of cultural property and the destruction and the looting of cultural and landscape heritage; as well as the transnational offences referred to in Articles 3 and 10 of Law No. 146 of 16 March 2006; and, finally, the offences set out in Law No. 9 of 14 January 2013 committed in the interests of organisations operating within the virgin olive oil supply chain.

For offences not included in the list, the penalty provisions of the Decree do not apply.

The sanctions provided for in the Decree

Where a company's liability is established, '*effective, proportionate and dissuasive*

administrative sanctions² shall be imposed, affecting not only its assets but also, where appropriate, its business operations. In particular, the Decree provides for the application of four types of sanctions, differing in nature and method of enforcement:

- (i) Financial penalty: this is a mandatory penalty, quantified on the basis of a 'pro-rata' system set out in Article 11 of the Decree. The number of units is determined by the court, taking into account the seriousness of the offence, the degree of the company's liability, and the measures taken to eliminate or mitigate the consequences of the offence or to prevent the commission of further offences. In determining the *amount* of the penalty, the court also takes into account the company's financial and asset situation in order to ensure the penalty's effectiveness;
- (ii) Disqualification sanction: this is an optional sanction, which may also be imposed cumulatively, in addition to the financial penalty, only where provided for by the individual sanctioning provisions and solely where at least one of the following conditions is met: (a) the organisation has derived a substantial profit from the offence and the offence was committed by persons in

senior management or by persons acting under the direction of others

where, in this case, the offence was committed

² Article 11(1)(f) of Law No 300/2000.

caused or facilitated by serious organisational failings; or

(b) in the event of repeated offences.

In particular, the disqualification sanctions provided for by the decree are: (a) disqualification from carrying out the activity (temporary or, where the conditions are met, permanent, with the possible appointment of another person to carry out the activity on their behalf where the continuation of the activity is necessary to avoid harm to third parties); (b) suspension or revocation of authorisations, licences or concessions necessary for the commission of the offence; (c) a prohibition, including a temporary one, on contracting with the public administration, except for the provision of a public service; (d) temporary exclusion from benefits, funding, grants or subsidies and the possible revocation of those already granted; (e) a prohibition, including a temporary one, on advertising goods and services.

Disqualification sanctions may also be imposed, where necessary, in combination, in accordance with the principle of proportionality, whereby disqualification from carrying out the activity applies only where the imposition of other disqualification sanctions is deemed inadequate. The type and duration of the sanctions are determined by the court, taking into account the suitability of the individual sanctions to prevent offences of the type committed. Furthermore, disqualification sanctions may be imposed on a permanent basis where the conditions set out in Article 16 of the Decree are met. In particular, a permanent disqualification may be ordered if the company has derived a substantial profit from the offence and has already been sentenced, at least three times in the last seven years, to a temporary disqualification from carrying out its business; whilst the court may impose a permanent ban on contracting with the public administration or on advertising goods or services where the company has already been sentenced to the same sanction at least three times in the last seven years. Furthermore, where the company or one of its organisational units is consistently used for the sole or predominant purpose of facilitating the commission of offences for which the company is held liable, a permanent disqualification from carrying out its business activities shall always be imposed;

- (iii) Confiscation: this penalty consists of the State seizing the proceeds or profits of the offence (ordinary confiscation) or an equivalent value (confiscation by equivalent);
- (iv) Publication of the conviction: an ancillary penalty consisting of the publication of the conviction, in extract form or in full at the company's expense, in one or more newspapers specified by the judge in the judgment, as well as by posting a notice in the municipality where the company has its principal place of business. This ancillary penalty may be imposed when a disqualification penalty is applied to the company.

Although imposed by a criminal court, these sanctions are of an administrative nature. They become time-barred five years after the date on which the offence was committed.

The condition for exemption from liability

Article 6 of the Decree links the company's exemption from liability to the adoption and effective implementation of an organisational, management and control model capable of preventing the commission of the criminal offences covered by this legislation. This exemption should apply in the event of a breach of the internal control protocols and procedures put in place by the company, provided the company demonstrates that:

- (i) the management body had, prior to the commission of the offence, adopted and effectively implemented organisational and management models suitable for preventing offences of the type that occurred;
- (ii) the task of monitoring the functioning of and compliance with the models, and of ensuring they are kept up to date, has been entrusted to a body within the organisation with independent powers of initiative and control;
- (iii) the persons committed the offence by fraudulently circumventing the organisational and management models;
- (iv) there was no failure or inadequacy in supervision on the part of

of the body referred to in point (ii).

Provided these conditions are met, the model will be deemed suitable, thereby enabling the company to avoid being held liable. However, the mere adoption of this document by the company's board of directors

is not, however, in itself sufficient to exclude such liability. Indeed, once the model has been adopted, the company must establish a mechanism capable of effectively reducing any risks of the commission of the offences and unlawful acts set out therein, whilst avoiding falling into a purely formalistic approach.

Article 6(2) of the Decree states, in particular, that the models must:

(i) identify the activities within which offences may be committed; (ii) provide for specific protocols aimed at planning the formulation and implementation of the company's decisions in relation to the offences to be prevented; (iii) identify methods for managing financial resources suitable for preventing the commission of offences; (iv) provide for reporting obligations to the body responsible for monitoring the functioning of and compliance with the models; (v) introduce a disciplinary system suitable for sanctioning failure to comply with the measures set out in the model.

Such models, as provided for in paragraph 3 of the same article, may be adopted on the basis of codes of conduct drawn up by associations representing the organisations concerned, which are communicated to the Ministry of Justice; the Ministry, in consultation with the relevant ministries, may comment on the suitability of the models for preventing offences within 30 days.

(ii) THE COMPANY

Introduction

Magic S.p.A., with its registered office at Via Sempione No. 104/A/B, 28047 – Oleggio (NO), Tax Code and VAT No. 01201280037, is a company incorporated under Italian law, established on 19 March 1987, registered with the Chamber of Commerce of Monte Rosa, Laghi and Alto Piemonte (hereinafter, "Magic" or the "Company").

The Company's business activities include, *amongst other things*:

- (i) the production, processing and marketing of: (a) absorbent products, packaging and films for various sectors, and (b) consumer products for the medical, pharmaceutical, hospital and hygiene sectors;
- (ii) the wholesale and retail trade in machinery and accessories for the printing, paper converting and flexible packaging industries, and in

extrusion lines for plastic films, films and packaging containing paper, plastic and/or metal components.

The Company was the subject of a significant *private equity* transaction; upon its completion on 27 April 2023, an institutional investor, a *private equity* fund, became a shareholder in the Company as the majority shareholder, as further detailed *below*.

Magic's governance

Magic's shareholding structure is as follows:

- (i) 60 per cent of the share capital is held by the shareholder DeA Capital Alternative Funds SGR S.p.A.;
- (ii) 35 per cent of the share capital is held by the shareholder Mauro Giani;
- (iii) 5% of the share capital is held by the shareholder Mara Galli.

Magic's Shareholders' Meeting has appointed the following corporate bodies:

- (i) a board of directors (hereinafter the "BoD"), comprising five members, appointed on 27 April 2023, to remain in office until the approval of the financial statements as at 31 December 2025;
- (ii) a board of statutory auditors, appointed on 27 April 2023 and in office until the approval of the financial statements as at 31 December 2026;
- (iii) a statutory auditor, appointed on 27 April 2023, to audit the financial statements for the three-year period 2023–2025.

Powers of the managing directors

On 27 April 2023, the newly appointed Board of Directors granted broad powers by delegation to two of its members (who are also shareholders), Mauro Giani and Mara Galli, and a delegation of powers limited solely to representing the Company to the Chairman of the Board, Gino Del Bon.

In particular, the director Mauro Giani has been granted powers, exercisable by sole signature and with the right to sub-delegate, which can be summarised as follows:

- (i) the day-to-day management of the Company and its representation in legal proceedings and before banking institutions and public authorities, including in connection with participation in public tenders;
- (ii) management of the Company's commercial activities, and the power to sign contracts in this regard for amounts up to €200,000.00, above which the joint signature of a non-executive director is required;
- (iii) hiring and dismissing employees with a salary not exceeding €70,000.00;
- (iv) entering into contracts for professional and promotional services for cumulative amounts not exceeding €60,000 per annum;
- (v) designation of the director as the Employer within the meaning of

Legislative Decree No. 81 / 2008 and the conferral upon him of broad powers, with no spending limit, to ensure compliance with statutory obligations regarding the protection of workers' health and safety in the workplace.

The director Mara Galli, on the other hand, is granted the following powers, also exercisable by sole signature and with the right to sub-delegate:

- (i) day-to-day management of the Company and legal representation before banking institutions and public authorities, including in the context of participation in public tenders;
- (ii) authority to sign contracts with suppliers for individual amounts up to €250,000.00, or up to €500,000.00 for cumulative monthly amounts; authorisation from the Board of Directors is required for amounts exceeding the annual threshold of €1,000,000.00;
- (iii) to initiate and settle disputes with suppliers and customers up to, respectively, €50,000.00 and €30,000.00;
- (iv) to assign receivables for amounts not exceeding €100,000.00;
- (v) carrying out banking transactions, including the issue of guarantees, and the payment of commercial transactions, for amounts, on a cumulative monthly basis, not exceeding €500,000.00; excluded from this limit are all payments relating to the Company's employment relationships or to its directors of the Company, including the related social security and insurance contributions; for the arrangement of short-term loans, the limit is reduced to €300,000.00;
- (vi) to carry out any transactions relating to any of the Company's depreciable assets (except for land, buildings and intangible assets) up to the limit a cumulative total of €30,000.00 per month and €100,000.00 per year;

- (vii) to carry out all necessary operations and make all necessary declarations to comply with the legislation on the protection of personal data, including the obligations incumbent upon the Data Controller pursuant to Regulation (EU) No 679/2016.

All the powers and quantitative limits set out above are further subject to the provisional budgets approved each year by the Board of Directors.

Finally, the director and chairman of the Board of Directors, Gino Del Bon, is granted the following non-operational powers, in addition to those provided for under the Articles of Association:

- (i) managing relations with shareholders and providing them with information;
- (ii) institutional communications, with the power to sub-delegate to directors Mauro Giani and Mara Galli;
- (iii) powers and the right to information in relation to all data deemed necessary for the fulfilment of the above.

(iii) MAGIC'S ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

Adoption of the Framework

Magic adopted the Organisation, Management and Control Model by resolution of the Board of Directors on 29 April 2024 (hereinafter, the "Model").

Amendments and additions to this Model are approved by the Board of Directors, including at the request of the Supervisory Body, as set out in greater detail in Paragraph 7 below (*"Updating and adapting the Model"*).

The Board of Directors takes decisions regarding the implementation of the Model by assessing and approving the actions necessary to improve its constituent elements.

The objectives and the aims pursued through the adoption and the consequent update to the Model

Through the adoption of the Model and subsequent updates, the Company aims to:

- (i) to make all those working in the name and on behalf of the Company – with particular reference to those operating in so-called 'sensitive areas' – aware that, in the event of breaches of the provisions set out in the Model, they may be guilty of offences punishable by against them and 'administrative' sanctions that may be imposed on the Company;
- (ii) to make these individuals aware that unlawful conduct is strongly condemned by the Company, as such conduct is always and contrary to the provisions of the law, the corporate culture and the ethical principles adopted as guidelines for business activities;

- (iii) enable the Company to take prompt action to prevent or combat the commission of offences or, at the very least, to significantly reduce the damage caused by such offences; to improve corporate *governance* and the Company's reputation.

This Code has been drawn up in accordance with the Guidelines issued by **Confindustria**, as updated over time.

The “Recipients” of the Code

The principles and provisions of this document must be complied with by:

- (i) the Board of Directors, the Board of Statutory Auditors and the independent auditors;
- (ii) senior managers;
- (iii) supervisors and health and safety officers;
- (iv) employees;
- (v) consultants, contractors, suppliers, agents and distributors, and any business *partners*, to the extent that they may be involved in carrying out activities in which the commission of one of the predicate offences referred to in the Decree is conceivable;
- (vi) as well as by those acting under the direction or supervision of senior management within the scope of their assigned duties and functions.

The persons thus identified are hereinafter referred to as “**Recipients**”.

The Development of the Model

The methodological framework underlying the development of the Model can be summarised as follows

- (i) *Phase I: collection and analysis of company documentation;*
- (ii) *Phase II: identification and analytical examination of sensitive areas;*

- (iii) *Phase III: identification of existing internal rules and protocols – whether formalised or not – relating solely to the areas identified as being at risk of criminal offence;*
- (iv) *Phase IV: preparation of the Organisation, Management and Control Model.*

The activities carried out during each phase are summarised below.

i. Phase I: Collection and analysis of company documentation

In Phase I, the most relevant company documents were analysed. By way of example, these included the following:

- (i) articles of association;
- (ii) organisational chart;
- (iii) Chamber of Commerce registration;
- (iv) operating regulations and formalised procedures;
- (v) risk assessment document (RAD);
- (vi) assessment of specific risks (dust, fire, chemicals, vibrations, electromagnetic fields, work-related stress, R.O.A., material handling, shelving, noise, atmospheric emissions and waste management);
- (vii) safety procedures;
- (viii) appointment of safety officers;
- (ix) *legal due diligence report.*

The above documentation was examined with a view to establishing an information framework regarding the company's structure and operations, as well as to carry out a preliminary identification of the functions responsible for individual business processes.

ii. Phase II: identification and analytical review of sensitive areas

The preparation of the Model cannot be separated from a *risk assessment* exercise, which, as provided for in Article 6(2) of the Decree, enables the organisation to “*identify the activities within which offences may be committed*” and to “*establish specific protocols aimed at planning the organisation's training and the implementation of its decisions in relation to the offences to be prevented*”.

In this context, a detailed analysis was carried out of individual activities and sensitive areas, setting out the methods and means by which the offences listed in the Decree could be committed by the company, its governing bodies, its employees and, in general, by the persons referred to in Article 5 of the Decree.

The identification of risk areas was also carried out through meetings and interviews with those responsible for sensitive activities, namely company staff with knowledge of the operational aspects of each process analysed.

The *risk assessment* therefore made it possible to identify and evaluate the areas of risk set out in the Decree, including risks associated with the activities of external collaborators and third parties in general, as well as to outline the remit and operating procedures of each organisational unit.

iii. Phase III: identification of existing internal rules and protocols

For each sensitive process or activity identified, the control mechanisms and existing compliance measures relating to potential risks or offences were identified and preliminarily assessed.

In assessing the existing control system, the following control principles were taken as a reference:

- (i) risk assessment documents;
- (ii) company procedures and practices;
- (iii) a system of delegations and powers of attorney consistent with corporate roles and responsibilities;
- (iv) traceability of transactions through appropriate documentary and information records;
- (v) segregation of duties.

iv. Phase IV: Preparation of the Organisation, Management and Control Model

Based on the results of the previous phases, the Model was drawn up, setting out all its components and operating rules, designed to prevent the predicate offences and tailored to the company's specific circumstances.

With this in mind, the Company has, amongst other things, taken steps to:

- (i) adopt the Model, divided into a General Part and a Special Part;
- (ii) appoint the Supervisory Body, approving the regulations governing its operating regulations;
- (iii) identify appropriate procedures for the management of financial resources to prevent the commission of offences;
- (iv) adopt the Code of Ethics;
- (v) establish a disciplinary system designed to impose sanctions for both failure to comply with the measures set out in the Model and breaches of the adopted Code of Ethics.

The map of Magic's 'sensitive' activities

In accordance with the provisions of the Decree and in line with the procedures outlined above, the Company's 'sensitive' activities have been identified, taking into account the Company's current operations and existing organisational structure.

The main business activities and processes that may provide an opportunity for, or a means of committing, the offences referred to in the Decree are:

- (i) carrying out production activities within the company, under the in terms of:
 - the risk of workplace accidents linked to the production process;
 - the risk of workplace accidents linked to exposure to dust;
 - the risk of workplace accidents linked to the operation of machinery and forklift trucks;
 - the risk of workplace accidents associated with exposure to noise;
 - risk of workplace accidents associated with exposure to ionising radiation;
 - the risk of an accident at work arising from the spread of a fire;
 - prevention and protection system;
- (ii) donations, sponsorships and training activities, management of institutional relations, management of consultancy assignments, management of

administrative obligations and related inspections, management of litigation and relations with the judicial authorities;

- (iii) management of cash flows, preparation of the financial statements and tax management;
- (iv) management of shareholders' meetings;
- (v) management of IT security;
- (vi) management of customer relations;
- (vii) management of staff recruitment;
- (viii) receipt of grants or funding from the State or the European Union

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The Structure of the Model

The Model consists of a General Section and the following Special Sections, designed to monitor the previously identified high-risk activities:

- (i) **Special Part A:** Offences against the Public Administration and its assets, the offence of bribery between private individuals, and the offence of inducing a person not to make statements or to make false statements to the judicial authorities; Misappropriation of funds; fraud to the detriment of the State, a public body or the European Union, or for the purpose of obtaining public funds; computer fraud to the detriment of the State or a public body; and fraud in public procurement;
- (ii) **Special Part B:** Computer crimes and unlawful data processing, and offences relating to copyright infringement;
- (iii) **Special Part C:** Corporate offences and tax offences;
- (iv) **Special Part D:** Offences relating to handling stolen goods, money laundering and the use of money, property or benefits of unlawful origin, as well as self-laundering; offences relating to non-cash payment instruments; and organised crime offences;
- (v) **Special Part E:** Offences of manslaughter and causing serious or very serious bodily harm committed in breach of regulations protecting health and safety at work;
- (vi) **Special Part F:** The offence of employing third-country nationals whose residence is irregular and offences against the individual;

- (vii) **Special Part G:** Offences against industry and commerce;
- (viii) **Special Part H:** Environmental offences;

The risk profiles relating to offences involving the forgery of currency, public credit instruments, revenue stamps and identification documents or marks; offences committed for the purposes of terrorism or the subversion of the democratic order; offences relating to female genital mutilation, fraud in sporting competitions, the unauthorised operation of gambling or betting activities and games of chance using prohibited devices, as well as offences against cultural heritage and money laundering, and the destruction and looting of cultural and landscape heritage, are deemed to pose no risk; as such, they are comprehensively governed by the provisions set out in the Code of Ethics adopted by the Company and by the general safeguards set out in the Model.

(iv) THE SUPERVISORY BODY

The Supervisory Body

Pursuant to Article 6(1)(b) of the Decree, the organisation is exempt from liability if it proves, *inter alia*, that it has established a Supervisory Body with independent powers of initiative and control, entrusted with the task of overseeing the functioning of and compliance with the organisational model adopted, as well as making the necessary updates.

In particular, the Supervisory Body must meet the following requirements:

- (i) *Autonomy*: the power to initiate oversight must be free from any form of interference by any member of the organisation and, in particular, the management body; the ability to access all information relevant corporate matters, as well as the availability of the resources (including financial resources) necessary for the effective and efficient performance of the role;
- (ii) *Independence*: the absence of any economic or personal interference or influence on the members of the body, as well as the absence of any conflict of interest, including potential conflicts;
- (iii) *Professionalism*: the range of tools and skills that the body must possess in order to carry out its activities effectively;
- (iv) *Continuity of action*: the ongoing monitoring of the functioning of and compliance with the Model;

- (v) *Good repute* in relation to the grounds for ineligibility, revocation, suspension or forfeiture of the role of Supervisory Body, as specified below.

Structure and composition

Magic's Supervisory Body is constituted as a collegial body, comprising two members: one internal member and one external member, selected and appointed by the Board of Directors (hereinafter referred to as **the "Supervisory Body"** or "SB").

They must meet the requirements of independence, autonomy and integrity, and possess the professional expertise necessary to carry out their duties (including, by way of example, legal, economic, analytical and risk assessment expertise, as well as technical expertise in the field of health and safety at work).

The position of Chair of the Supervisory Body is assigned by the Board of Directors to the external member.

The Supervisory Body remains in office for three years; its term ends on the date of approval of the financial statements for the third financial year, and its members are eligible for re-election. The remuneration of the Supervisory Body is determined by the Board of Directors at the time of appointment for the entire duration of the term of office.

Grounds for ineligibility, removal, suspension and termination of office

In appointing the members of the Supervisory Body, the Board of Directors has expressly established the following grounds for **ineligibility** for each member of the Supervisory Body.

The following persons may therefore not be elected:

- (v) those who have been convicted by a judgement, even if not yet final, or by a judgement imposing a sentence following a plea bargain (so-called 'patteggiamento'), even if the sentence has been conditionally suspended, subject to the effects of rehabilitation:
 1. to imprisonment for a term of not less than one year for any of the offences set out in Royal Decree No. 267/1942;
 2. to a custodial sentence of not less than one year for any of the offences provided for by the regulations governing banking,

finance, securities, insurance and the regulations governing markets, securities and payment instruments;

3. imprisonment for a term of not less than one year for an offence against the public administration or against public trust against the public interest, against property, against the public economy, or for a tax offence;
 4. for any intentional offence punishable by a term of imprisonment of not less than two years;
 5. for one of the offences set out in Title XI of Book V of the Civil Code, as amended by Legislative Decree No. 61/2002;
 6. for an offence which entails, or has entailed, a sentence resulting in disqualification, even temporary, from public office, or temporary disqualification from management positions within legal entities and companies;
 7. for one or more offences strictly specified in the Decree, even if the sentences imposed are less severe than those indicated in the preceding points;
- (vi) persons against whom one of the preventive measures provided for in Article 10(3) of Law 575/1965, as replaced by Article 3 of Law 55/1990 and subsequent amendments, has been definitively applied;
- (vii) those against whom the ancillary administrative sanctions provided for in Article 187-*quater* of Legislative Decree 58/1998.

Members of the Supervisory Body must self-certify, by means of a declaration in lieu of an affidavit, that they do not find themselves in any of the circumstances set out above, and must expressly undertake to notify the Board of any changes to the content of such declarations.

Any removal of the Supervisory Body, or of one of its members, must be resolved by the Board of Directors, following notification to the Company's Board of Statutory Auditors, which shall express an opinion on the matter, and may only be ordered for reasons relating to serious breaches of the mandate assumed, including conduct constituting a conflict of interest with the Company's interests or breaches of the confidentiality obligations set out below, as well as for the grounds for forfeiture of office set out below.

Furthermore, members of the Supervisory Body **shall be removed** from office if, following their appointment:

- (i) they are convicted by a final judgement or plea agreement for any of the offences set out in points 1, 2, 3, 4, 5, 6 and 7 of the grounds for ineligibility set out above;
- (ii) when they have engaged in conduct constituting a conflict of interest with the interests pursued by Magic, or have breached the confidentiality obligations strictly connected with the performance of their duties.

Members of the Supervisory Body shall also be suspended from their duties in the following circumstances:

- (i) a conviction, not yet final, for one of the offences listed in points 1 to 7 of the grounds for ineligibility set out above;
- (ii) the imposition, at the request of the parties, of one of the penalties referred to in points 1 to 7 of the grounds for ineligibility set out above;
- (iii) the imposition of a personal precautionary measure;
- (iv) provisional application of one of the preventive measures provided for in Article 10(3) of Law 575/1965, as replaced by Article 3 of Law 55/1990 and subsequent amendments.

The duties of the Supervisory Body

In order to carry out its duties, the Board of Directors allocates an annual expenditure *budget* to the Supervisory Body. However, the Supervisory Body may, in accordance with company procedures, independently commit resources exceeding its spending powers where such use is necessary to deal with exceptional and urgent situations. In such cases, the Supervisory Body must inform the Board of Directors without delay and subsequently provide an adequate report.

In carrying out the duties entrusted to it, the Supervisory Body draws upon all company departments.

The Supervisory Body carries out the following activities:

- (i) monitoring the effectiveness of the Model, verifying in particular that the Model is consistent with the specific rules adopted in areas at risk;
- (ii) periodically verifying that the Model is complied with by all individual business units/ areas at risk, in order to ensure that the defined rules and the controls put in place are followed as closely as possible and are, in practice, effective in preventing the risks of the offences identified;
- (iii) overseeing that the Code of Ethics adopted by Magic and all the provisions contained therein are complied with by all persons operating within the Company in any capacity;
- (iv) reporting to the Board of Directors any updates and amendments to the Model in accordance with changes in the law and case law, as well as following changes to the company's organisation;
- (v) monitoring the proper functioning of control activities for each area at risk, promptly reporting any anomalies or malfunctions in the Model, following consultation with the relevant departments/ functions;
- (vi) any other activities delegated by the Board of Directors, relating to the oversight of the Supervisory Body.

The Supervisory Body's reporting activities

In order to ensure its full autonomy and independence in carrying out its functions, the Supervisory Body reports directly to the Board of Directors. It reports on the implementation of the Model and the identification of any critical issues through a *reporting* channel following audits carried out at least **every six months**, addressed to the Board of Directors, by means of an annual written report which must detail the activities carried out, both in terms of the controls performed and the results obtained, and with regard to any need to update the Model.

The Supervisory Body must also draw up an annual plan of activities for the following year, setting out the tasks to be carried out and the areas to be audited, as well as the timelines and priorities for such actions.

The Supervisory Body may, however, carry out checks not provided for in the action plan (so-called 'unannounced checks') in relation to sensitive business activities and where it deems this necessary for the performance of its functions.

The Supervisory Body may request a hearing before the Board of Directors whenever it deems it appropriate to engage with the Board; likewise, the Supervisory Body is entitled to request clarifications and information from the Board.

Furthermore, the Supervisory Body may be convened at any time by the Board of Directors, or by the Shareholders' Meeting, to report on specific events or situations relating to the operation of and compliance with the Model.

Minutes must be taken of the aforementioned meetings and a copy of the minutes must be kept by the Supervisory Body (as well as by any bodies involved on a

case-by-case basis).

Information flows to the Supervisory Body

The Supervisory Body is the recipient of any information, documentation and/or communication, including that originating from third parties, relating to compliance with the Code.

All Recipients of this Code are subject to a duty to report to the Supervisory Body, to be carried out following:

- (i) **reports;**
- (ii) **information.**

The Supervisory Body ensures the **utmost confidentiality** regarding any news, information or reports, **on pain of revocation of its mandate and the disciplinary measures set out below**, without prejudice to the requirements relating to the conduct of investigations in the event that the support of consultants external to the Supervisory Body or other corporate bodies is required.

All information and reports referred to in this Code are stored by the Supervisory Body in a dedicated digital and paper archive, in accordance with the provisions of Legislative Decree No. 196/2003 (*Privacy*).

(i) Reports

All Addressees are required to promptly report to the Supervisory Body any deviation, breach or suspected breach of which they are aware

of the rules of conduct set out in the Company's Code of Ethics, as well as the principles of conduct and operational procedures governing activities identified as 'at risk' and regulated by the Model.

The reports referred to in the previous point and, in general, detailed reports of unlawful conduct, relevant under the Decree and based on precise and consistent factual evidence, or of breaches (including alleged breaches) of the Model, of which they have become aware by virtue of the duties they perform, shall be made in accordance with the relevant regulatory provisions on *whistleblowing*, with particular reference to the protection of the whistleblower from any form of retaliation and/or discrimination.

In particular, in accordance with the provisions of Article 6, paragraph 2-*bis* of the Decree, reports may be made via the following channels, which guarantee the confidentiality of the whistleblower's identity throughout the reporting process:

Supervisory Body of Magic S.p.A.

odv@magic-spa.com

The Company and its representatives are prohibited from carrying out any acts of retaliation or discrimination, whether direct or indirect, against the whistleblower for reasons directly or indirectly linked to the report itself, in accordance with the regulatory provisions set out in Article 6, paragraph 2-*bis*, of the Decree, as well as Legislative Decree No. 24/2023.

In this regard, it is clarified that disciplinary sanctions will be imposed:

- in the event of failure to comply with the measures set out in the Policy;
- against anyone who breaches the measures designed to protect the whistleblower;
- against anyone who, with intent or gross negligence, makes reports that prove to be unfounded.

The adoption of discriminatory measures against individuals who make such reports may be reported to the National Labour Inspectorate, for the

measures by within its remit, as well as which from the reporting party, and also by the trade union organisation.

It is hereby clarified, in accordance with current regulations, that any retaliatory or discriminatory dismissal of the whistleblower is null and void.

Any change in duties, as well as any other retaliatory or discriminatory measure taken against the whistleblower, is also null and void. It is the employer's responsibility, in the event of disputes relating to the imposition of disciplinary sanctions, or to demotions, dismissals, transfers, or the subjection of the whistleblower to any other organisational measure having direct or indirect adverse effects on working conditions, following the submission of the report, to demonstrate that such measures are based on reasons unrelated to the report itself.

(ii) Information

As part of its monitoring activities, the Supervisory Body shall determine the information and documentation which must be submitted to it on a regular basis.

The following must be submitted to the Supervisory Body:

- notifications of acts and measures carried out on behalf of the criminal prosecution authorities, or measures and/or information from judicial police bodies or any other authority, indicating that investigations are being conducted – including against unknown persons in relation to the offences provided for in the Decree – concerning the Company;
- summonses in civil or administrative proceedings;
- information regarding other legal proceedings against Magic;
- significant accidents occurring within the company;
- work-related accidents involving company employees whilst carrying out their assigned duties;
- visits, inspections and investigations carried out by government agencies (for example, the Revenue Agency, the State Property Agency, ARPA, etc.) and, upon their conclusion, any findings and penalties imposed;

- visits, inspections and investigations initiated by the competent authorities (regions, regional bodies and local authorities) and, upon their conclusion, any findings and penalties imposed;
- requests for legal assistance made by individuals within the Company, in the event of legal proceedings being initiated for one of the offences set out in the Decree;
- reports drawn up by company departments as part of their monitoring activities, which reveal issues of concern with regard to the provisions of the Decree;
- on a regular basis, reports on the effective implementation of the Model in all areas/ functions of the company at risk;
- on a regular basis, reports on the effective compliance with the at all levels of the organisation;
- information on developments in activities relating to areas at risk;
- updates on the system of delegated powers and powers of attorney adopted by the Company;
- approval of the annual financial statements;
- significant news relating to corporate finance;
- extraordinary transactions;
- acquisitions of other companies;
- applications for funding submitted to the State, the Region and the European Union the European Union or any other public body.

In the event of information and /or reports, including unofficial ones, relating to the commission of offences provided for in the Decree or otherwise concerning possible breaches of Magic's Compliance Model and Code of Ethics, everyone must immediately contact the Supervisory Body.

Information must be submitted to the Supervisory Body using the methods and addresses indicated above.

(viii) TRAINING AND INFORMATION

General Provisions

The Company aims to ensure that all those working for the Company have a proper and comprehensive understanding of the Model, the content of the Decree and the obligations arising therefrom.

Training sessions will be organised by the Company over time, in accordance with the criteria of compulsory attendance and regular repetition, as well as, where appropriate, diversity.

At the end of the training activities, an assessment will be carried out to gauge the participants' level of understanding and satisfaction.

Training and information provision are managed by the Supervisory Body, in close coordination with the Board of Directors and the heads of the departments/functions involved in the implementation of the Model.

Initial communication

This Code is communicated to all company staff by the Board of Directors.

All Magic employees and senior managers must sign a specific form confirming that they have read and accepted the Code and Magic's Code of Ethics, a copy of which is available to them in paper form or electronically.

New recruits are given – or sent via email – an information *pack* containing the Code and Magic's Code of Ethics, ensuring they are provided with the knowledge deemed to be of primary importance.

Any subsequent amendments and information concerning the Code will be communicated to staff via official information channels.

A copy of the Code will be published on the Company's website.

Staff training

Participation in training activities aimed at raising awareness of the regulations set out in the Decree, the Model and Magic's Code of Ethics is **mandatory**.

The training will take into account, in terms of the content and delivery methods of the relevant courses, the role of the Recipients, the level of risk in the area in which they operate and whether or not they have been assigned representative functions.

Unexcused absence from training sessions is considered a disciplinary offence, in accordance with the provisions of the disciplinary system set out below.

Magic will organise training courses that will set out, using a modular approach:

- (i) the regulatory framework;
- (ii) the Company's Code of Ethics and the Model, including the Special Parts;
- (iii) the role of the Supervisory Body and the duties assigned to it by the Company.

The Supervisory Body ensures that the programmes for training are of an appropriate standard and effectively implemented.

Information for "Third Parties"

The Company requires that the so-called "Third Parties", such as consultants, collaborators, suppliers, wholesalers, business *partners* and other external parties acting on behalf of the Company, or the Company's customers, are aware of and comply with the Model and the Code of Ethics adopted by the Company.

This information is provided through the circulation of an official notice or by means of an explicit reference within contracts to the existence of Magic's Model and Code of Ethics.

Magic ensures that contracts with third parties with whom it does business include specific clauses providing for the termination of contractual obligations in the event of non-compliance with the established ethical principles.

(ix) THE DISCIPLINARY SYSTEM

Regulations

Pursuant to Articles 6(2)(e) and 7(4)(b) of the Decree, the organisation must establish a disciplinary system capable of imposing sanctions for failure to comply with the requirements set out in the organisational model adopted.

The disciplinary system adopted by Magic is designed to sanction failure to comply with the principles, measures and rules of conduct set out in this Model, as well as the related protocols adopted by the Company.

Compliance with the provisions of this Model is required under both self-employment and employment contracts, it being understood that, in the case of the latter, the relevant provisions regarding disciplinary sanctions set out in Article 7, Law No. 300 of 20 May 1970 (*the so-called Workers' Statute*) and in the relevant National Collective Labour Agreement (CCNL) applied by the Company.

All recipients must be adequately informed of the existence and content of this document; it shall be the responsibility of senior management to ensure its communication.

General Principles

The disciplinary system adopted by the Company is based on the following principles:

- (i) *Autonomy*: failure to comply with the measures set out in the Code must trigger the disciplinary mechanism provided for therein,

regardless of whether criminal proceedings are brought for any offence that may have been committed;
- (ii) *Proportionality*: the penalty imposed must be commensurate with the seriousness of the alleged offence, with the applicable penalties linked to each infringement or group of violations, in order of increasing severity;
- (iii) *Right to be heard*: the involvement of the person concerned must be ensured so that, once the charge has been set out in writing, the employee may put forward justifications in defence of their conduct;
- (iv) *Publicity*: disciplinary sanctions must be brought to the attention of employees by being displayed in a place accessible to all, in accordance with Article 7 of the Workers' Statute, as well as by email to individual employees;
- (v) *Timeliness*: the disciplinary proceedings and the imposition of any sanctions must take place within a reasonable timeframe, determined from the date the proceedings are initiated.

The imposition of the sanctions provided for herein is separate from, and entirely independent of, the outcome of any criminal and/or administrative proceedings initiated by the judicial or administrative authorities in the event that the reprehensible conduct is such as to constitute a predicate offence or a relevant administrative offence. More specifically, failure to comply with the rules and provisions contained in the Code and the protocols is, in itself, sufficient to undermine the relationship of trust with the Company and triggers the imposition of sanctions and disciplinary measures, regardless of whether criminal proceedings are initiated or of their outcome.

The task of assessing the adequacy of the disciplinary system, the ongoing monitoring of any proceedings for the imposition of sanctions against those subject to the Code, and the handling of matters involving third parties is entrusted to the Supervisory Body, which also reports any breaches of which it becomes aware in the course of carrying out its assigned functions.

Disciplinary sanctions vary according to the nature of the relationship between the individual concerned and the Company, as well as the seriousness of the breach committed. More specifically, and in accordance with the principles of graduality and proportionality, sanctions are applied in practice whilst also taking into account the intentional nature of the conduct, the degree of negligence, imprudence or incompetence, including with regard to the foreseeability of the event; the employee's overall conduct, with particular regard to any previous disciplinary records, within the limits permitted by law; the employee's duties; the functional position and the level of responsibility and autonomy of the persons involved in the events constituting the breach; any other specific circumstances (aggravating or mitigating) accompanying the disciplinary offence; the involvement of several employees acting in concert; and the cooperation offered following the notification of the allegations.

Generally speaking, breaches can be attributed to the following types of conduct:

- (i) conduct constituting a deliberate breach of the provisions of the Model and/or the Code of Ethics adopted by the Company.
- (ii) conduct constituting a negligent failure to implement the provisions of the Model and/or the Code of Ethics adopted by the Company;

The following constitute breaches of the Model:

- (i) conduct that constitutes the predicate offences set out in the Special Part of the Model;
- (ii) conduct which, although not constituting a predicate offence, is unequivocally aimed at their commission;
- (iii) conduct that does not comply with the protocols and principles of the Code of Ethics adopted by the Company;
- (iv) uncooperative behaviour towards the Supervisory Body, such as, by way of example and without limitation: (i) a refusal to provide the requested information or documentation; (ii) failure to attend, without valid reason, the inspections scheduled by the Supervisory

Body; (iii) failure to attendance, without valid reason, at training sessions.

Measures against directors

In the event of a proven breach of the Code of Ethics, the Model or the protocols adopted by the Company by one or more directors (including obligations to provide information to the Supervisory Body), the Supervisory Body shall promptly inform the Company's Board of Directors and Board of Statutory Auditors, which shall take the measures deemed most appropriate and may, where necessary, convene a General Meeting of Magic's Shareholders to resolve on the removal of the directors.

In the event that a breach is found to have been committed by the entire Board of Directors, the Supervisory Body is required to inform the Board of Statutory Auditors immediately, which shall take the most appropriate measures.

Finally, the Company reserves the right to claim compensation for damages arising from a breach of the Code by one or more members of the Board of Directors. Compensation shall be commensurate with the level of liability of the person responsible, any history of repeat offences, the degree of intent behind the conduct and the seriousness of its consequences.

Measures against auditors

In the event of a proven breach of the Code of Ethics, the Compliance Model or the protocols adopted by Magic by one or more statutory auditors (including the obligations to report to the Supervisory Body), the Supervisory Body shall promptly inform the Board of Directors and the Board of Statutory Auditors of the Company, which shall take the measures deemed most appropriate and may, where necessary, convene a General Meeting of Shareholders of Magic to resolve on the removal of the statutory auditors.

In the event that a breach is found to have been committed by the entire Board of Statutory Auditors of the Company, the Supervisory Body is required to inform the Board of Directors immediately, which shall take the most appropriate measures.

The Company reserves the right to claim compensation for any damages arising from a breach of the Code. Compensation for damages shall be commensurate with the level of liability of the person responsible, any history of repeat offences, the degree of intent behind the conduct and the seriousness of its consequences.

Measures against the Supervisory Body

In the event that the Supervisory Body establishes a breach of the Code of Ethics, the Compliance Model or the protocols adopted by Magic, the Board of Directors, after consulting the Board of Statutory Auditors, shall take the measures deemed most appropriate in light of the seriousness of the offence committed. Serious breaches that are unjustified and/or not ratified by the Board of Directors may constitute just cause for the termination of the appointment, without prejudice to the application of the disciplinary sanctions provided for in the existing contracts.

Depending on the type of contract in force, the measures may be those provided for in the applicable National Collective Labour Agreement (CCNL) or termination for breach of the mandate and, in any event, the termination of the appointment.

The Company reserves the right to claim compensation for any damages it may suffer as a result of a breach of the Code. The compensation shall be commensurate with the level of liability of the person responsible, any history of repeat offences, the degree of intent behind the conduct and the seriousness of its consequences.

Measures concerning manual workers, office staff and middle management

Failure to comply with, or breach of, the principles and rules of conduct set out in the Code, the Code of Ethics or the protocols by employees constitutes a disciplinary offence.

As regards the sanctions that may be imposed on employees, the relevant provisions set out in Article 7 of the Workers' Statute and in the sector-specific National Collective Labour Agreement (CCNL) applied by the Company, namely the CCNL Carta – Industria, shall apply.

In accordance with the aforementioned Article 7 of the Workers' Statute, the disciplinary measures that may be imposed on employees are those set out in Article 51 of the Carta – Industria National Collective Labour Agreement, specifically and in order of severity:

- (i) a verbal reprimand;
- (ii) a written reprimand;
- (iii) a fine of up to three hours' normal pay;
- (iv) suspension from work for up to three days;
- (v) dismissal with notice;
- (vi) dismissal without notice.

By way of example only, in accordance with the provisions of Article 7 of the Workers' Statute and the Carta – Industria National Collective Labour Agreement, the following table sets out the types of breaches and the corresponding sanctions.

Sanction	Type of offence



Verbal reprimand	The employee commits a minor breach of the protocols or, whilst carrying out activities in high-risk areas, behaves in a manner that is slightly inconsistent with the requirements of the Model, or commits a minor breach of the provisions brought to their attention by the Company through service orders, procedures or other means.
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Written reprimand	The employee breaches the protocols or, whilst carrying out activities in high-risk areas, behaves in a manner that does not comply with the requirements of the Code, or fails to comply with the provisions brought to their attention by the Company through service orders, procedures or other means.
Fine up to to three hours of normal pay	The employee breaches the protocols for a second time or, whilst carrying out activities in high-risk areas, repeatedly behaves in a manner that does not comply with the requirements of the Code, or repeatedly breaches the provisions brought to their attention by the Company through service orders, procedures or other means.
Suspension from work for up to three days	The employee causes damage to the Company or jeopardises the integrity of its assets as a result of breaches of protocols or conduct that does not comply with the requirements of the Code whilst carrying out activities in high-risk areas or whilst performing acts contrary to the Company's interests, or by failing to comply with the provisions brought to their attention by the Company via service orders, procedures or other means.

Dismissal with notice	The employee commits acts that do not comply with the provisions of the Code and are clearly aimed at committing an offence punishable under the Decree; such conduct is deemed to constitute a breach of the rules and official duties so serious as to preclude the continuation of the employment relationship.
Dismissal out notice with	The employee commits acts that do not comply with the provisions of the Code and which are such as to result in the Company being subject to the penalties set out in the Decree.

The Company reserves the right to claim compensation for any damages it suffers as a result of an employee's breach of the Code. Compensation for damages shall be commensurate with the level of responsibility of the person concerned and their degree of autonomy, any history of repeat offences, the degree of intent behind the conduct, and the seriousness of its consequences.

Measures concerning third parties

Any conduct on the part of third parties with whom Magic has contractual relations that contravenes the Code and any provision of the documentation forming part thereof, and which is such as to entail the risk of committing an offence referred to in the Decree, may result, in accordance with the specific contractual clauses included in the relevant contracts, in the termination of the relationship, without prejudice to any claim for compensation should such conduct have caused damage to Magic.

(x) UPDATING AND ADAPTING THE MODEL

The Decree expressly provides for the need to update the Model in order to ensure it is constantly 'tailored' to the specific needs of the organisation and its day-to-day operations.

Measures to adapt and/or update the Model will essentially be carried out in the event of: (i) changes in the law; breaches of the Model and/or negative findings from assessments of its effectiveness (which may also be inferred from experiences relating to other companies); (ii) changes to the Company's organisational structure, including those arising from extraordinary financial transactions or from changes in business strategy resulting from new areas of activity undertaken.

The updating of the Model, and therefore its supplementation and/or amendment, is the responsibility of the same governing body to which the legislator has delegated the responsibility for adopting the Model.

Any substantial amendment, relating, for example, to the introduction of new Special Sections or new protocols in high-risk areas of the business, requires prior approval by the Board of Directors.

Minor or formal amendments, such as, for example, the alignment of protocols with new organisational provisions, may be carried out directly by the person delegated to manage the Model and liaise with the Supervisory Body, subject to subsequent ratification by the Board of Directors.

The mere 'oversight' of updating the Model – that is, simply prompting such updates rather than directly implementing them – is, however, the responsibility of the Supervisory Body.



MAGIC S.P.A.'s ORGANISATIONAL MODEL

**APPROVED BY THE BOARD OF DIRECTORS ON 29 APRIL
2024**

SPECIAL SECTION

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1. INTRODUCTION

The activities considered relevant for the purposes of drawing up this Model are those which, following a specific risk analysis, have revealed risk factors relating to the commission of breaches of the criminal provisions set out in the Decree.

The risk analysis has been structured to assess, for each stage of the processes, which stages may be potentially at risk in relation to the individual articles of the Decree.

The offences considered relevant to the context in question are subject to in-depth analysis to determine the level of risk. This analysis is carried out by considering the probability of the offence being committed and the severity of the damage, as well as the detrimental consequences for Magic.

2. RISK ASSESSMENT

The assessment of the risks to which the Company may be exposed is carried out by examining the organisation's structure, its activities, its critical areas as set out in the Risk Assessment Document (RAD), and the associated operational instructions, as well as the guidelines on *risk management*, which may be used by any public, private or social enterprise, association, group or individual and are therefore not specific to any particular industry or sector.

The process involves the following main activities that form the basis of are as follows:

- (i) identifying the risk;
- (ii) analysing the risk;
- (iii) assessing the risk;
- (iv) manage the risk.

2.1 Identifying the risk

The Decree sets out a series of broad categories of criminal offences, divided into sub-categories of offences in respect of which there is a possibility of assessment of these offences. The various types of offence are assessed in relation to the specific context under consideration; this means that not all the types of offence referred to in the Decree are relevant to the individual case under analysis. Where the offences in question are clearly not relevant, they are declared as such and the reasons for this are provided.

2.2 Analysing and assessing risk

Risk analysis and assessment are carried out to determine whether an individual risk identified falls within the 'acceptable risk' range or requires specific and more in-depth treatment.

The overall risk level is calculated as the product of probability and severity.

$$RISK\ LEVEL = PROBABILITY\ LEVEL * SEVERITY\ LEVEL$$

To this end, the following table has been created to assess these aspects and define priorities for action.

The **assessment of the probability** of a crime being committed has been categorised into the following four levels:

- (i) Low: even in the absence of specific controls, it is unlikely that the offence in question will be committed; this possibility cannot be ruled out a priori and, as a precautionary measure, is nevertheless taken into account;
- (ii) Low-Medium: even in the absence of specific controls, the possibility that the offence in question may be committed is modest and limited;
- (iii) Medium-High: in the absence of specific controls, the likelihood of the offence in question being committed is significant;
- (iv) High: in the absence of specific controls, it is likely that the offence in question will occur, as it is closely linked to the company's activities and, in this context, to a substantial and/or potential corporate interest or benefit.

The **assessment of severity** has been divided into four levels according to the following scale:

- (i) Low: the commission of the offence would entail an economic impact that could be absorbed within the scope of day-to-day operations, without affecting the company's reputation;
- (ii) Lower-Medium: the commission of the offence would entail economic damage, but not to an extent that would significantly compromise the economic and financial stability of day-to-day operations. The damage to the company's reputation would be limited and, in any case, manageable and recoverable in the short term;
- (iii) Medium-High: the commission of the offence would result in significant economic damage, sufficient to compromise the economic and financial stability of day-to-day operations, as well as damage to the company's reputation that would be difficult to recover from, posing a real risk to the company's market position;
- (iv) High: committing the offence would result not only in financial and reputational damage but also in the imposition of severe disqualification orders that could jeopardise the very survival of the company.

LEVEL OF SERIOUSNESS	PROBABILITY LEVEL	RISK LEVEL
1 - Low	1 - Low	1 - Low
1 - Low	2 - Medium-Low	2 - Low

1 - Low	3 - Mid-High	3 - Low
1 - Low	4 - High	4 - Lower-Middle
2 - Medium-Low	1 - Low	2 – Low

2 - Medium-Low	2 - Medium-Low	4 - Medium-Low
2 - Lower-Middle	3 – Medium-High	6 - Medium-Low
2 - Medium-Low	4 - High	8 - Medium-High
3 – Medium-High	1 – Low	3 - Low
3 - Medium-High	2 - Medium-Low	6 - Medium-Low
3 - Mid-High	3 - Upper-Middle	9 - Medium-High
3 - Medium-High	4 - High	12 - High
4 - High	1 – Low	4 - Medium-Low
4 - High	2 - Medium-Low	8 - Medium-High
4 - High	3 - Medium-High	12 - High
4 - High	4 - High	16 - High

Depending on the result obtained and the resulting position on the matrix shown above, certain actions will need to be taken within specific timeframes, as shown in the table below.

Probability * Severity	0–3	No action
Probability * Severity	4 – 6	Action required within 6–8 months
Probability * Severity	8 – 9	Action required within 1 month
Probability * Severity	12 – 16	Action required within one week

2.3 Manage the risk

As part of the development of protocols designed to prevent instances of risk-related offences, the main processes, sub-processes or activities within which, in principle, offences could occur, or the opportunities or means for committing them could arise, have been identified on the basis of knowledge of the internal structure and company documentation.

With regard to these processes, sub-processes or activities, the existing risk prevention, control and management system has been assessed on the basis of the following elements:

- (i) **Rules of conduct:** the existence of rules of conduct designed to ensure that business activities are carried out in compliance with laws and regulations and with due regard for the integrity of the company's assets;
- (ii) **Procedures:** the existence of internal procedures to oversee processes within which the offences set out in the Decree might occur, or within which the conditions, opportunities or means for committing such offences might arise;
- (iii) **Segregation of duties:** a proper distribution of responsibilities and the establishment of appropriate levels of authorisation, with a view to avoiding functional overlaps or operational arrangements that concentrate critical activities on a single individual;
- (iv) **Authorisation levels:** a clear and formalised allocation of powers and responsibilities, with an explicit indication of the limits on their exercise, consistent with the duties assigned and the positions held within the organisational structure;
- (v) **Control activities:** the existence and documentation of control and supervisory activities carried out on company transactions;
- (vi) **Monitoring activities:** the existence of security mechanisms that

ensure adequate protection of, and access to, company data and assets.

The assessment of the risk of offence in the following paragraphs will be carried out on the basis of the criteria and assessments set out in this Paragraph 2 (*“Risk Assessment”*).

3. SPECIAL SECTION A. OFFENCES AGAINST THE PUBLIC ADMINISTRATION AND ITS ASSETS; CORRUPTION OFFENCES BETWEEN PRIVATE INDIVIDUALS; THE OFFENCE OF INDUCING A PERSON NOT TO MAKE STATEMENTS OR TO MAKE FALSE STATEMENTS TO THE JUDICIAL AUTHORITIES; MISAPPROPRIATION OF FUNDS; FRAUD TO THE DETRIMENT OF THE STATE, A

OR THE EUROPEAN UNION, OR FOR THE PURPOSE OF OBTAINING

PUBLIC FUNDS; COMPUTER FRAUD TO THE DETRIMENT OF THE STATE OR A PUBLIC BODY; AND FRAUD IN PUBLIC PROCUREMENT

3.1 Relevant offences

For the sake of completeness, all the types of offences giving rise to the administrative liability of organisations, pursuant to Articles 24, 25, 25-ter (limited to the offence of corruption between private individuals) and 25-decies of the Decree, are set out below.

3.1.1. Offences against the public administration and its assets

Misappropriation of public funds, as provided for in Article 316-bis of the Criminal Code, consists of the conduct of a person who, not being part of the public administration, having obtained from the State or another public body or from the European Communities grants, subsidies or funding, subsidised loans or other payments of a similar nature, however named, intended for the achievement of one or more purposes, fails to use them for the intended purposes.

Unlawful receipt of funds to the detriment of the State, as provided for in Article 316-ter

of the Italian Criminal Code, and consists of the conduct of a person who, unless the act constitutes the offence provided for in Article 640-bis of the Italian Criminal Code, by using or submitting false statements or documents, or documents attesting to untrue facts, or by omitting required information, unduly obtains, for themselves or for others, grants, subsidies, funding, subsidised loans or other payments of a similar nature, however named, granted or disbursed by the State, other public bodies or the European Communities.

Fraud to the detriment of the State or another public body or the European Communities, as provided for in Article 640(2)(1) of the Criminal Code, consisting of conduct whereby a person, by means of deceit or trickery, misleads another person and thereby secures for themselves or others an unjust profit to the detriment of others, provided the offence is committed to the detriment of the State or another public body or under the pretence of securing an exemption from military service for another person.

Aggravated fraud to obtain public funds, as provided for in Article 640-bis of

the Italian Criminal Code, consisting of the same conduct as referred to in the previous point, where committed with the aim of obtaining grants, subsidies, funding, subsidised loans or other payments of a similar nature, however named, granted or disbursed by the State, other public bodies or the European Communities.

Computer fraud to the detriment of the State or another public body, as provided for in Article 640- *ter* of the Criminal Code, consisting of the conduct of a person who, by altering in any way the functioning of a computer or telecommunications system, or by unlawfully interfering in any manner with data, information or programmes contained in or relating to a computer or telecommunications system, secures for themselves or others an unjust profit, to the detriment of the State or another public body.

Fraud in public procurement, as provided for in Article 356 of the Criminal Code, consisting of the conduct of a person who commits fraud in the performance of supply contracts or in the fulfilment of the other contractual obligations set out in Article 355 of the Criminal Code.

Embezzlement, as provided for in Article 314(1) of the Criminal Code, consists of the conduct of a person who, in their capacity as a public official or a person entrusted with a public service, and having access by virtue of their office to money or other movable property belonging to another, appropriates it.

Extortion, as provided for in Article 317 of the Criminal Code, consists of the conduct of a public official who, by abusing their position, compels another person to procure for themselves or for others money or other benefits to which they are not entitled.

Bribery in the course of official duties, as provided for in Article 318 of the Criminal Code, consists of conduct by a public official who, in the exercise of their duties or powers, unduly receives, for themselves or for a third party, money or other benefits, or accepts a promise thereof.

Bribery for an act contrary to official duties, as provided for in Article 319 of the Criminal Code, and consisting of the conduct of a public official who, in order to omit or delay, or for having omitted or delayed, an act in the course of his or her official duties, or in order to perform or has performed an act contrary to the duties of office, receives, for themselves or for a third party, money or other benefits, or accepts a promise thereof.

Aggravating circumstances, as provided for in Article 319-*bis* of the Criminal Code.

Corruption in judicial proceedings, as provided for in Article 319-*ter* of the Criminal Code, comprising acts of corruption where these are committed to favour or prejudice a party in civil, criminal or administrative proceedings.

Undue inducement to give or promise benefits, as provided for in Article 319-*quater* of the Criminal Code, consisting of conduct by a public official or a person entrusted with a public service who, by abusing their position or powers, induces another person to unduly give or promise, to them or to a third party, money or

other benefits.

Bribery of a person entrusted with a public service, as provided for in Article 320 of the Criminal Code, and comprising the conduct referred to in Article 319 of the Criminal Code where committed by a person entrusted with a public service, as well as that referred to in Article 318 of the Criminal Code, where the perpetrator, being a person entrusted with a public service, holds the status of a public servant.

Pursuant to Article 321 of the Criminal Code (“penalties for the briber”), the penalties laid down in Articles 318(1), 319, 319-bis, 319-ter and 320 of the Criminal Code in relation to the offences set out in Articles 318 and

319 of the Criminal Code, shall also apply to anyone who gives or promises money or other benefits to a public official or a person entrusted with a public service.

Incitement to corruption, as provided for in Article 322 of the Criminal Code, consists of the conduct of a person who offers or promises money or other benefits not due to a public official or a person entrusted with a public service who holds the status of a public employee, in order to induce them to perform an act within the scope of their official duties, where the offer or promise is not accepted.

Abuse of office, as provided for in Article 323 of the Criminal Code, consists of conduct by a public official or a person entrusted with a public service who, in the performance of their duties or service, in breach of specific rules of conduct expressly laid down by law or by acts having the force of law, which leave no scope for discretion, or by failing to recuse themselves where their own interests or those of a close relative are involved, or in other prescribed cases, intentionally procures an unjust financial advantage for themselves or others, or causes unjust harm to others.

Embezzlement, extortion, undue inducement to give or promise a benefit, corruption and incitement to corruption of members of international courts or bodies of the European Communities or of international parliamentary assemblies, and of officials of the European Communities and of foreign states, as provided for in Article 322-bis of the Criminal Code, pursuant to which the provisions set out in Articles 314, 316, 317 to 320 and 322(3) and (4) of the Criminal Code also apply to:

- (i) to members of the Commission of the European Communities, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities;
- (ii) to officials and contract staff employed in accordance with the Staff Regulations of Officials of the European Communities or the Conditions of Employment of Other Servants of the European Communities;
- (iii) to persons seconded by Member States or by any public or private body to the European Communities, who perform duties corresponding to those of officials or other servants of the European Communities;
- (iv) to members and staff of bodies established on the basis of the Treaties

- (v) establishing the European Communities;
to those who, within other Member States of the European Union, perform duties or activities corresponding to those of public officials and public service employees;
- (vi) persons who perform duties or activities corresponding to those of public officials and persons entrusted with a public service within international economic organisations;
- (vii) members of international parliamentary assemblies or of an international or supranational organisation, and judges and officials of international courts

The provisions set out in Articles 321 and 322, paragraphs 1 and 2, of the Criminal Code shall also apply if money or other benefits are given, offered or promised:

- (i) to the persons referred to in paragraph 1 of this article;
- (ii) to persons exercising functions or carrying out activities corresponding to those of public officials and public service employees within other foreign states or international public organisations, where the act is committed to secure an undue advantage for themselves or others in international economic transactions or for the purpose of obtaining or maintaining an economic or financial activity.

The persons referred to in paragraph 1 shall be treated as public officials where they perform corresponding functions, and as public service employees in all other cases.

Trafficking in unlawful influence, as provided for in Article 346-*bis* of the Criminal Code, pursuant to which any person, apart from cases of complicity in the offences referred to in Articles 318, 319, 319-*ter* of the Criminal Code and in the offences of corruption referred to in Article 322-*bis* of the Criminal Code, by exploiting or boasting of existing or alleged relationships with a public official or a person entrusted with a public service or one of the other persons referred to in Article 322-*bis* of the Criminal Code, unduly causes or secures a promise, for themselves or for others, money or other benefits, as payment for their unlawful mediation with a public official or a person entrusted with a public service or one of the other persons referred to in Article 322-*bis* of the Criminal Code, or to remunerate that person in connection with the exercise of their functions or powers, shall be punished with imprisonment for a term of one (1) year to four (4) years and six (6) months.

3.1.2. The offence of corruption between private individuals

Corruption between private individuals, as provided for in Article 2635 of the Civil Code, consists of conduct by directors, managing directors, senior managers responsible for preparing company accounts, auditors and liquidators (including through an intermediary), who solicit or receive, for themselves or for others, money or other undue benefits, or accept a promise thereof, in order to perform or omit an act, in breach of the obligations inherent in their office or their duties of loyalty.

Inciting corruption between private individuals, as provided for in Article 2635-*bis* of the Civil Code, consists of conduct by any person who offers or promises money or other undue benefits to directors, general managers, managers responsible for drawing up company accounts, statutory auditors and liquidators of companies or private bodies,

as well as to those who carry out work within such organisations in a managerial capacity, with a view to inducing them to perform or omit an act in breach of the obligations inherent in their office or their duties of loyalty.

3.1.3. Offence of inducing to not make false statements or to make false statements to the judicial authorities

On the basis of the analyses carried out, the offence of inducing a person not to make statements or to make false statements to the judicial authorities, as provided for in Article 377-*bis* of the Criminal Code, is also considered relevant. This offence consists of the conduct of a person who, through violence, threats, or the offer or promise of money or other benefits, induces a person called upon to make statements, before the judicial authorities, statements that may be used in criminal proceedings, where that person has the right to remain silent, unless the act constitutes a more serious offence.

3.2 Main areas of risk

The Company's main areas of risk, with regard to offences against the public administration and its assets, the offence of corruption and incitement to corruption between private individuals, and the offence of incitement to refrain from making statements or to make false statements to the judicial authorities, relate to:

- (i) Participation in publicly advertised tenders;
- (ii) Applications for funding, grants or public financial support, however named, addressed to the State or other public bodies, as well as to the European Union;
- (iii) The misuse of grants or the misappropriation of grants to which one is not entitled;
- (iv) Management of relations with banking institutions;
- (v) Donations, sponsorships and training activities;
- (vi) Management of consultancy assignments;
- (vii) Management of institutional relations;
- (viii) Management of gifts;
- (ix) Management of administrative compliance and related inspection activities;
- (x) Management of judicial and extrajudicial disputes and relations with the judicial authorities;
- (xi) Management of the procurement of goods and services (including consultancy services);
- (xii) Management of expense claims and entertainment expenses;
- (xiii) Management of cash flows.

Recipients are required to ensure that their conduct complies with the provisions set out in this document.

3.3 Analysis and estimation

The likelihood of these offences being committed is considered **Medium-Low**. However, the impact of the offence in question on the Company is assessed as potentially significant, given not only the financial penalties and disqualifications provided for in the Decree, but also the damage to the Company's image and loss of reputation. This generally results in a **High level of severity**.

Risk Assessment: 8 Medium-High (High severity 4 * Medium-Low probability 2).

Magic, however, assesses the level of risk associated with the occurrence of the offences in question as **unacceptable**, in accordance with the fundamental principles set out in its code of ethics. Specific controls are therefore implemented to mitigate the level of risk and bring it back within the acceptable threshold.

3.4 Handling

When managing relations with the public administration, the following rules of conduct must be observed:

- (i) Operate in full compliance with laws, applicable regulations, the code of ethics and the principles of loyalty, fairness, clarity and transparency;
- (ii) Grant specific delegations of authority and special powers of attorney;
- (iii) The person designated to issue powers of attorney must draw up a summary list of all managers / staff responsible for liaising with the public administration;
- (iv) Declarations made to national or EU public bodies for the purpose of obtaining grants, funding and, in general, benefits paid from public funds must contain only truthful information;
- (v) Ensure the transparency and traceability of the approval process;
- (vi) Judicial, tax and administrative inspections must be attended by persons expressly delegated for this purpose, with notice of the commencement of the inspection or investigation being given to the legal representative and the Supervisory Body;
- (vii) Ensure an adequate separation of duties between those who manage relations with public or private institutions and those who set prices, as well as the terms and conditions of payment;
- (viii) Ensure that tenders are submitted for assessment by all relevant departments, approved by persons with the appropriate authority and in accordance with the approval process set out in company procedures;
- (ix) Ensure, when participating in tenders organised by the public administration and, in general, in all negotiations with it, that all employees and business partners act in compliance with the law, applicable regulations and sound business practice;
- (x) Ensure the traceability of relationships maintained with the aforementioned parties;
- (xi) Ensure that the implementation of any initiative (donation, sponsorship) is subject to a guarantee of its appropriateness, adequacy and verifiability;
- (xii) To provide charitable contributions or enter into sponsorship agreements only in response to a formal, unsolicited request that has been duly approved by persons with the appropriate authority.

Any disbursement of funds:

- (i) must be approved exclusively by the board of directors;
- (ii) requires in-depth knowledge of the client, so as to enable an assessment of consistency and compatibility.

The Supervisory Body must be informed in writing of any critical issues or conflicts of interest arising in the context of dealings with the public administration.

In relation to the aforementioned conduct, **it is prohibited** to:

- (i) Make promises or offer undue payments of money or other benefits (for example: recruitment, the awarding of professional, commercial or technical contracts) to public officials, public service employees, private individuals or persons closely associated with them;
- (ii) Making payments or providing benefits to agents, distributors or other third parties, however named, who act on behalf of, or in the interests of, the Company in connection with the activities governed by this protocol, where such payments or benefits are not adequately justified within the context of the contractual relationship established with them;
- (iii) Submitting offers that have not been subject to the approval process required
- (iv) Entering into contracts with terms established according to non-objective criteria and/or in breach of company policy;
- (v) Making untruthful statements by producing documents that, in whole or in part, do not correspond to reality, or by failing to produce genuine documents;
- (vi) Engaging in deceptive conduct towards the public administration;
- (vii) Using cash or accounts held in the name of persons other than those specified in the contract;
- (viii) Granting donations with the aim of obliging the beneficiary organisation to favour Magic during promotional activities, or with the aim of influencing the judgement of the beneficiary organisation's administrative staff;
- (ix) To provide sponsorship or undertake other projects in support of political groups and/or parties
- (x) Entering into sponsorship contracts at values deliberately set at an inappropriate level in order to provide an undue advantage to a public or private counterparty;
- (xi) Distributing gifts outside the cases provided for by national legislation and the regulations of the beneficiaries' respective organisations.

3.5 Information flows to the Supervisory Body

Those subject to this Code who, in the course of their duties, find themselves having to manage activities relevant under Articles 24, 25 and 25-ter (as specified above, limited to the section concerning the offence of corruption between private individuals) and 25-decies of the Decree, shall promptly notify the Supervisory Body, in writing, of any information concerning deviations from or breaches of the control and conduct principles set out in this Special Part.

Furthermore, by way of example, the Addressees are required to forward to the Supervisory Body:

- (i) Any measures or information from judicial police bodies, or from any other public authority, indicating that investigations are being carried out into offences relevant to the Decree – including those initiated against persons unknown – which directly or indirectly involve the Company;
- (ii) Requests for legal assistance in the event of legal proceedings being brought against them for offences relevant to the Decree;
- (iii) Information detailing any disciplinary proceedings conducted and any sanctions imposed, as well as measures taken or reasoned decisions to dismiss disciplinary proceedings against company staff;
- (iv) Relevant information regarding any breaches of the rules set out in the Code.

3.6 Sanctions

In the event of a breach of the provisions contained in this Special Part A, the disciplinary sanctions set out in the Code of Conduct, General Part, shall apply, in accordance with the applicable National Collective Labour Agreement or the contract signed in each case.

Any breach of the provisions contained therein, or any conduct by third parties designed to circumvent them, shall be sanctioned by the competent bodies in accordance with internal company rules, as provided for in the clauses included in the relevant contracts.

4. SPECIAL PART B. CYBERCRIMES, UNLAWFUL DATA PROCESSING AND OFFENCES RELATING TO COPYRIGHT INFRINGEMENT

4.1 Relevant offences

For the sake of completeness, all types of offences giving rise to the administrative liability of organisations pursuant to Articles 24-*bis* and 25-*novies* of the Decree are set out below.

4.1.1. Cybercrimes and unlawful data processing

Electronic documents, as provided for in Article 491-*bis* of the Criminal Code, comprising cases of forgery – whether material or ideological – committed in relation to public deeds, certificates, authorisations, private deeds or private documents, by a representative of the public administration or by a private individual, where such acts relate to an ‘electronic document having probative value’, that is, an electronic document bearing at least a simple electronic signature. The term ‘electronic document’ refers to the electronic representation of legally relevant acts, facts or data (this offence extends the criminal liability for offences set out in Book II, Title VII, Chapter III of the Criminal Code to electronic documents having probative value).

Unauthorised access to a computer or telecommunications system, as provided for in Article 615-*ter* of the Criminal Code, consists of the conduct of a person who gains unauthorised access – that is, by circumventing any form, however minimal, of barriers preventing entry into a computer or telecommunications system protected by security measures – or who remains within it against the will of the person entitled to exclude them.

A computer system is the combination of physical (*hardware*) and abstract (*software*) elements that make up a processing apparatus. A telecommunications system is any communication system in which the exchange of data and information is managed using computer and telecommunications technologies.

The act of unauthorised access occurs when the perpetrator unlawfully bypasses the protective barriers of both *the hardware* and the *software*. The law does not require the perpetrator to have gained knowledge of all, or a substantial part, of the data stored in the compromised system. For the offence to be committed, it is sufficient that the perpetrator has bypassed the protective barriers and has begun to gain knowledge of the data contained therein, thereby infringing the data controller’s right to exclude third parties from their digital domain.

The unlawful possession, distribution and installation of equipment, codes and other means designed to gain access to computer or telecommunications systems, as provided for in Article 615-*quater* of the Criminal Code, and consisting of conduct whereby a person, alternatively, procures, possesses, produces, reproduces, distributes, imports, communicates, delivers, otherwise makes available to others or installs equipment, instruments, parts of equipment or instruments, codes, passwords or other means suitable for accessing a computer or telecommunications system protected by security measures, or who

provides information or instructions capable of enabling a third party to access another person's computer system protected by security measures.

The unlawful possession, distribution and installation of computer equipment, devices or programmes intended to damage or disrupt a computer or telecommunications system, as provided for in Article 615-*quinqüies* of the Criminal Code, which penalises the conduct of any person who, with the intention of unlawfully damaging a computer or telecommunications system, or the information, data or computer programmes contained therein or pertaining thereto, or to facilitate the total or partial disruption or alteration of its operation, procures, possesses, produces, reproduces, imports, disseminates, communicates, delivers or otherwise makes available to others, or installs, computer equipment, devices or programmes.

Unlawful interception, obstruction or interruption of computer or telecommunications communications, as provided for in Article 617-*quater* of the Italian Criminal Code. The provision in question protects the confidentiality of computer communications, that is to say, the right to exclusive knowledge of their content, both against acts of unauthorised interception and against the disclosure of content unlawfully obtained.

The criminal conduct consists, alternatively, of intercepting, obstructing or fraudulently interrupting communications between computer systems.

The unauthorised installation of equipment or other means designed to intercept, prevent or interrupt computer or telecommunications communications, as provided for in Article 617-*quinqüies* of the Criminal Code. The provision protects the legal interest of confidentiality of information or data transmitted electronically or processed by individual computer systems.

The offence is committed by any person who, by installing equipment for the purpose of intercepting communications relating to a computer or telecommunications system between multiple systems, or of preventing or interrupting such communications, procures, possesses, produces, reproduces, disseminates, imports, communicates, delivers, otherwise makes available to others, or installs equipment, programmes, codes, passwords or other means capable of intercepting, preventing or interrupting communications relating to a computer or telecommunications system.

Damage to information, data and computer programmes, as provided for in Article 635-*bis* of the Criminal Code, consisting of the conduct of a person who destroys, damages, deletes, alters or suppresses another person's information, data or computer programmes.

The penalty is increased if the offence is committed with violence against a person or by means of a threat, or by abusing the position of a system operator.

Damage to information, data and computer programmes used by the State or another public body, or which are otherwise of public utility, as provided for in Article 635-*ter* of the Criminal Code, and consisting of the conduct of a person

who commits an act aimed at destroying, damaging, deleting, altering or suppressing information, data or computer programmes used by the State or another public body, or pertaining to them, or which are otherwise of public utility.

The penalty is increased if the act results in the destruction, deterioration, deletion, alteration or suppression of information, data or computer programmes.

Damage to computer or telecommunications systems, as provided for in Article 635-*quater* of the Criminal Code, consists of conduct by a person who destroys or damages another person's computer or telecommunications systems (or hinders their operation) by destroying or damaging information, data or computer programmes, or by introducing or transmitting such information, data or computer programmes.

Damage to computer or telecommunications systems of public utility, as provided for in Article 635-*quinquies* of the Italian Criminal Code, consisting of the conduct described in the previous Article 635-*quater* of the Italian Criminal Code, where it is directed to destroy, damage, or render, in whole or in part, public-utility computer or telecommunications systems inoperable, or to seriously impede their operation.

Computer fraud by an electronic signature certification authority, as provided for in Article 640-*quinquies* of the Criminal Code, consisting of the conduct of a person who, whilst providing electronic signature certification services, with the aim of securing an unjust profit for themselves or others or of causing harm to others, breaches the legal obligations governing the issue of a qualified certificate.

Obstruction or interference with the implementation of national cyber security measures

provided for in Article 1, paragraph 11, of Decree-Law No. 105 of 21 September 2019,

No. 105, and consisting of conduct by a person who, with the aim of obstructing or influencing the conduct of the proceedings referred to in paragraph 2(b) or paragraph 6(a), or of the inspection and supervisory activities provided for in paragraph 6(c), provides information, data or facts that are untrue, relevant to the preparation or updating of the lists referred to in paragraph 2(b), or for the purposes of the notifications referred to in paragraph 6(a), or for the conduct of the inspection and supervisory activities referred to in paragraph 6(c), or fails to provide the aforementioned data, information or facts within the prescribed time limits, shall be liable to imprisonment for a term of between one (1) and five (5) years; and the organisation, which is liable under the Decree, shall be subject to a financial penalty of up to four hundred (400) units.

4.1.2. Offences relating to copyright infringement

These are offences set out in Law 633/1941 for the protection of copyright.

Specifically:

Criminal protection of economic and moral rights (Article 171, paragraph 1, subparagraph *a-bis* and paragraph 3 of Law 633/1941). This provision penalises the conduct of anyone who, without being entitled to do so, for any purpose and in any form, makes a protected work of authorship, or part thereof, available to the public by placing it on a computer network system via connections of any kind. A more severe penalty applies if the offence is committed in relation to another person's work not intended for publication, or by usurping authorship of the work, or by distorting, mutilating or otherwise altering the work itself, where this results in an offence against the author's honour or reputation. Pursuant to paragraph 2, the offence may be settled by paying, before the start of the trial or before the issuance of a summary conviction order, a sum corresponding to half the maximum financial penalty set out in paragraph 1, in addition to the costs of the proceedings.

This article criminalises so-called 'peer-to-peer' ¹activity, but refers only to the uploading of protected intellectual works onto the internet, and not to the subsequent acts of sharing and distribution through which anyone can access the works uploaded to the network.

The subject matter of protection is constituted by protected intellectual property, to be as defined in:

- (i) Article 1 of Law 633/1941, according to which 'Creative intellectual works belonging to the fields of literature, music, the visual arts, architecture, theatre and cinematography are protected under this law, regardless of their mode or form of expression. Computer programmes are also protected as literary works within the meaning of the Berne Convention for the Protection of Literary and Artistic Works, ratified and brought into force by Law No. 399 of 20 June 1978, as are databases which, by virtue of the selection or arrangement of the material, constitute an intellectual creation of the author'² ;

¹Peer-to-peer refers to the exchange of protected works that takes place in *file-sharing* systems, in which each user acts as both a *downloader* and an *uploader*, as they automatically share the *files* they have downloaded even whilst they are *still downloading them*.

²Article 2 specifies which works are protected, stipulating that "In particular, the following are covered by protection: 1) literary, dramatic, scientific, educational and religious works, whether in written or oral form; 2) musical works and compositions, with or without lyrics, dramatic-musical works and musical variations constituting an original work in their own right; 3) choreographic and pantomimic works, the outline of which is fixed in writing or otherwise; 4) works of sculpture, painting, drawing, engraving and similar figurative arts, including stage design; 5) architectural designs and works; 6) cinematographic works, whether silent or sound, provided they are not mere documentary material protected under the provisions of Chapter Five of Title II; 7) photographic works and those produced by a process analogous to that of photography, provided they are not mere photographs protected under the provisions of Chapter V of Title II; 8) computer programmes, in whatever form they may be expressed, provided they are original as the result of the author's intellectual creation. The following remain

- (ii) Article 2575 of the Civil Code, which states that “Copyright³ covers creative intellectual works in the fields of science, literature, music, the visual arts, architecture, theatre and cinematography, regardless of their mode or form of expression”.

Criminal protection of *software* and databases (Article 171-bis of Law 633/1941). The provision in question provides for two types of offence:

- (i) under paragraph 1, a person is liable to punishment if they duplicate computer programmes for profit, or for the same purposes import, distribute, sell, hold for commercial or business purposes, or lease programmes contained on media not marked by the Italian Society of Authors and Publishers (SIAE). The same conduct is also subject to criminal prosecution if it relates to any means intended solely to enable or facilitate the arbitrary removal or functional circumvention of devices applied to protect a computer programme;
- (ii) in paragraph 2, a penalty is imposed on anyone who, for the purpose of making a profit, reproduces, transfers to another medium, distributes, communicates, presents or demonstrates in public, on media not bearing the SIAE mark, the content of

The ideas and principles underpinning any element of a programme, including those underpinning its interfaces, are excluded from the protection afforded by this Act. The term ‘programme’ also includes preparatory material for the design of the programme itself; 9) the databases referred to in the second paragraph of Article 1, understood as collections of works, data or other independent elements arranged systematically or methodically and individually accessible by electronic or other means. The protection of databases does not extend to their content and is without prejudice to existing rights in that content; 10) industrial design works which, in themselves, display a creative character and artistic value”.

³The scope of copyright is defined by Article 2577 of the Civil Code, which provides that “The author has the exclusive right to publish the work and to exploit it commercially in any form and manner, within the limits and for the purposes laid down by law. The author, even after the transfer of the rights provided for in the preceding paragraph, may claim authorship of the work and may object to any distortion, mutilation or other alteration of the work itself which may be prejudicial to his honour or reputation” and Article 12 of Law 633/1941, which provides that the author has the exclusive right to publish the work and to exploit it commercially within the limits laid down by law.

a database, or extracts or reuses the database in breach of the provisions of the law, or distributes, sells or leases a database.

Criminal protection of audiovisual works (Article 171-ter of Law 633/1941).
Paragraph 1 of the provision in question penalises a range of acts if carried out for non-personal use and for profit; specifically, the following are punishable:

- (i) the unauthorised duplication, reproduction, transmission or public broadcast, by any means, in whole or in part, of an intellectual work intended for television, cinema, sale or hire, records, tapes or similar media, or any other medium containing phonograms or videograms of musical, cinematographic or similar audiovisual works, or sequences of moving images;
- (ii) the unauthorised reproduction, transmission or public broadcast, by any means, of works or parts of literary, dramatic, scientific or educational works, musical or musical-dramatic works, or multimedia works, even if included in collective or composite works or databases;
- (iii) except in cases of complicity in duplication or reproduction, the importation into the territory of the State, the possession for the purpose of sale or distribution, the distribution, the placing on the market, the letting for hire or the transfer for any reason whatsoever, the public screening, the broadcast by television by any means, the broadcast by radio, or the public playing of the unauthorised duplications or reproductions referred to above;
- (iv) the possession for the purpose of sale or distribution, the placing on the market, the sale, the hire, the transfer for any reason whatsoever, the public screening, or the broadcast by radio or television by any means whatsoever, of video cassettes, audio cassettes, any medium containing phonograms or videograms of musical, cinematographic or audiovisual works or sequences of moving images, or any other medium for which, under the Copyright Act, the affixing of a mark by the SIAE, without the bearing the same mark or fitted with a counterfeit or altered mark;
- (v) the retransmission or broadcasting by any means of an encrypted service received by means of equipment or parts of equipment designed to decode conditional access transmissions, without an agreement with the legitimate distributor;
- (vi) the importation into the territory of the State, the possession for the purpose of sale or distribution, the distribution, the sale, the letting, the transfer for any reason, the commercial promotion, or the installation of special decoding devices or components that allow access to an encrypted service without payment of the required fee;
- (vii) the manufacture, import, the distribution, sale, hire, transfer for any purpose, advertising for sale or hire, or possession for commercial purposes of equipment, products or components, or the provision of services whose primary purpose or commercial use is to circumvent effective technological protection measures, or which are principally designed, produced, adapted or created for the purpose of enabling or facilitating the circumvention of such measures;
- (viii) the unauthorised removal or alteration of electronic information

identifying the work or protected material, as well as the author or any other rights holder under copyright law; or the distribution, importation for the purposes of distribution, broadcasting by radio or television, communication or making available to the public of works or other protected material from which the aforementioned electronic information has been removed or altered.

Paragraph 2 of the provision in question, on the other hand, penalises:

- (i) the unauthorised reproduction, duplication, transmission, broadcasting, sale, placing on the market, transfer for any reason or importation of more than fifty copies or specimens of works protected by copyright and related rights;
- (ii) the communication to the public for profit and in breach of the provisions on the right of communication to the public of the work, via connections of any kind, of a work of the mind protected by copyright, or part thereof⁴;
- (iii) the commission of an act referred to in paragraph 1 by a person carrying out, on a commercial basis, activities involving the reproduction, distribution, sale, marketing or importation of works protected by copyright and related rights;
- (iv) the promotion or organisation of the unlawful activities referred to in paragraph 1.

Paragraph 3 provides for a mitigating circumstance if the offence is of a particularly minor nature, whilst paragraph 4 provides for certain additional penalties, namely the publication of the conviction, disqualification from a profession or trade, temporary disqualification from holding management positions in legal persons and undertakings, and the suspension for a period of one year of the licence or authorisation for radio and television broadcasting for the purposes of carrying out production or commercial activities.

Criminal liability relating to media (Article 171-septies of Law 633/1941). The provision under consideration provides for the application of the penalty imposed for the conduct referred to in paragraph 1 of Article 171-ter also to:

- (i) producers or importers of media not subject to the SIAE mark, who fail to provide the SIAE, within thirty (30) days of the date of placing on the market within the national territory or of importation, with the data necessary for the unambiguous identification of such media;
- (ii) any person who falsely declares that they have fulfilled the obligations arising from the legislation on copyright and related rights.

Criminal liability relating to conditional-access audiovisual broadcasts (Article 171-octies of Law 633/1941). The provision in question penalises the conduct of anyone who, for fraudulent purposes, produces, offers for sale, imports, promotes,

⁴Such conduct is very similar to that provided for in Article 171(1)(*a-bis*), but differs from the latter in that it requires the specific intent to make a profit and communication to the public rather than merely making such material available to the public.

installs, modifies or uses, for public or private purposes, equipment or parts of equipment capable of decoding conditional-access audiovisual broadcasts transmitted over the air, via satellite or via cable, in both analogue and digital form. 'Conditional access' refers to all audiovisual signals broadcast by Italian or foreign broadcasters in such a way as to make them visible exclusively to closed groups of users selected by the entity transmitting the signal, regardless of whether a fee is charged for the use of that service.

Although this offence overlaps in certain respects with that provided for in letter f) of paragraph 2 of Article 171-ter, the two differ for a number of reasons:

- (i) the penalty imposed by Article 171-octies is more severe than that imposed by Article 171-ter (the term of imprisonment is the same, but the fine is higher): therefore, the clause excluding the first offence does not apply if the act also constitutes a more serious offence;
- (ii) the acts in question are not entirely comparable;
- (iii) the mens rea differs, as the offence under Article

171-ter requires the intention to make a profit, whereas the offence under Article 171-octies requires fraudulent intent;

- (iv) the type of protected broadcast is, at least in part, different, since Article 171-ter refers to broadcasts intended for those who pay an access fee, whilst Article 171-octies refers to broadcasts intended for selected users regardless of whether they pay a fee.

4.2 Main areas of risk

The main area at risk is the management of IT security in terms of:

- (i) Access to corporate IT systems;
- (ii) Management of IT equipment and *software*;
- (iii) Falsification of electronic documents;
- (iv) Unauthorised acquisition, possession and management of access credentials (*passwords*) to company systems.

4.3 Analysis and assessment

The probability of these offences being committed is considered **Low**. The impact of these offences on the Company is assessed as not entirely negligible, given not only the financial and disqualification penalties provided for in the Decree, but also the potential disruption to the Company's production. This generally results in a **Medium-High severity level**.

Risk Assessment: 3 Low (Medium-High severity 3 * Low probability 1).

Magic, however, assesses the level of risk associated with the occurrence of the offences in question as **unacceptable**, in accordance with the fundamental principles set out in its code of ethics. Specific controls are therefore implemented as a precautionary measure to mitigate the level of risk and bring it back within the acceptable threshold.

4.4 Handling

In order to prevent the offences set out in this section, the rules of conduct set out below must be observed.

In general, **it is mandatory** to ensure that the management of IT security, and the acquisition and use of copyright-protected intellectual property, take place in full compliance with:

- (i) Applicable laws and regulations;
- (ii) Principles of loyalty, fairness and clarity;
- (iii) Magic's Code of Ethics.

In general, **it is prohibited** to engage in behaviour or to contribute to conduct that may fall within the scope of Articles *24-bis* and *25-novies* of the aforementioned Decree.

Set out below are the main examples of offences relating to the management of IT security.

IT security management may present risk profiles in relation to the commission of **cybercrimes** in the event that, for example, a senior manager or subordinate of the Company uses the IT tools

provided by the Company to commit one of the offences referred to in Articles 24-bis or 25-novies of the Decree.

This activity may present risks in relation to the commission of offences concerning **copyright infringement** in the event that, for example, a senior manager or employee of the Company, with a view to making financial savings, installs *software* without having acquired the relevant licences.

Recipients who, by virtue of their role, function or mandate, are involved in the management of the Company's IT systems **are required** to:

- (i) Use the resources IT assigned exclusively for the performance of one's work duties;
- (ii) Occasional use of the internet for private purposes is permitted provided that:
 - it does not interfere with work *performance*;
 - it does not adversely affect *network performance* or security;
 - it does not involve any unauthorised use;
- (iii) Ensure that logical access to information systems is personalised and protected by a *password* that expires periodically, in accordance with the requirements of *data protection* legislation;
- (iv) Safeguard your login credentials for the Company's information systems carefully, ensuring that third parties do not gain access to them;
- (v) Update *passwords* periodically in accordance with the rules laid down by the Company;
- (vi) Ensure that the network is protected by regularly updated antivirus/antispam *software* and by *firewalls*;
- (vii) Ensure the traceability of documents produced and of any amendments made;
- (viii) Define the rules for the allocation of permissions based on user profile types, user profile, prohibiting unauthorised persons from modifying data;
- (ix) Ensure that new *software* is installed exclusively by authorised staff with 'administrator' privileges, subject to the acquisition of the relevant licences;
- (x) Use only software for which a valid licence is held;
- (xi) To ensure that *backup* tools are in place and used correctly.

In relation to the aforementioned conduct, **it is prohibited** to:

- (i) Alter electronic documents, whether public or private, for evidential purposes;
- (ii) Accessing, without authorisation, a computer or telecommunications system, or remaining on such a system against the express or implied wishes of the person entitled to deny access (this prohibition covers both access to internal information systems and access to the information systems of competing organisations, whether public or private, for the purpose of obtaining information on commercial or industrial developments);
- (iii) Obtaining, reproducing, disseminating, communicating or otherwise

- bringing to the attention of third parties codes, passwords or other means capable of providing access to another person's computer or telecommunications system protected by security measures; or providing information or instructions capable of enabling a third party to gain access to another person's computer system protected by security measures;
- (iv) Obtaining, producing, reproducing, importing, disseminating, communicating, delivering or, in any other way, making available to others equipment, devices or computer programmes for the purpose of unlawfully damaging a computer or telecommunications system, or the information, data or programmes contained therein or relating thereto, or of facilitating the total or partial interruption or alteration of its operation (this prohibition includes the transmission of viruses with the aim of damaging the information systems of competing companies);
 - (v) Unlawfully intercepting, preventing or interrupting computer or telecommunications communications;
 - (vi) To destroy, damage, delete, alter or suppress information, data and computer programmes (this prohibition includes unauthorised intrusion into a competitor's information system with the aim of altering the latter's information and data);
 - (vii) To destroy, damage, delete, alter or suppress information, data and computer programmes used by the State or another public body, or relating to them, or which are otherwise of public utility;
 - (viii) To destroy, damage or render, in whole or in part, the computer or telecommunications systems of others inoperable, or to seriously impede their operation;
 - (ix) To destroy, damage or render, in whole or in part, public-utility computer or telecommunications systems inoperable, or to seriously impede their operation;
 - (x) Installing *software* or programmes in addition to those already in place and/or authorised.

The Company also applies the above control measures for the purposes of preventing offences relating to copyright infringement.

In the context of the aforementioned conduct, it is, in fact, **prohibited** to engage, in the course of one's work and/or through the use of the Company's resources, in conduct of any kind that infringes the intellectual property rights of others.

4.5 Information flows to the Supervisory Body

Recipients of this Code who, in the course of their duties, find themselves having to manage activities relevant under Articles *24-bis* and *25-novies* of the Decree, shall promptly notify the Supervisory Body, in writing, of any information concerning deviations from or breaches of the control and conduct principles set out in this Special Section.

4.6 Sanctions

In the event of a breach of the provisions contained in this Special Part B, the disciplinary sanctions set out in the Model, Part General, in accordance with

the applicable National Collective Labour Agreement or the contract signed from time to time.

Any breach of the provisions contained therein or any conduct by third parties designed to circumvent them shall be sanctioned by the competent bodies in accordance with internal company rules, as provided for in the clauses included in the relevant contracts.

5. SPECIAL SECTION C. CORPORATE OFFENCES AND TAX OFFENCES

5.1 Purpose of Special Part C

The purpose of this Special Part C is to set out the responsibilities, criteria and rules of conduct to which the Addressees of this Code, as defined in the General Part, must adhere when managing high-risk activities connected with the offences referred to in Articles 25-ter and 25-quinquiesdecies of the Decree, in accordance with the principles of maximum transparency, promptness and cooperation, as well as the traceability of activities.

Specifically, this Special Part C is intended to define:

- (i) the principles of conduct that the Addressees must observe in order to correctly apply the provisions of the Model;
- (ii) the channels for reporting information to the Supervisory Body.

5.1.1. Corporate offences

False corporate disclosures, as provided for in Article 2621 of the Civil Code, comprising the conduct of directors, general managers, managers responsible for preparing the company's financial statements, statutory auditors and liquidators who, with the intention of deceiving shareholders or the public and in order to obtain an unjust profit for themselves or others, in financial statements, in reports or other corporate communications required by law and addressed to shareholders or the public, present material facts that are untrue, even if subject to assessment, or omit information which is required by law to be disclosed regarding the economic, equity or financial position of the company or the group to which it belongs, thereby altering that position in a significant manner and in a way likely to mislead the recipients as to the aforementioned position. Liability also extends to cases where the information relates to assets owned or managed by the company on behalf of third parties.

Minor offences, as provided for in Article 2621-bis of the Civil Code. Unless they constitute a more serious offence, a prison sentence of between six (6) months and three (3) years shall apply if the offences referred to in Article 2621 of the Civil Code are of a minor nature, taking into account the nature and size of the company and the manner or effects of the conduct. Unless they constitute a more serious offence, the same penalty as that referred to in the preceding paragraph shall apply where the offences referred to in Article 2621 of the Civil Code concern companies that do not exceed the limits set out in Article 1(2) of Royal Decree No. 267 of 16 March 1942. In such cases, proceedings may be brought upon a complaint by the company, its shareholders, creditors or other recipients of the company's communications.

False corporate disclosures by listed companies, as provided for in Article 2622 of the Civil Code and comprising the conduct of directors, managing directors,

executives responsible for preparing the company's financial statements, statutory auditors and liquidators of companies issuing financial instruments admitted to trading on a regulated market in Italy or in another European Union country, who, with a view to obtaining an unjust profit for themselves or for others, in the financial statements, in reports or other corporate communications addressed to shareholders or the public, knowingly present material facts that are untrue or omit material facts whose disclosure is required by law regarding the economic, equity or financial position of the company or the group to which it belongs, in a manner that is actually likely to mislead others.

Criminal liability is also extended to cases where the false statements or omissions relate to assets held or managed by the company on behalf of third parties.

Obstruction of audit, as provided for in Article 2625 of the Civil Code, consists of conduct by directors who, by concealing documents or by other appropriate means, prevent or otherwise hinder the performance of the audit activities legally assigned to shareholders or other corporate bodies.

Unlawful repayment of capital contributions, as provided for in Article 2626 of the Civil Code, and consisting of the conduct of directors who, except in cases of lawful reduction of share capital, repay capital contributions to shareholders—even if only for appearance's sake—or release them from the obligation to make such contributions.

Illegal distribution of profits and reserves, as provided for in Article 2627 of the Civil Code, and consisting of conduct by directors who distribute profits or interim dividends on profits not actually realised or legally allocated to reserves, or who distribute reserves—including those not formed from profits—which may not be distributed by law.

Unlawful transactions involving shares or equity interests in the company or its parent company, as provided for in Article 2628 of the Civil Code, consisting of conduct by directors who, except in cases permitted by law, acquire or subscribe for shares or equity interests, thereby causing damage to the integrity of the share capital or reserves that may not be distributed by law; or by directors who, except in cases permitted by law, purchase or subscribe for shares or equity interests issued by the parent company, thereby causing damage to the share capital or to reserves that may not be distributed by law.

Transactions prejudicial to creditors, as provided for in Article 2629 of the Civil Code, consisting of conduct by directors who, in breach of statutory provisions designed to protect creditors, carry out reductions in share capital or mergers with other companies or demergers, thereby causing harm to creditors.

Failure to disclose a conflict of interest, as provided for in Article 2629-bis of the Italian Civil Code, which penalises a director or a member of the management board of a company whose securities are listed on regulated markets in Italy or in another Member State of the European Union, or which are widely held by the public to a significant extent within the meaning of Article

116 of the Consolidated Act referred to in Legislative Decree No. 58 of 24 February 1998, as subsequently amended, or an entity subject to supervision pursuant to the Consolidated Act referred to in Legislative Decree No. 385 of 1 September 1993, the aforementioned Consolidated Act referred to in Legislative Decree

No. 58 of 1998, Law No. 576 of 12 August 1982, or Legislative Decree No. 124 of 21 April 1993, which breaches the obligations laid down in Article 2391(1).

Fictitious formation of capital, as provided for in Article 2632 of the Civil Code and consisting of the conduct of directors and contributing shareholders who, even in part, fictitiously form or increase the share capital by allocating shares or quotas in an amount exceeding the total share capital, by mutually subscribing to shares or quotas, or by significantly overvaluing contributions in kind or receivables, or the company's assets in the event of a conversion.

Improper distribution of company assets by liquidators, as provided for in Article 2633 of the Italian Civil Code, and consisting of the conduct of liquidators who, by distributing company assets amongst the shareholders before paying the company's creditors or setting aside the sums necessary to satisfy them, cause damage to the creditors.

Unlawful influence on the general meeting, as provided for in Article 2636 of the Civil Code, and consisting of conduct whereby a person, through simulated or fraudulent acts, secures a majority at the general meeting with the aim of procuring an unjust profit for themselves or others.

Market manipulation, as provided for in Article 2637 of the Civil Code, and consisting of conduct by persons who disseminate false information, or carry out simulated transactions or other manoeuvres specifically designed to cause a significant alteration in the price of unlisted financial instruments or those for which no application for admission to trading on a regulated market has been submitted, or to significantly affect the public's confidence in the financial stability of banks or banking groups.

Obstruction of the functions of public supervisory authorities, as provided for in Article 2638 of the Civil Code, and consisting of the conduct of directors, managing directors, executives responsible for preparing company accounts, statutory auditors and liquidators of companies or entities, and other persons subject by law to public supervisory authorities, or who are subject to obligations towards them, who, in communications to the aforementioned authorities as required by law, with the aim of obstructing the exercise of supervisory functions, present material facts that are untrue, even if subject to assessment, regarding the economic, equity or financial position of those subject to supervision; or, for the same purpose, conceal by other fraudulent means, in whole or in part, facts which they should have disclosed concerning that same position, even where the information relates to assets held or managed by the company on behalf of third parties; or by acts committed by directors, managing directors, statutory auditors and liquidators of companies or entities, and other persons subject by law to public supervisory authorities or bound by obligations towards them, who, in any form—including by failing to make the required disclosures to the aforementioned authorities—knowingly obstruct the functions of those authorities.

5.1.2. Tax offences

Fraudulent declaration through the use of invoices or other documents relating to non-existent transactions, as provided for in Article 2 of Legislative Decree 74/2000, consisting of the conduct of any person who, with the aim of evading income tax or value added tax,

by using invoices or other documents relating to non-existent transactions, includes fictitious liabilities in one of the tax returns relating to those taxes.

Fraudulent tax returns by other means, as provided for in Article 3 of Legislative Decree 74/2000, consisting of the conduct of a person who, apart from the cases provided for in Article 2, with the aim of evading income tax or value added tax, by carrying out transactions that are objectively or subjectively simulated, or by using false documents or other fraudulent means capable of obstructing the assessment and misleading the tax authorities, declares in one of the tax returns relating to those taxes assets for an amount lower than the actual amount, or fictitious liabilities or fictitious credits and withholdings, where, taken together:

- (i) the evaded tax exceeds, in respect of any single tax, €30,000.00; and
- (ii) the total amount of assets evaded from taxation, including through the declaration of fictitious liabilities, exceeds 5 per cent of the total amount of assets declared, or in any event exceeds €1,500,000.00, or where the total amount of fictitious tax credits and withholdings reducing the tax liability exceeds 5 per cent of the tax liability itself or, in any event, exceeds €30,000.00.

Falsified tax return, as provided for in Article 4 of Legislative Decree 74/2000⁵ and constituting the conduct of a person who, with the aim of evading income tax or value added tax, states in one of the annual tax returns relating to those taxes assets for an amount lower than the actual amount or non-existent liabilities, where, in conjunction:

⁵ The offence of making a false declaration, punishable under Article 4 of Legislative Decree 74/2000 and included amongst the predicate offences referred to in Article 25-*quinquiesdecies* of the Decree by Legislative Decree No. 75 of 14 July 2020, concerning “Implementation of Directive (EU) 2017/1371 on the fight against fraud affecting the Union’s financial interests through criminal law” (the so-called “PIF Directive”), may give rise to the administrative liability of the entity if committed as part of cross-border fraudulent schemes and with the aim of evading value added tax amounting to a total of not less than €10,000,000.00.

- (i) the evaded tax exceeds, in respect of any single tax, €100,000.00; and
- (ii) the total amount of assets withheld from taxation, including through the declaration of non-existent liabilities, exceeds 10 per cent of the total amount of assets declared in the tax return or, in any event, exceeds €2,000,000.00.

No account is taken of the incorrect classification or valuation of objectively existing assets or liabilities, in respect of which the criteria actually applied have in any event been indicated in the financial statements or in other documentation relevant for tax purposes, nor of breaches of the criteria for determining the relevant financial year, nor of non-relevance, nor of the non-deductibility of genuine liabilities.

Valuations which, when considered ((as a whole)), differ by less than 10 per cent from the correct figures do not give rise to punishable offences. Amounts falling within this percentage are not taken into account when assessing whether the thresholds for punishable offences set out in paragraph 1(a) and (b) have been exceeded.

Failure to file a return, as provided for in Article 5 of Legislative Decree 74/2000⁶ and consists of conduct whereby a person, with the intention of evading income tax or value added tax, fails to submit, despite being obliged to do so, one of the returns relating to those taxes, where the amount of tax evaded exceeds, in respect of any single tax, €50,000.00.

A return submitted within ninety (90) days of the deadline, or one that is unsigned or not drawn up on a form conforming to the prescribed model, shall not be regarded as a failure to file.

⁶ The offence of failure to file a return, punishable under Article 5 of Legislative Decree 74/2000 and included amongst the predicate offences referred to in Article 25-*quinquiesdecies* of the Decree by Legislative Decree No. 75 of 14 July 2020, concerning “Implementation of Directive (EU) 2017/1371 on combating fraud affecting the Union’s financial interests through criminal law” (the so-called “PIF Directive”), may give rise to the administrative liability of the entity if committed as part of cross-border fraudulent schemes and with the aim of evading value added tax amounting to a total of not less than €10,000,000.00.

Issuing invoices for non-existent transactions, as provided for in Article 8 of Legislative Decree 74/2000, and consisting of conduct whereby a person, with the aim of enabling third parties to evade income tax or value added tax, issues or provides invoices or other documents relating to non-existent transactions.

Concealment or destruction of accounting documents, as provided for in Article 10 of Legislative Decree 74/2000, and consisting of the conduct of a person who, with the aim of evading income tax or value added tax, or to enable third parties to evade such taxes, conceals or destroys, in whole or in part, the accounting records or documents which are required to be retained, so as to prevent the reconstruction of income or turnover.

Unlawful set-off, as provided for in Article 10-*quater* of Legislative Decree 74/2000⁷ and consisting of the conduct of any person who fails to pay sums due, by using, for the purposes of set-off pursuant to Article 17 of Legislative Decree No 241 of 9 July 1997, credits to which they are not entitled, in an annual amount exceeding €50,000.00. The provision provides for an aggravated penalty where sums due are not paid by using, by way of set-off pursuant to Article 17 of Legislative Decree No 241 of 9 July 1997, non-existent claims amounting to more than €50,000.00 per year.

Fraudulent evasion of tax payments, as provided for in Article 11 of Legislative Decree 74/2000, consists of conduct by a person who, with the aim of evading the payment of income tax or value added tax, or of interest or administrative penalties relating to such taxes, totalling more than €50,000.00, falsely disposes of, or carries out other fraudulent acts in respect of their own or another person's assets, with the aim of rendering the enforced collection procedure wholly or partly ineffective.

⁷ The offence of unauthorised offsetting, punishable under Article 10-*quater* of Legislative Decree 74/2000 and included amongst the predicate offences referred to in Article 25-*quinquiesdecies* of the Decree by Legislative Decree No. 75 of 14 July 2020, concerning "Implementation of Directive (EU) 2017/1371 on the fight against fraud affecting the financial interests of the Union through criminal law" (the so-called "PIF Directive"), may give rise to the administrative liability of the entity if committed as part of cross-border fraudulent schemes and with the aim of evading value added tax amounting to a total of not less than €10,000,000.00.

5.2 Main areas of risk

The Company's main areas of risk, with regard to corporate offences and tax offences, relate to:

- (i) Management of commercial activities;
- (ii) Management of administrative compliance and related inspection activities;
- (iii) Preparation of financial statements and tax management;
- (iv) Management of shareholders' meetings;
- (v) Donations, sponsorships and training activities;
- (vi) Management of consultancy assignments;
- (vii) Management of gifts;
- (viii) Management of purchases of goods and services;
- (ix) Management of business partners;
- (x) Management of expense claims and entertainment expenses.

Recipients are required to ensure that their conduct complies with the provisions set out in this document.

5.3 Analysis and estimation

The likelihood of these offences being committed is considered **Medium-Low**. However, the impact of the offence in question on the Company is assessed as potentially significant, given not only the financial and disqualification sanctions provided for in the Decree, but also the loss of corporate reputation. This generally results in a **High level of severity**.

Risk Assessment: 8 Medium-High (High severity 4 * Medium-Low probability 2).

Magic, however, assesses the level of risk associated with the occurrence of the offences in question as **unacceptable**, in accordance with the fundamental principles set out in its code of ethics. Specific controls are therefore implemented to mitigate the level of risk and bring it back within the acceptable threshold.

5.4 Handling

Set out below are some of the general principles to be considered applicable to the Addressees, as defined in the General Section.

In general, **it is mandatory** to ensure that the preparation of the financial statements and the management of tax affairs, as well as the management of shareholders' meetings and capital transactions, are carried out in full compliance with:

- (i) Applicable laws and regulations;
- (ii) Principles of loyalty, fairness and transparency;
- (iii) Magic's Code of Ethics.

In general, **it is prohibited** to engage in, or contribute to, conduct that may fall within the scope of Articles 25-ter or 25-quinquiesdecies of the aforementioned Decree.

Set out below are the main illustrative examples of offences relating to the management of administrative compliance and related inspection activities.

The management of relations with public officials in the event of **audits and inspections** could present risks in relation to **the offence of obstructing the exercise of the functions of public supervisory authorities**.

For specific codes of conduct relating to the aforementioned sensitive area, please refer to the provisions set out in Special Part A: *"Offences against the public administration and its assets; corruption offences between private individuals; the offence of inducing a person not to make statements or to make false statements to the judicial authorities; the unauthorised receipt of public funds; fraud to the detriment of the State, a public body or the European Union, or for the purpose of obtaining public funds; computer fraud to the detriment of the State or a public body; and fraud in public procurement"*.

Set out below are the main illustrative examples of such offences in relation to the preparation of financial statements and tax management.

Activities relating to **the preparation of financial statements and tax management** may present risks in relation to the commission of **the offence of false corporate reporting**, for example, through the approval of

financial statements that are not truthful, including as a result of the incorrect management, recording, aggregation and valuation of accounting data.

Tax management could present risks in relation to the commission of **tax offences**, should a senior manager or employee of the Company, with the aim of evading income tax or value added tax, submit a fraudulent tax return containing fictitious liabilities, using invoices or other documents relating to non-existent activities and transactions.

The management of accounts and activities aimed at **preparing the financial statements** could present risks in relation to the commission of **tax offences** in the event that, for the purposes of preparing tax returns, a senior manager or employee were to record invoices or other documents relating to non-existent transactions, thereby securing an unlawful advantage for the Company.

Recipients who, by virtue of their position, role or mandate, are involved in the preparation or drafting of the annual financial statements and related annexes, or in tax management, **are required** to:

- (i) Ensure that the accounting records and all accounting and tax documentation required by current legislation are kept correctly;
- (ii) Ensure the strictest accounting transparency at all times and under all circumstances;
- (iii) Conduct themselves in a proper, transparent and cooperative manner, in compliance with the law, applicable accounting standards and internal rules, in all activities aimed at preparing the financial statements and other corporate communications, in order to provide true and fair information on the Company's economic, equity, financial and tax position;
- (iv) Comply with the rules governing the clear, accurate and complete recording, of accounting entries relating to the management of the Company;
- (v) Record every accounting entry that reflects a corporate transaction corporate transaction, whilst retaining adequate supporting documentation that enables the reason for the transaction giving rise to the recognition and the relevant authorisation to be identified;
- (vi) To value and record financial and equity items in accordance with the principles of reasonableness and prudence, clearly setting out in the relevant documentation the criteria used to determine the value of the asset;
- (vii) Ensure the traceability, through documentation, of transactions and accounting entries so as to be able to verify, with a reasonable level of detail, that the accounting records reflect the transactions that took place;
- (viii) Ensure compliance with the rules on the segregation of duties between the person who carried out the transaction, the person responsible for recording it in the accounts and the person carrying out the relevant checks;
- (ix) Strictly comply with all legal provisions designed to safeguard the integrity and effectiveness of the share capital, so as not to undermine the safeguards of creditors and third parties in general;
- (x) Manage documents, reports and other records correctly and in sufficient

- detail, maintaining documentation of activities and ensuring its preservation through archiving;
- (xi) To ensure that user profiles remain consistently aligned with the role held within the Company, whilst upholding the principles of data integrity and the traceability of access and subsequent changes;
 - (xii) Ensure compliance with the obligations (both in terms of reporting and payments) and deadlines set out in tax legislation;
 - (xiii) Conduct relations with supervisory authorities, including tax authorities, with the utmost transparency, cooperation and willingness to assist, whilst fully respecting their institutional role, the relevant legal provisions, the general principles and the rules of conduct set out in Magic's Code of Ethics and in this Special Section;
 - (xiv) To comply promptly with the requirements of those authorities and fulfil the obligations imposed;
 - (xv) Manage obligations towards the public administration and supervisory authorities, as well as the preparation of the relevant documentation, in compliance with the applicable legal provisions and the general principles and rules of conduct set out in Magic's Code of Ethics and in this Special Section;
 - (xvi) To fulfil the obligations required by the supervisory authorities in a timely manner, with the utmost diligence and professionalism, providing clear, accurate, complete, faithful and truthful information and avoiding situations of conflict of interest;
 - (xvii) To make the disclosures required by law, regulations and company policies in force at the time in a timely and correct manner, ensuring they are truthful and complete;
 - (xviii) Ensure, where activities are carried out – in whole or in part – with the support of third parties (such as professionals, audit firms or consultancy firms, etc.), that dealings with such parties comply with the provisions set out in this Code under the section 'Management of the procurement of goods and services (including consultancy services)';
 - (xix) To provide the audit firm, or the firms from which consultancy is sought, with clear, accurate, complete, faithful and truthful data and accounting entries;
 - (xx) Ensure that tax obligations are fulfilled or supported by qualified professionals;
 - (xxi) To ensure the correct application of accounting principles in the preparation of statutory financial statements and that they are recorded in accordance with the correct procedures;
 - (xxii) To guarantee the accuracy, completeness and traceability of the data used in connection with the preparation of the financial statements and tax returns;
 - (xxiii) To use accounting systems that ensure the traceability of individual transactions and the identification of users who enter data into the system or amend its contents;
 - (xxiv) To ensure the accuracy and completeness of the data used to calculate the tax liability in relation to the annual financial statements, as well as in the preparation of tax returns;
 - (xxv) Ensure the correct tax treatment of income components, allowances and deductions in accordance with tax legislation;
 - (xxvi) Ensure compliance with the obligations required by legislation on direct and indirect taxes;

- (xxvii) To ensure that tax returns are signed by persons with the appropriate authority;
- (xxviii) Ensure that all documents supporting tax records, returns and notifications are correct, verified, authorised and retained, for the periods stipulated by current legislation, in an orderly manner and in such a way as to allow for audits at any time;
- (xxix) Ensure that the main changes in tax legislation are promptly communicated to staff involved in tax management;
- (xxx) Report to their line manager or company management, and at the same time to the Supervisory Body, both the existence of errors or omissions in the process of recording management events in the accounts and any conduct that is not in line with the above provisions.

In the context of the aforementioned conduct, **it is prohibited** to:

- (i) Engage in actions aimed at providing misleading information regarding the true financial position of the Company, thereby failing to provide a fair representation of the Company's economic, equity, financial and tax position;
- (ii) Presenting or transmitting, for the purposes of processing and presentation in

financial statements, reports, prospectuses or other corporate communications;

incomplete or, in any case, untrue data regarding the Company's economic, equity and financial position;

- (iii) To record in the accounts and subsequently declare in tax returns invoices or other documents received in respect of services that are subjectively or objectively non-existent (in whole or in part);
- (iv) Destroying or concealing accounting records or other relevant documentation in order to obtain a tax advantage;
- (v) Omitting data and information required by law regarding the Company's economic, asset and financial position;
- (vi) To return capital contributions to shareholders or to release them from the obligation to make such contributions, except in cases of lawful reduction of share capital;
- (vii) Distributing profits (or interim dividends) not actually realised or required by law to be allocated to reserves, as well as distributing reserves which may not be distributed by law;
- (viii) Carrying out reductions in share capital, mergers or demergers in breach of the statutory provisions protecting creditors;
- (ix) To proceed in any way to create or artificially increase the share capital;
- (x) Carry out transactions with the aim of circumventing tax regulations;
- (xi) Carry out financial transactions that may constitute tax offences;
- (xii) Altering or destroying financial and accounting documents and information available online through unauthorised access or other actions designed for that purpose;
- (xiii) Submitting untruthful declarations to the supervisory authorities, presenting documents that, in whole or in part, do not correspond to reality.

Set out below are the main illustrative examples of offences relating to the management of shareholders' meetings.

The **management of shareholders' meeting activities** may present risk profiles in relation to the commission of **corporate offences** in the event that, for example, the Company's directors or statutory auditors, through capital transactions or the improper management of shareholders' meeting activities, take actions to the detriment of the Company's shareholders.

The **management of shareholders' meeting activities** could also present risks in relation to **the offence of unlawfully influencing a shareholders' meeting** in the event that, for example, a person, through simulated or fraudulent acts, secures a majority at the meeting with the aim of securing an unjust profit for themselves or others.

In the context of managing shareholders' meeting activities, **capital transactions** and other non-routine transactions could present risks in relation to the **offence of fraudulent evasion of tax payments** in the event that, for example, the legal representative were to carry out simulated transactions or transactions at inappropriate values, with the aim of concealing and/or rendering assets unassailable, thereby preventing their seizure by the tax authorities.

In the context of managing shareholders' meeting activities, **capital transactions** and other non-routine transactions may present risk profiles relating to the **offence of fraudulent declaration through other means**, for example, where, with the aim of evading tax, a fraudulent transfer of company shares were carried out or transactions were undertaken to write down the value of shareholdings or other company assets.

All corporate obligations (notices of meetings, maintenance of company records, administrative obligations, etc.) are managed by qualified personnel dedicated to this task, with the support of external advisers, in accordance with the procedures and timeframes laid down by law.

With regard to the activities set out above, the parties involved must ensure the smooth running of the Company and its corporate bodies, guaranteeing and facilitating the free and proper expression of the will of the Shareholders' Meeting.

With regard to extraordinary financial transactions (typically relating to the raising of loans and financing, share capital subscriptions and increases, the provision of guarantees and sureties, the granting of loans and the issue of bonds, the acquisition of business units or shareholdings, and other extraordinary transactions such as mergers, demergers and contributions), the parties involved must ensure that the board of directors has access to adequate information to enable it to make an informed decision.

The delegated function is required, for each extraordinary financial transaction to be resolved upon, to prepare the appropriate documentation to assess its feasibility and strategic and economic viability, including, where applicable:

- (i) A qualitative and quantitative description of *the target* (feasibility study, financial analyses, studies and statistics on the relevant market, comparisons between different alternatives for carrying out the transaction);
- (ii) Characteristics and parties involved in the transaction;
- (iii) Technical structure, key guarantees and collateral arrangements, and of the transaction;
- (iv) Methods for determining the financial terms of the transaction and details of any external *consultants/intermediaries/advisers* involved;
- (v) Impact on the projected economic, financial and balance sheet position;
- (vi) Assessments regarding the fairness of the transaction to be approved and its alignment with the Company's interests.

Furthermore, as part of the relevant procedures, it is mandatory to involve, where necessary, the relevant departments and tax advisers, both during the planning stage of the transactions and in the subsequent implementation phases, in order to ensure that they are carried out in accordance with the relevant tax legislation.

It is also **prohibited** to carry out, during general meetings, any simulated or fraudulent acts intended to alter the proper process by which the will of the general meeting is formed.

Set out below are examples of the main ways in which offences may be committed in relation to the following activities:

- (i) Management of commercial activities;
- (ii) Donations, sponsorships and training activities;
- (iii) Management of consultancy engagements;
- (iv) Management of gifts;
- (v) Management of purchases of goods and services;
- (vi) Management of agents and business partners;
- (vii) Management of expense claims and entertainment expenses.

The **management of commercial activities** could present risks in relation to **tax offences** in the event that the Company issues fictitious credit notes for the purpose of evading income tax and value added tax.

The **management of commercial activities** could also present risks relating to **tax offences** in the event that the Company issues invoices for non-existent transactions in order to enable a third party to evade income tax and value added tax.

Donations, sponsorships and training activities, the management of consultancy assignments, the management of gifts, the management of purchases of goods and services, and the management of any agents or commercial partners could present risk profiles in relation to the commission of **tax offences** should a senior manager or subordinate, in the course of such activities, record invoices or other documents relating to non-existent transactions, thereby securing an unlawful tax advantage for the Company.

The **management of expense claims and entertainment expenses** could, for example, present risks in relation to **the offence of making a fraudulent tax return through the use of documents for non-existent transactions**, should expense claims be issued for expenses not incurred (in whole or in part) with the aim of evading tax, and, consequently, the legal representative were to include fictitious liabilities in the tax return.

For specific codes of conduct relating to the above-mentioned sensitive areas, please refer to the provisions in Special Part A: *“Offences against the public administration and its assets; corruption offences between private individuals; the offence of inducing a person not to make statements or to make false statements to the judicial authorities; the unlawful receipt of public funds; fraud to the detriment of the State, a public body or the European Union, or for the purpose of obtaining public funds; computer fraud to the detriment of the State or a public body; and fraud in public procurement”*.

5.5 Information flows to the Supervisory Body

Recipients of this Code who, in the course of their duties, find themselves having to manage activities relevant under Article 25-ter of the Decree, shall promptly report to the Supervisory Body any deviation, breach or suspected breach of which they are aware in relation to the rules of conduct set out therein, the relevant statutory provisions, and the principles set out in Magic’s Code of Ethics.

The Supervisory Body carries out periodic checks to verify that the addressees are complying correctly, within the limits of their respective duties and responsibilities, with the rules and principles contained in this Special Part.

The Supervisory Body must, without exception, receive information regarding the following areas of interest:

- (i) Notifications of legal proceedings, requests for information or for the production of documentation, as well as searches or seizures ordered by the judicial police or judicial authorities;
- (ii) Requests for information or documentation from government bodies or agencies responsible for safeguarding State revenue;
- (iii) Inspections carried out by government bodies or agencies responsible for safeguarding the State's revenue;
- (iv) Requests for information, documentation or inspections by the judicial police responsible for safeguarding public finances and state revenue;

- (v) Any breaches by the relevant departments (ascertained internally or by the competent authorities) of obligations under company or tax legislation, and the corrective measures taken in response;
- (vi) Extraordinary financial measures undertaken by the Company, within a reasonable period following their adoption;
- (vii) Approval of the annual financial statements;
- (viii) Any other significant activity relating to tax and company law obligations and requirements (for example, applications for the payment of tax debts in instalments, etc.).

5.6 Penalties

In the event of a breach of the provisions contained in this Special Part C, the disciplinary sanctions set out in the Code, General Part, shall apply, in accordance with the applicable National Collective Labour Agreement or the contract signed in each case.

Any breach of the provisions contained therein, or any conduct by third parties designed to circumvent them, shall be sanctioned by the competent bodies in accordance with internal company rules, as provided for in the clauses included in the relevant contracts.

6. SPECIAL PART D. ORGANISED CRIME OFFENCES; OFFENCES RELATING TO HANDLING STOLEN GOODS, MONEY LAUNDERING AND THE USE OF MONEY, PROPERTY OR BENEFITS OF ILLICIT ORIGIN, AS WELL AS SELF-LAUNDERING; OFFENCES RELATING TO NON-CASH PAYMENT INSTRUMENTS

6.1 Purpose of Special Part D

The purpose of this Special Part D is to set out the responsibilities, criteria and rules of conduct to which the Addressees of this Code, as defined in the General Part, must adhere when managing high-risk activities connected with the offences referred to in Articles *24-ter*, *25-octies* and *25-octies* 1 of the Decree, in accordance with the principles of maximum transparency, promptness and cooperation, as well as the traceability of activities.

Specifically, this Special Part D is intended to define:

- (i) the principles of conduct that the Addressees must observe in order to correctly apply the provisions of the Model;
- (ii) the channels for reporting information to the Supervisory Body.

6.2 Relevant offences

For the sake of completeness, all offences giving rise to the administrative liability of legal entities pursuant to Articles *24-ter*, *25-octies* and *25-octies* 1 of the Decree are set out below.

6.2.1. Organised crime offences

Criminal association, as provided for in Article 416 of the Italian Criminal Code, which punishes those who promote, form or organise an association of three (3) or more persons for the purpose of committing multiple offences.

Mafia-type association, as provided for in Article *416-bis* of the Criminal Code, which punishes anyone who is a member of a mafia-type association comprising three (3) or more persons. The association is of a mafia-type nature when its members make use of the intimidating power of the association and the resulting conditions of subjugation and code of silence to commit offences, to acquire, directly or indirectly, the management or control of economic activities, concessions, authorisations, contracts and public services, or

to secure unjust profits or advantages for themselves or others, or with the aim of preventing or obstructing the free exercise of the right to vote or of securing votes for themselves or others during elections.

The provisions of Article *416-bis* of the Criminal Code also apply to the Camorra and other organisations, however they may be known locally, including foreign ones, which, by making use of the intimidating power of their organisational ties, pursue aims corresponding to those of mafia-type organisations.

Political-mafia vote-buying, as provided for in Article *416-ter* of the Criminal Code, punishes anyone who accepts a promise to procure votes by the means referred to in paragraph 3 of Article *416-bis* of the Criminal Code in exchange for the payment or promise of payment of money or other benefits.

The same penalty applies to anyone who promises to secure votes by the means referred to in paragraph 1.

Criminal association for the purpose of illicit trafficking in narcotic or psychotropic substances, as provided for in Article 74 of Presidential Decree No. 309 of 9 October 1990, which punishes, where three (3) or more persons form an association for the purpose of committing more than one of the offences provided for in Article 73, anyone who promotes, establishes, directs, organises or finances the association.

The unlawful manufacture, importation into the country, offering for sale, transfer, possession and carrying in a public place or a place open to the public of military or military-type weapons or parts thereof, explosives, illicit weapons and multiple common firearms (Article 407, paragraph 2, letter a), point 5), of the Code of Criminal Procedure).

Kidnapping for the purpose of robbery or extortion, as provided for in Article 630 of the Criminal Code, punishes anyone who kidnaps a person with the aim of obtaining, for themselves or for others, an unjust profit as the price of their release.

6.2.2. Offences of handling stolen goods, money laundering and the use of money, property or benefits of unlawful origin, as well as self-laundering

Receiving stolen goods, as provided for in Article 648 of the Criminal Code, consists of the conduct of a person who, apart from cases of complicity in the offence, with the aim of securing a profit for themselves or others, purchases, receives or conceals money or property derived from any offence, or in any way intervenes to cause such money or property to be purchased, received or concealed.

Money laundering, as provided for in Article *648-bis* of the Italian Criminal Code, consists of the conduct of a person who, apart from cases of complicity in the offence, substitutes or transfers money, property or other benefits derived

from a crime, or carries out other transactions in relation to them, so as to hinder the identification of their criminal origin.

Use of money, property or assets of unlawful origin, as provided for in Article 648-ter of the Italian Criminal Code, and comprising the conduct of a person who, apart from cases of complicity in the offence and the cases provided for in Articles 648 and 648-bis of the Italian Criminal Code, uses money, property or other assets derived from a criminal offence in economic or financial activities.

Self-laundering, as provided for in Article 648-ter(1) of the Criminal Code, consists of the conduct of a person who, having committed or participated in the commission of a criminal offence, uses, substitutes or transfers, in economic, financial, business or speculative activities, the money, property or other assets derived from the commission of that offence, in such a way as to effectively hinder the identification of their criminal origin.

6.2.3. Offences relating to non-cash payment instruments

Unlawful use and forgery of non-cash payment instruments, as provided for in Article 493-ter(1) of the Criminal Code, and constituting the conduct of a person who, with the aim of obtaining a financial gain for themselves or for others, unlawfully uses – without being the holder thereof – credit or payment cards, or any other similar document enabling the withdrawal of cash or the purchase of goods or the provision of services, or any other means of payment other than cash. Liability is extended to anyone who, with a view to obtaining a profit for themselves or others, forges or alters the instruments or documents referred to in Article 639-ter(1) of the Criminal Code, or possesses, transfers or acquires such instruments or documents of unlawful origin or which have been forged or altered in any way, as well as payment orders produced using them.

Possession and distribution of computer equipment, devices or software intended for the commission of offences relating to non-cash payment instruments, as provided for in Article 493-quater(1) of the Criminal Code, and comprising the conduct of any person who, with the aim of using them or enabling others to use them in the commission of offences relating to non-cash payment instruments, manufactures, imports, exports, sells, transports, distributes, makes available or in any way procures for themselves or others equipment, devices or computer programmes which, by virtue of their technical, construction or design characteristics, are manufactured primarily for the purpose of committing such offences, or are specifically adapted for that purpose.

Computer fraud, as provided for in Article 640-ter of the Criminal Code, consists of conduct whereby a person, by altering in any way the operation of a computer or telecommunications system, or by unlawfully interfering in any manner with data, information or programmes contained within or relating to such a system, secures an unjust profit for themselves or others to the detriment of others.

6.3 Main areas of risk

The Company's main areas of risk, with regard to offences relating to organised crime, handling stolen goods, money laundering and the use of money, assets or

benefits of illicit origin, as well as self-laundering, relate to:

- (i) Donations, sponsorships and training activities;
- (ii) Management of consultancy engagements;
- (iii) Management of purchases of goods and services (including consultancy services);
- (iv) Preparation of financial statements and tax management.

Recipients are required to ensure that their conduct complies with the provisions set out in this document.

6.4 Analysis and estimation

The likelihood of offences under this Special Part D being committed is to be considered **Low**. However, the impact of the offence in question on the Company is assessed as potentially significant, given not only the financial and disqualification sanctions provided for in the Decree, but also the loss of corporate reputation. This generally results in a **High level of severity**.

Risk Assessment: 4 Medium-Low (severity High 4 * probability Low 1).

Magic, however, assesses the level of risk associated with the occurrence of offence in question as **unacceptable**, in accordance with the

set out in its code of ethics. Specific controls are therefore implemented to mitigate the level of risk and bring it back within the acceptability threshold.

6.5 Treatment

Listed below are some of the general principles to be considered applicable to the Addressees, as defined in the General Part of this Model.

In general, **it is mandatory** to ensure that the management of the aforementioned activities

is carried out in full compliance with:

- (i) applicable laws and regulations;
- (ii) The principles of loyalty, fairness and transparency;
- (iii) Magic's Code of Ethics.

All activities are carried out in accordance with company procedures – including those at *corporate* level – which relate to and are strictly specific to the areas described below. In the event of any conflict between the rules set out herein and those contained in the aforementioned procedures, the stricter provisions shall always apply.

In general, **it is prohibited** to engage in behaviour or contribute to conduct that may fall within the scope of Articles 24-ter, 25-octies and 25-octies 1 of the Decree.

Set out below are the main examples of offences relating to the following activities:

- (i) Donations, sponsorships and training activities;
- (ii) Management of consultancy assignments;
- (iii) Management of the procurement of goods and services (including consultancy services);
- (iv) Cash flow management.

A lack of transparency in the management of financial resources could give rise to risks in relation to the offence of **self-laundering** in the event that, for example, the Company sets aside financial provisions of unlawful origin to be used, replaced, transferred into economic , financial,

entrepreneurial or speculative, in such a way as to hinder effectively the identification of their criminal origin.

The **management of purchases of goods and services** could present risks in relation to **the offence of handling stolen goods** should the Company, in order to obtain an undue advantage, proceed to purchase goods of illicit origin.

The **management of purchases of goods and services** could also present risks in relation to **organised crime offences** in the event that, for example, individuals linked to criminal organisations were financed through the payment of invoices for services that were wholly or partly non-existent.

The **management of consultancy contracts** could present risks in relation to **organised crime offences** should a subordinate or senior member of the Company enter into fictitious contracts or contracts with deliberately inappropriate values, with the aim of creating funds to be used for corrupt purposes.

The **management of any representatives** could present risks in relation to **organised crime offences** in the event that the Company selects representatives with links to a criminal organisation.

For specific rules of conduct relating to the aforementioned activities, please refer to the provisions set out in Special Part A: *“Offences against the public administration and its assets; corruption offences between private individuals; the offence of inducing a person not to make statements or to make false statements to the judicial authorities; the unauthorised receipt of public funds; fraud to the detriment of the State, a public body or the European Union, or for the purpose of obtaining public funds; computer fraud to the detriment of the State or a public body; and fraud in public procurement”*.

Set out below are the main illustrative forms of offence relating to the preparation of financial statements and tax management.

Tax management may present risk profiles in relation to **the offence of self-laundering** in the event that, for example, a senior or subordinate member of the Company, using invoices or other documents for non-existent transactions, with the aim of evading income tax or value-added tax, includes in one of the annual tax returns relating to said

taxes, thereby creating funds of illicit origin to be used, substituted or transferred by that same person into economic, financial, business or speculative activities, so as to effectively obstruct the identification of the criminal origin of the funds.

For specific codes of conduct, please refer to the prevention protocols set out in Special Part C *‘Corporate Offences and Tax Offences’*.

6.6 Information flows to the Supervisory Body

Those subject to this Code who, in the course of their duties, find themselves having to manage activities deemed relevant under Articles 24-ter and 25-octies of the Decree, shall promptly notify the Supervisory Body of any breach, breach or suspected breach of which they are aware, in relation to the rules of conduct set out therein, the relevant statutory provisions, and the principles set out in Magic’s Code of Ethics.

The Supervisory Body must, without exception, receive information regarding the following areas of interest:

- (i) Notifications of legal proceedings, requests for information or for the production of documentation, searches or seizures ordered by the judicial police or judicial authorities;
- (ii) Inspections by bodies or government agencies responsible for safeguarding the State’s revenue;
- (iii) Requests for information, documentation or on-site inspections by the judicial police responsible for safeguarding public finances and state revenue;
- (iv) Requests for information or documentation from state authorities or government agencies in connection with the reporting of suspicious transactions (S.O.S);
- (v) Any breaches, by the relevant departments (ascertained internally or by the competent authorities), of the obligations required by the relevant legislation;
- (vi) Any other significant activity relating to the above points.

6.7 Sanctions

In the event of a breach of the provisions contained in this Special Part D, the disciplinary sanctions set out in the Code, General Part, shall apply, in accordance with the applicable National Collective Labour Agreement or the contract signed in each case.

Any breach of the provisions contained therein, or any conduct by third parties designed to circumvent them, shall be sanctioned by the competent bodies in accordance with internal company rules, as provided for in the clauses included in the relevant contracts.

7. SPECIAL PART E. OFFENCES OF MANSLAUGHTER AND SERIOUS OR VERY SERIOUS PERSONAL INJURY COMMITTED IN BREACH OF REGULATIONS PROTECTING HEALTH AND SAFETY IN THE WORKPLACE

7.1 Purpose of Special Part E

The purpose of this Special Part E is to set out the responsibilities, criteria and rules of conduct to which the Addressees of this Code, as defined in the General Part, must adhere when managing high-risk activities connected with the offences provided for in Article 25-septies of the Decree.

Specifically, this Special Part E aims to define:

- (i) the principles of conduct that the Addressees must observe in order to correctly apply the provisions of the Code;
- (ii) the channels for reporting information to the Supervisory Body.

7.2 Relevant offences

Set out below are the types of offences that give rise to the administrative liability of organisations pursuant to Article 25-septies of the Decree.

7.2.1. Offences of manslaughter and causing serious or very serious bodily harm through negligence, committed in breach of regulations protecting health and safety at work

Manslaughter, as provided for in Article 589 of the Criminal Code, consisting of the conduct of a person who, through negligence, causes the death of another person, in relation to breaches of regulations on health and safety at work.

Serious or very serious negligent personal injury, as provided for in Article 590 of the Criminal Code, and consisting of the conduct of a person who, through negligence, causes serious or very serious personal injury to another person in relation to breaches of the regulations on health and safety at work.

Personal injury is deemed serious (Article 583 of the Italian Criminal Code):

- (i) if the act results in an illness that endangers the victim's life, or an illness or an inability to carry out ordinary occupations for a period exceeding forty (40) days;

- (ii) if the act results in the permanent impairment of a sense or an organ.

Personal injury is **deemed to be very serious (Article 583 of the Criminal Code)** if the act results in:

- (i) an illness that is certainly or probably incurable;
- (ii) the loss of a sense;
- (iii) the loss of a limb, or mutilation rendering the limb unusable, or the loss of the use of an organ or the ability to procreate, or a permanent and serious speech impediment;
- (iv) deformity, or permanent disfigurement of the face.

7.3 Main areas of risk

The Company's most significant areas of risk, with regard to offences of manslaughter and serious or very serious negligent personal injury committed in breach of health and safety at work regulations, relate to:

- (i) Management of the prevention and protection system in the Company's production activities;
- (ii) Management of pandemic emergencies;
- (iii) Management of the procurement of goods and services (including consultancy services).

Recipients are required to ensure that their conduct complies with the provisions set out in this document.

7.4 Analysis and assessment

The probability of the offences being committed is to be considered **Medium-High**. Furthermore, the impact of the offence in question on the Company is assessed as potentially significant, taking into account not only the financial and disqualification sanctions provided for in the Decree, but also the loss of corporate reputation. This generally results in a **High level of severity**.

Risk Assessment: 12 High (High severity 4 * Medium-High probability 3).

Magic assesses the level of risk associated with the occurrence of the offences

in question as **unacceptable**, in accordance with the fundamental principles set out

in its code of ethics. Specific controls are therefore implemented to mitigate the level of risk and bring it back within the acceptability threshold.

7.5 Processing

In general, **it is mandatory** to ensure that the management of the system

prevention and protection are carried out in full compliance with:

- (i) Applicable laws and regulations;
- (ii) the Risk Assessment Document (DVR);
- (iii) Safety procedures adopted by Magic regarding health and safety at work;
- (iv) Magic's Code of Ethics.

All activities are carried out in accordance with company procedures, which relate specifically to the areas described below. In the event of any conflict between the rules set out herein and those contained in the aforementioned procedures, the stricter provisions shall always apply.

In general, **it is prohibited** to engage in behaviour or contribute to conduct that may fall within the categories referred to in Article 25-*septies* of the aforementioned Decree, or to engage in or cause breaches of the behavioural and control principles of the Model and of company rules relating to health and safety in the workplace.

Set out below are the main illustrative examples of offences relating to the following activities:

- (i) Management of the prevention and protection system in the company's production activities;
- (ii) Management of pandemic emergencies;
- (iii) Management of the procurement of goods and services (including consultancy services).

The **management of the health and safety system** could give rise to risks relating to **offences of causing bodily harm through negligence committed in breach of workplace health and safety regulations** in the event that, for example, in order to gain benefits – whether financial or otherwise

interests, the Company fails to equip itself with all the necessary tools to address the identified risks relating to health and safety at work.

The specific principles of conduct regarding health and safety in the workplace are set out below.

The Company has adopted the Risk Assessment Document (DVR), in accordance with Article 28 of Legislative Decree No. 81 of 9 April 2008, to which reference should be made for completeness, as well as a series of procedures relating to health and safety at work. The Company has appointed a Health and Safety Manager (RSPP), a member of the health and safety team and a company doctor. Furthermore, Magic has drawn up a company safety organisation chart which sets out the duties and powers of those responsible for operating within the workplace health and safety system.

Specifically, Magic has adopted a series of procedures in this area relating to:

- (i) Management of legal requirements and other workplace safety requirements;
- (ii) Staff management – health and safety aspects;
- (iii) Safety job descriptions;
- (iv) Communication, participation and consultation with employees;
- (v) Procurement management;
- (vi) Construction site management – Health and safety aspects;
- (vii) Management of third-party contractors and self-employed workers – Health and safety aspects;
- (viii) Process change management;
- (ix) Monitoring and measurements;
- (x) Incident and accident management;
- (xi) Non-conformities, corrective actions and preventive actions;
- (xii) Internal audits;
- (xiii) Emergency management;
- (xiv) Maintenance management;
- (xv) Management of healthcare facilities.

In addition, several employees have been appointed as supervisors with the following responsibilities:

- (i) Carrying out the supervisory activities referred to in Article 19 of Legislative Decree 81/2008, in relation to the production manager for units A, B and C;
- (ii) Carrying out the supervisory duties referred to in Article 19 of Legislative Decree 81/2008, in relation to the head of the *materials* department for Unit C;
- (iii) Carrying out the supervisory duties referred to in Article 19 of Legislative Decree 81/2008, in relation to the maintenance manager for the technical area of Units A, B and C;
- (iv) Carrying out the supervisory duties referred to in Article 19 of Legislative Decree 81/2008 in relation to the manager of Units A and B;

- (v) Carrying out the supervisory duties referred to in Article 19 of Legislative Decree 81/2008, in relation to the Head of the Rolling/Cutting Department for Units A and B;
- (vi) Carrying out the supervisory duties referred to in Article 19 of Legislative Decree 81/2008, in relation to the quality manager for Units A, B and C;
- (vii) Carrying out the supervisory activities referred to in Article 19 of Legislative Decree 81/2008, in relation to the product manager (R&D) for Units A, B and C.

7.6 General principles regarding risk management

The Addressees, as identified above, and all persons with responsibilities for managing compliance with the provisions of the regulations on health and safety at work, including those appointed by Magic to carry out specific tasks, **are required** to operate in accordance with the applicable regulations and the procedures adopted to prevent the commission of offences relating to health and safety at work, and to ensure, each within their own area of responsibility:

- (i) the setting of objectives for workers' health and safety and the ongoing identification of hazards;
- (ii) An adequate level of information and training for managers, employees, workers and suppliers/contractors, including on the consequences of failing to comply with statutory requirements and the rules of conduct and control laid down by the Company;
- (iii) The prevention of accidents and illnesses, and the management of emergencies;
- (iv) The adequacy of human resources – in terms of numbers and professional qualifications – and material resources necessary to achieve the Company's objectives regarding the health and safety of workers;
- (v) The application of disciplinary measures in the event of breaches of the principles of conduct defined and communicated by the Company, in accordance with the Disciplinary System set out in this Code.

By way of example, breaches of the obligations set out in Article 59(1)(a) of Legislative Decree 81/2008 constitute disciplinary offences and contraventions; according to this provision, workers must:

- (i) Comply with the provisions and instructions issued by the technical manager for the purposes of collective and individual protection;
- (ii) Use the protective equipment made available to them appropriately;
- (iii) Immediately report to the technical manager any potentially hazardous conditions of which they become aware, taking direct action, in urgent cases, within the limits of their competence and capabilities – and without prejudice to the obligation set out below – to eliminate or reduce situations of serious and imminent danger, whilst also notifying the workers' safety representative;
- (iv) Not to remove or alter, without authorisation, any safety, signalling or control devices;
- (v) Not to carry out, on their own initiative, operations or manoeuvres that fall outside their remit or that may compromise their own safety or that

- of other workers;
- (vi) Take part in the training and instruction programmes organised by the technical manager, including those delivered by accredited external consultants.

7.6.1. Areas of direct risk

In relation to the criminal offence risk set out in this Special Part E, the following specific sensitive areas and activities are identified, in relation to the following parties:

(A) Employer

- Risk assessment and its updating, including specific risks where work is contracted out;
- Appointment of the Health and Safety Manager;
- Cash flow in accordance with the spending authorisation received;
- Production management;
- Selection of plant and machinery;
- Monitoring of tasks assigned, by letter, to managerial positions or falling within the remit of the Health and Safety Manager;
- Management of health and safety measures;
- Prevention of any prejudicial acts of which he is aware and reporting of critical issues to the board of directors and the Supervisory Body;
- Communication and dissemination of the Code of Conduct;
- Carrying out any remaining duties set out in the power of attorney.

(B) Board of Directors

- Providing ongoing financial support to meet the financial requirements for implementing the employer's delegation of authority, in order to ensure that the instructions issued by the employer and other senior managers, within the scope of their respective responsibilities and competences, can be put into practice;
- Failure to report to the employer any prejudicial acts of which it is aware;
- Implementation of safety objectives in accordance with the employer's instructions;
- Management of supplier payment deadlines in accordance with orders, so as not to cause difficulties in the implementation of the company's safety policies;
- Ensuring that product manufacturing cycles take place in full and constant compliance with regulations designed to protect workers' health and safety and with internal procedures;
- Communication and dissemination of the Model.

(C) Plant Management

- Emergency management;
- Personnel management;
- Communication, participation and consultation with staff on occupational health and safety matters.

(D) Health and Safety Manager

- Risk assessment and its updating;
- Identification of the necessary prevention, protection, emergency response, information, education and training measures;
- Assessment of the safety compliance of purchases of machinery, equipment, hazardous raw materials, PPE, and safety and emergency materials and equipment;
- Participation in regular health and safety meetings;
- Reporting to the employer any harmful acts of which they are aware;
- Checking for residual risks in the workplace;

- Implementing safety objectives in accordance with the employer's instructions;
 - Emergency management;
 - Reviewing the procurement of new safety-related products;
 - Checking the documentation of potential contractors;
 - Measurement and monitoring activities relating to health and safety in the workplace;
 - Methods for collecting and interpreting data arising from the activities referred to in the previous point;
 - Management of healthcare facilities.
- (E) Occupational health doctor**
- Implementation of the health protocol and its updating in line with changing risks;
 - Issuing of a specific fitness-for-work assessment, indicating any requirements and restrictions;
 - Assessment of residual risks in the workplace through two (2) site inspections per year with the Health and Safety Manager;
 - Collaboration in the assessment of risks and information and training activities;
 - Maintenance of medical and risk records;
 - Attendance at regular safety meetings;
 - Preventing or reporting any harmful acts of which they are aware;
 - Implementation of safety objectives in accordance with the employer's instructions.
- (F) Department supervisors**
- Ensuring that subordinates are aware of residual risks;
 - Implementing specific procedures;
 - Continuously monitoring the implementation of procedures and instructions issued;
 - Preventing or reporting any harmful acts of which they are aware;
 - Collaborating in risk assessments.
- (G) Office staff**
- Implementation of specific procedures;
 - Preventing or reporting any harmful acts of which they are aware;
 - Cooperation in risk assessment.
- (H) Workers**
- Implementation of specific procedures;
 - Preventing or reporting any harmful acts of which they are aware;
 - Cooperation in risk assessment.

7.6.2. Areas of indirect risk

In these risk areas, the offence may be triggered by an external party, who may then involve a company employee.

The following specific sensitive activities have been identified:

(A) Procurement

- Implementation of specific procedures;
- Involvement of the Health and Safety Manager in the safety assessment of suppliers and supplies;
- Preventing or reporting any harmful acts of which they are aware;
- Implementation of safety objectives in accordance with the employer's instructions.

(B) Suppliers of goods and services

- Implementation of specific procedures;
- Reporting any harmful acts of which they are aware.

(C) Contractors

- Implementing specific procedures;
- Cooperation in risk assessment;
- Reporting of harmful acts of which I am aware.

(D) Professionals

- Strict compliance with safety regulations;
- Reporting any harmful acts of which they are aware.

OPERATIONAL AREA

General Measures

Regardless of the area of risk, whether direct or indirect, the following tools are identified as general preventive measures:

- (i) Risk Assessment Document (DVR);
- (ii) Safety Management System Manual;
- (iii) Health and Safety Organisation Chart;
- (iv) Health surveillance;
- (v) Information, education and training;
- (vi) General safety procedures;
- (vii) General emergency procedures;
- (viii) First aid procedures;
- (ix) Safety audits.

The roles responsible for liaising with the authorities are the employer and the Health and Safety Manager (RSPP).

Special Measures

Regardless of the area of risk, whether direct or indirect, the following measures are identified as special preventive measures:

- (i) Safety operating instructions and operating procedures;
- (ii) Emergency and first aid procedures;
- (iii) Training.

THINGS NOT TO DO

General Measures

Regardless of the area of risk, whether direct or indirect, the following behaviours should be avoided as a general preventive measure:

- (i) Tampering with prevention and protection equipment;
- (ii) Removing prevention and protection equipment;
- (iii) Failure to use, or the improper use of, personal protective equipment;
- (iv) False or incorrect entries in safety records, including operational data for plant and machinery;
- (v) Failure to comply with safety procedures and safe working practices;
- (vi) Failure to cooperate in risk assessments. Special

Measures

Regardless of the direct or indirect area of risk, the following is identified as

Special preventive measure: avoid the following behaviour:

- (i) Failure to comply with operational safety instructions;
- (ii) Damage to assets essential to production and internal services.

Listed below are the main examples of offences relating to the management of pandemic emergencies.

At the time of drafting this document, the most recent pandemic, known as Covid-19, has been brought under control.

However, given the serious consequences suffered by the production system in recent years, Magic considers it necessary – in any event – to assess the potential risk associated with a possible resurgence of the Covid-19 pandemic, or any other pandemic targeting the respiratory system or other vital organs.

The **management of a pandemic emergency** could present risk profiles in relation to the offence of manslaughter **committed in breach of workplace safety regulations** in the event that, for example, whether or not for financial gain, the Company fails to provide all necessary protective equipment to combat and contain the spread of Covid-19, or any other pandemic phenomenon, however named.

The **management of the pandemic emergency** could also present risks in relation to the offence of causing serious or very serious bodily harm **through negligence, committed in breach of workplace health and safety regulations**, in the event that, for example, whether or not for financial gain, the Company decides to continue its operations without complying with social distancing and employee protection regulations, or with other specific regulations laid down by the government.

The Addressees, as identified above, and all persons with responsibilities for managing compliance with the regulations on health and safety at work, **are required** to adopt appropriate measures to prevent and contain infections in the workplace.

The precautionary measures to be taken to protect health in the workplace, should a virus resurface, are as follows:

- (i) Workers, or anyone entering the workplace, must agree not to enter or remain on the Company's premises and must report this immediately if, even after entering, they develop

symptoms of Covid-19 or any other pandemic, however named,

- (ii) Employees, or anyone entering the workplace, must undertake to comply with all instructions issued by the health authorities and the technical manager when gaining access to the premises;
- (iii) Employees must undertake to inform the technical manager promptly and responsibly of the presence of any flu-like symptoms, or other relevant symptoms, whilst carrying out their work, using common sense to maintain an appropriate distance from other people present;
- (iv) All employees may be subject to a body temperature check;
- (v) If a person's body temperature is above 37.5°, they will not be permitted to enter the workplace;
- (vi) Return to work following infection with the Covid-19 virus, or any other pandemic, however named, shall take place in accordance with the procedures laid down by the health regulations in force at the time;
- (vii) Should the competent health authority introduce new measures, it shall be the responsibility of the employer or the technical manager to cooperate fully in order to update internal measures and inform workers and third parties of the new infection control measures;
- (viii) The technical manager must ensure the daily cleaning and sanitisation of premises, workstations and communal and leisure areas;
- (ix) Keyboards, *touchscreens* and *mice* must be cleaned at the end of each shift and sanitised periodically using suitable cleaning products, both in offices and on the production floor, and on all equipment used by multiple people;
- (x) All persons present in the workplace must comply with all hygiene precautions, such as hand sanitisation;
- (xi) Suitable and sufficient hand cleansers and disinfectants must be made available in the workplace, accessible to all workers;
- (xii) To protect workers' health, where deemed necessary, the use of FFP2 face masks is considered an important measure, as they are suitable for preventing infection in indoor workplaces shared by several workers, in workplaces open to the public, or wherever it is not possible to maintain a one-metre distance between people;
- (xiii) The technical manager must make FFP2 face masks available at the workplace;
- (xiv) Premises and communal areas must be continuously ventilated;
- (xv) It is advisable to encourage staggered arrival and departure times in order to avoid crowds in communal areas;
- (xvi) Should a worker, whilst on duty and at the workplace, develop symptoms of a respiratory infection, flu-like symptoms or other warning signs of the disease currently spreading as a pandemic, they must immediately report this to the technical manager, so that they can be isolated in accordance with the health authority's guidelines;
- (xvii) A person showing symptoms must be provided with an FFP2 mask immediately;
- (xviii) The employer or technical manager shall, in consultation with the occupational health doctor, establish specific preventive and organisational measures for vulnerable workers.

In general, all parties covered by the Policy must comply with the Company's guidelines in order to safeguard the health and safety of workers and must promptly report, to the designated safety officers and in accordance with predefined procedures, any signs of risk or danger, incidents (regardless of their severity) and breaches of company rules.

Listed below are the main examples of offences relating to the management of the procurement of goods and services.

The **management of the procurement of goods and services** may present risks in relation to **offences of negligent causing of injury committed in breach of workplace safety regulations** in the event that, for example, the failure to comply with, or partial compliance with, legal obligations relating to organisational activities (such as the management of tenders) results in injury to a worker.

Recipients involved in the management of suppliers, tender contracts, works contracts or supply contracts are required to:

- (i) Comply with the principles of conduct set out in Special Part A *"Offences against the public administration and its assets; corruption offences between private individuals; the offence of inducing a person not to make statements or to make false statements to the judicial authorities; the unlawful receipt of payments; fraud to the detriment of the State, a public body or the European Union, or for the purpose of obtaining public funds; computer fraud to the detriment of the State or a public body; and fraud in public procurement"* as set out in this Code;
- (ii) To assess, during the selection process, the ability of contractors or self-employed workers to ensure the health and safety of both their own employees and those of the Company;
- (iii) Verify the technical and professional suitability of contractors or self-employed workers in relation to the work to be awarded under a contract for works, a contract for services or a temporary agency contract, including – but not limited to – in accordance with the procedures set out in Article 26(1) of Legislative Decree 81/2008.

Specifically, the following are required:

- A certificate of registration with the Chamber of Commerce, Industry and Crafts (CCIAA) stating a corporate purpose relevant to the type of contract to be carried out on behalf of the Company;
- Self-certification by the contractor or self-employed persons that they meet the technical and professional eligibility requirements, in accordance with Article 47 of Presidential Decree No. 445 of 28 December 2000, 'Consolidated Law on Legislative and Regulatory Provisions Concerning Administrative Documentation';
- Declaration by not to be subject to measures of suspension or disqualification measures referred to in Article 14 of Legislative Decree 81/2008;
- Single Certificate of Social Security Compliance (DURC) as referred to in the Ministerial Decree of 24 October 2007 'Single Certificate of Social Security Compliance';
- Health and Safety Organisation Chart (persons responsible for

- health and safety in accordance with Legislative Decree 81 / 2008);
- List of all staff with their specific duties, including residence permits for non-EU staff where applicable;
- INPS and INAIL registration details or a photocopy of the staff register for personnel involved in the construction of the building;
- Certificates relating to training provided, with specific reference the activity in question;
- Adoption of an organisational model in accordance with the Decree;
- List of safety equipment provided to workers.

The person responsible for managing the procurement of goods and services is also required to:

- (i) Provide the aforementioned persons with detailed information on:
 - specific risks present in the environment in which they operate;
 - prevention and emergency measures adopted in relation to their activities;
- (ii) Draw up (where required and in cooperation with the contractor/subcontractor) a 'Single Document for the Assessment of Risks from Interference' (DUVRI) aimed at:
 - cooperate in the implementation of measures to prevent and protect against occupational risks affecting the work covered by the contract;
 - coordinate prevention and protection measures against the risks to which workers are exposed, by keeping each other informed, including eliminate risks arising from interference between the works of the various companies involved in carrying out the overall works;
- (iii) Ensure that the aforementioned contracts specify the costs relating to health and safety at work, with particular reference to those specific to the contract in question;
- (iv) To formalise and document the checks carried out on the mandatory documentation – in accordance with the relevant legislation – upon the contractors' entry onto the company's premises.

7.7 Information flows to the Supervisory Body

Those subject to this Code who, in the course of their duties, find themselves having to manage activities relevant under Article 25-septies of the Decree shall promptly notify the Supervisory Body of any information concerning deviations from or breaches of the provisions set out in this Code, the principles of Magic's Code of Ethics or the relevant legislation.

The Supervisory Body must, without fail, receive information regarding:

- (i) The occurrence of accidents at work or reports of occupational diseases;
- (ii) Notifications of legal proceedings, requests for information or for the production of documentation, searches or seizures ordered by the judicial police or judicial authorities;
- (iii) Changes to and updates of the Risk Assessment Document (DVR);
- (iv) Minutes of regular meetings;

- (v) The training plan and the final report on the training provided in the field of health and safety at work;
- (vi) Inspections carried out by government bodies or agencies aimed at environmental protection or health and safety at work;
- (vii) Inspections carried out by public administration officials and any findings arising from such checks and investigations;
- (viii) Changes to plant and equipment at the site that have an impact on health and safety at work;
- (ix) Any breaches by the relevant departments (ascertained internally or by the competent authorities) of the requirements laid down by legislation on health and safety in the workplace, and the related corrective actions taken;
- (x) Requests for information, clarifications, further details or any other enquiries from government bodies or agencies aimed at protecting the environment or health and safety at work.

7.8 Control Principles

All Addressees involved in safety management shall inform the Supervisory Body of any situations that are anomalous or non-compliant with the provisions set out in this Special Section and in Magic's Code of Ethics.

Furthermore, the Addressees involved in the management of the aforementioned activities must ensure, each within their respective areas of responsibility, the implementation of the following activities, requirements and controls as stipulated by the Company:

- (i) Appointment of responsible persons, definition of powers and emergency management:
 - those included in the company's safety organisation chart must, within their respective areas of responsibility, exercise all the aforementioned powers and fulfil all the obligations laid down by the laws and regulations on safety, accident prevention and environmental health applicable to the Company;
 - those forming part of the company's safety organisation chart, within the scope of their responsibilities, define the roles, responsibilities and powers of those who manage, carry out and monitor activities that have an impact on health and safety risks.

In the context of emergency management, the Company must ensure:

- the existence of up-to-date emergency and evacuation plans, accompanied by specific training on these plans;
- the conduct of regular evacuation and emergency management drills;
- the maintenance and proper functioning of fire extinguishers;
- checks on emergency lighting and the presence of emergency signage;

- the availability of floor plans for the safe evacuation of workers;
 - the presence of a first-aid/ first-aid kit.
- (ii) Setting health and safety objectives for workers, identifying and continuously assessing risks, and carrying out maintenance activities.

The Health and Safety Manager (RSPP), with the support of the occupational health doctor, must:

- define objectives and programmes for the continuous improvement of prevention and protection measures relating to health and safety;
- Carry out a formalised analysis of existing environmental risks and impacts on a regular basis. The risk assessment must be repeated whenever organisational or operational changes, or technical modifications, occur; it must describe the prevention and protection measures and personal protective equipment, as well as the programme of measures deemed appropriate for implementing practical actions to reduce the extent of the identified risks. With specific regard to the risk assessment process, a Risk Assessment Document (DVR) has been drawn up in accordance with the methodologies and criteria specified in the document itself and containing the information required by the relevant legislation. The

said document examines the individual areas where relevant activities are carried out with a view to safeguarding the health, hygiene and safety of workers.

The adequacy of the Risk Assessment Document must be constantly monitored by the employer, the occupational health doctor, the Health and Safety Manager (RSPP) and the workers' health and safety representative through reports received by these parties in accordance with their respective specific roles; it must, in any case, be reviewed periodically and – where necessary – updated in the event of:

- organisational changes or new company policies;
- new legal provisions;
- where the results of health surveillance indicate the need to do so;
- following significant accidents;
- requests from supervisory bodies;
- in any case, whenever substantial changes and/or innovations occur.

Maintenance activities are determined through the involvement of the relevant company departments and are set out in a specific annual plan.

These measures are implemented with the support of qualified third-party suppliers.

- (iii) Health and safety training and information for workers.

The Health and Safety Manager (RSPP) must organise and deliver specific training programmes for workers.

The health and safety management system must include specific activities relating to planning, analysis, assessment of training needs, delivery of training content and monitoring of the effectiveness of the training. Company training programmes must be delivered in accordance with the requirements of the relevant legislation. In the event of a change of role, an assessment must be carried out to determine whether specific training is required, in addition to assessing the employee's suitability for the new role.

In addition to training on health and safety in the workplace, specific training on the Decree is provided in accordance with the provisions of the General Section of this Model.

(iv) Emergencies and fires.

The Company has an emergency management and evacuation plan, as well as a fire risk prevention system.

Specific training is provided periodically in relation to these areas.

Both areas are subject to regular updates over time, in line with changes to the Company's production structure and factory buildings.

Specific evacuation drills must be carried out periodically.

(v) Regular safety meetings.

Regular meetings must be held annually, in accordance with Article

35 of Legislative Decree 81/2008.

In addition to the periodic meetings referred to above, the Health and Safety Manager (RSPP) organises, where deemed necessary, specific meetings between the key figures involved in managing health and safety activities. The aforementioned meetings are intended to verify compliance with obligations within the relevant area of responsibility and are duly recorded.

The minutes of these meetings are kept on the Company's records.

(vi) Periodic checks on the implementation and effectiveness of the procedures adopted.

Magic, through a qualified person, ensures that periodic inspections are carried out to verify compliance with safety regulations and the procedures adopted.

The site inspections aim to:

- verify that the provisions set out in the company's documents are being applied;
- verify that the measures implemented are effective in line with the defined policy and objectives;
- identify areas for improvement and strengths;
- assess the organisation's ability to ensure

compliance with statutory and contractual requirements.

7.9 Sanctions

In the event of a breach of the provisions contained in this Special Part E, the disciplinary sanctions set out in the Model, General Part, shall apply, in accordance with the applicable National Collective Labour Agreement or the contract signed in each case.

Any breach of the provisions contained therein or any conduct by third parties designed to circumvent them shall be sanctioned by the competent bodies in accordance with internal company rules, as provided for in the clauses included in the relevant contracts.

8. SPECIAL PART F. THE OFFENCE OF EMPLOYING THIRD-COUNTRY NATIONALS WHOSE RESIDENCE IS IRREGULAR AND OFFENCES AGAINST THE INDIVIDUAL

8.1 Purpose of Special Part F

The purpose of this Special Part F is to set out the responsibilities, criteria and rules of conduct to which the Addressees of this Code, as defined in the General Part, must adhere when managing high-risk activities relating to the offences referred to in Article 25-*duodecies* and Article 25-*quinqüies* (limited to the offence of unlawful intermediation and labour exploitation) of the Decree, in accordance with the principles of maximum transparency, promptness and cooperation, as well as the traceability of activities.

Specifically, this Special Part F aims to define:

- (i) the principles of conduct that the Addressees must observe in order to correctly apply the provisions of the Model;
- (ii) the channels for reporting information to the Supervisory Body.

8.2 Relevant offences

Set out below are the offences giving rise to the administrative liability of legal entities pursuant to Articles 25-*quinqüies* and 25-*duodecies* of the Decree.

8.2.1. Offences against the individual

Enslavement or servitude, as provided for in Article 600 of the Criminal Code, punishes anyone who exercises powers over a person equivalent to those of the right of ownership, or anyone who reduces or maintains a person in a state of continuous subjugation, forcing them to perform labour or sexual acts, or to beg, or in any other way to carry out unlawful activities involving their exploitation, or to undergo organ removal.

Reducing or maintaining a person in a state of subjugation occurs when the conduct is carried out through violence, threats, deception, abuse of authority or by taking advantage of a situation of vulnerability, physical or mental inferiority or

a situation of need, or by promising or giving sums of money or other benefits to those who have authority over the person.

Child prostitution, as provided for in Article *600-bis* of the Criminal Code, which punishes with imprisonment for a term of between six (6) and twelve (12) years and a fine of between €15,000.00 and €150,000.00 any person who:

- (i) recruits or induces a person under the age of eighteen into prostitution;
- (ii) facilitates, exploits, manages, organises or controls the prostitution of a person under the age of eighteen, or otherwise derives profit from it.

Unless the act constitutes a more serious offence, any person who engages in sexual acts with a minor aged between fourteen and eighteen years, in exchange for money or other benefits, even if merely promised, shall be punished with imprisonment for a term of between one (1) and six (6) years and a fine of between €1,500.00 and €6,000.00.

Child pornography, as provided for in Article *600-ter* of the Criminal Code, which punishes with imprisonment for a term of between six (6) and twelve (12) years and a fine of between €24,000.00 and €240,000.00 any person who:

- (i) using children under the age of eighteen, organises pornographic performances or shows or produces pornographic material;
- (ii) recruits or induces minors under the age of eighteen to take part in pornographic performances or shows, or otherwise derives profit from such shows.

The same penalty shall apply to anyone who trades in the pornographic material referred to in paragraph 1.

Any person, apart from the cases referred to in paragraphs 1 and 2, by any means, including electronic means, distributes, disseminates, circulates or advertises the pornographic material referred to in paragraph 1, or distributes or disseminates news or information intended for the grooming or sexual exploitation of persons under the age of eighteen, shall be punished with imprisonment for a term of between one (1) and five (5) years and a fine of between €2,582.00 and €51,645.00.

Any person who, apart from the cases referred to in paragraphs 1, 2 and 3, offers or transfers to others, even free of charge, the pornographic material referred to in paragraph 1, shall be liable to imprisonment for up to three (3) years and a fine of between €1,549.00 and €5,164.00.

In the cases provided for in paragraphs 3 and 4, the penalty shall be increased by up to two-thirds where the material is in substantial quantities.

Unless the act constitutes a more serious offence, anyone who attends pornographic performances or shows involving children under the age of eighteen shall be liable to imprisonment for up to three (3) years and a fine of between €1,500.00 and €6,000.00.

For the purposes of this article, 'child pornography' means any depiction, by any means, of a child under the age of eighteen engaged in explicit sexual activities, whether real or simulated, or any depiction of the sexual organs of a child under the age of eighteen for sexual purposes.

Possession of or access to pornographic material, as provided for in Article 600-*quater* of the Criminal Code, which punishes anyone who, except in the cases provided for in Article 600-*ter* of the Criminal Code, knowingly procures or possesses pornographic material produced using children under the age of eighteen, with imprisonment for up to three (3) years and a fine of not less than €1,549.00. The penalty is increased by up to two-thirds where the material possessed is in substantial quantities.

Virtual pornography, as provided for in Article 600-*quater* 1 of the Italian Criminal Code. The provisions of Articles 600-*ter* and 600-*quater* of the Italian Criminal Code also apply where the pornographic material consists of virtual images created using images of minors under the age of eighteen or parts thereof, but the penalty is reduced by one third.

Virtual images are defined as images created using graphic processing techniques that are not associated, in whole or in part, with real situations, the quality of representation of which makes unreal situations appear to be real.

Tourism schemes aimed at the exploitation of child prostitution, as provided for in Article 600-*quinqüies* of the Italian Criminal Code, which punishes anyone who organises or promotes trips intended for the purpose of engaging in prostitution involving minors or which in any way include such activity.

Human trafficking, as provided for in Article 601 of the Criminal Code, which punishes with imprisonment for a term of between eight (8) and twenty (20) years any person who recruits, brings into the territory of the State, or transfers – including outside the State – transports, transfers authority over, or harbours one or more persons who are in the circumstances referred to in Article 600 of the Criminal Code; or carries out the same acts on one or more persons, by means of deception, violence, threats, abuse of authority or by taking advantage of a situation of vulnerability, physical or mental inferiority or distress, or by promising or giving money or other benefits to the person exercising authority over them, with the aim of inducing or compelling them to perform labour, sexual acts, begging or, in any case, to carry out unlawful activities involving their exploitation or to undergo organ removal.

The same penalty applies to anyone who, even outside the circumstances referred to in paragraph 1, commits the acts set out therein against a minor.

The purchase and sale of slaves, as provided for in Article 602 of the Criminal Code, which punishes anyone who, apart from the cases specified in Article 601 of the Criminal Code, purchases, sells or transfers a person who is in one of the conditions referred to in Article 600 of the Criminal Code.

Illegal labour recruitment and exploitation, as provided for in Article 603-bis of the Criminal Code, which punishes – unless the act constitutes a more serious offence – with imprisonment for a term of between one (1) and six (6) years and a fine of between €500.00 and €1,000.00 for each worker recruited, any person who:

- (i) recruits labour with the intention of placing it in employment with third parties under exploitative conditions, taking advantage of the workers' state of need;
- (ii) uses, hires or employs labour, including through the intermediary activities referred to in point 1), subjecting workers to exploitative conditions and taking advantage of their state of need.

If the offences are committed through the use of violence or threats, the penalty shall be imprisonment for a term of between five (5) and eight (8) years and a fine of between €1,000.00 and €2,000.00 for each worker recruited.

For the purposes of this article, the existence of one or more of the following conditions shall constitute an indication of exploitation:

- (i) the repeated payment of wages that are manifestly at odds with national or regional collective agreements entered into by the most representative trade unions at national level, or which are in any case disproportionate to the quantity and quality of the work performed;
- (ii) repeated breaches of the regulations concerning working hours, rest periods, weekly rest, compulsory leave and annual leave;
- (iii) breaches of regulations on health and safety at work;
- (iv) subjecting the worker to degrading working conditions, methods of supervision or accommodation.

The following constitute specific aggravating circumstances and result in an increase in the penalty by between one-third and one-half:

- (i) the fact that the number of workers recruited exceeds three (3);
- (ii) the fact that one or more of the recruited individuals are minors below working age;
- (iii) the offence having been committed by exposing the exploited workers to situations of serious danger, having regard to the nature of the work to be performed and the working conditions.

Solicitation of minors, as provided for in Article 609-undecies of the Criminal Code. Any person who, with the intention of committing the offences referred to in Articles 600, 600-bis, 600-ter and 600-quater of the Criminal Code – even where these relate to pornographic material referred to in Articles 600-quater 1, 600-quinquies, 609-bis, 609-quater, 609-quinquies and 609-octies of the Italian Criminal Code, who lures a child under the age of sixteen, shall be punished, provided the act does not constitute a more serious offence, with imprisonment for a term of one (1) to three (3) years. ‘Grooming’ means any act aimed at gaining the trust of a child through deception, flattery or threats, carried out including through the use of the internet or other networks or means of communication.

8.2.2. Offence of employing third-country nationals whose stay is irregular

Fixed-term and permanent employment (Article 22, paragraph 12–

bis, Legislative Decree No. 286 of 25 July 1998). The provision penalises employers who employ

foreign workers (in numbers exceeding three (3), or minors below working age, or those subject to other working conditions involving particular exploitation as referred to in Article 603-bis, paragraph 3, of the Criminal Code) who do not hold a residence permit, or whose permit has expired and for whom an application for or which has been revoked or annulled.

With particular reference to cases of ‘particularly exploitative working conditions’, paragraph 2 of Article 603-bis of the Italian Criminal Code lists the relevant indicators. Specifically, these include:

- (i) the systematic payment of workers in a manner that is manifestly at odds with national collective agreements or, in any event, disproportionate to the quantity and quality of the work performed;
- (ii) the systematic breach of regulations concerning working hours, weekly rest periods, compulsory leave and annual leave;
- (iii) the existence of breaches of legislation on health and safety at work, such as to expose the worker to a risk to their health, safety or personal well-being;
- (iv) subjecting workers to particularly degrading working conditions, methods of supervision or living conditions.

Illegal immigration (Article 12, paragraphs 3, 3-bis and 3-ter, Legislative Decree 286/1998). This provision punishes the conduct of anyone who promotes, directs, organises, finances or carries out the transport of foreign nationals into Italy, or commits other acts aimed at facilitating their illegal entry into Italy or into another State of which the person is not a national or permanent resident, in cases where:

- (i) the offence concerns the illegal entry or stay of five (5) or more people;
- (ii) the person transported has been exposed to danger to their life or safety;
- (iii) the person transported has been subjected to inhuman or degrading treatment;

- (iv) the offence is committed by three (3) or more persons acting in concert or using international transport services or forged, altered or otherwise unlawfully obtained documents;
- (v) the perpetrators of the offence have access to weapons or explosive materials.

The penalty is increased where two or more of the above circumstances apply, or where the circumstances set out above are carried out:

- (i) to recruit persons for the purpose of sexual or labour exploitation, or where minors are to be employed in unlawful activities;
- (ii) for the purpose of deriving profit, including indirect profit.

Exploitation of illegal immigration (Article 12(5) of Legislative Decree 286/1998). This provision punishes the conduct of anyone who, in the course of unlawful activities or for the purpose of obtaining an unjust profit, facilitates the illegal stay of undocumented migrants within Italy.

The penalty is increased if the offence is committed jointly by two (2) or more persons or involves the stay of five (5) or more persons.

8.3 Main areas of risk

The Company's main areas of risk, with regard to the offence of employing third-country nationals whose stay is irregular and offences against the individual, relate to:

- (i) Management of the procurement of goods and services;
- (ii) Staff recruitment and management, and the incentive scheme.

Recipients are required to ensure that their conduct complies with the provisions set out in this document.

8.4 Analysis and assessment

The probability of the offences assessed in this Special Part F being committed must be considered as follows.

With regard to the predicate offences referred to in Paragraph 8.2.1, the probability is to be considered

Low. Furthermore, the impact of the offence in question on the Company is assessed as potentially significant, taking into account not only the financial and disqualification sanctions provided for by the Decree, but also the loss of corporate reputation. This generally results in a **Medium-High level of severity**.

Risk Assessment: 3 Low (Medium-High severity 3 * Low probability 1).

Magic considers the level of risk associated with the occurrence of the offences in question to be **unacceptable**, in accordance with the fundamental principles set out in its code of ethics. Specific controls are therefore put in place to mitigate the level of risk and bring it back within the acceptable threshold.

With regard to the predicate offences referred to in Paragraph 8.2.2, the risk is to be considered **Medium-High**. Furthermore, the impact of the offence in question on the Company is assessed as potentially significant, taking into account not only the financial and disqualification sanctions provided for in the Decree, but also the loss of corporate reputation. This generally results in a **Medium-High level of severity**.

Risk Assessment: 9 Medium-High (Medium-High severity 3 * Medium-High probability 3).

Magic assesses the level of risk associated with the occurrence of the offences in question as **unacceptable**, in accordance with the fundamental principles set out in its code of ethics. Specific controls are therefore implemented to mitigate the level of risk and bring it back within the acceptable threshold.

8.5 Principles of conduct and illustrative examples of how the offence may be committed

Listed below are some of the general principles to be considered applicable to the Addressees, as defined in the General Section.

In general, **it is mandatory** to ensure that the selection and recruitment of staff, the selection and management of suppliers, and the management of purchases of goods and services take place in full compliance with:

- (i) Applicable laws and regulations;
- (ii) Principles of loyalty, fairness and clarity;
- (iii) Magic's Code of Ethics.

All activities are carried out in accordance with company procedures, including at *corporate* level, which relate to and are strictly relevant to the areas described below. In the event of any conflict between the rules set out herein and those contained in the aforementioned procedures, the stricter provisions shall always apply.

In general, **it is prohibited** to engage in behaviour or contribute to conduct that may fall within the scope of Articles 25-*quinquies* and 25-*duodecies* of the aforementioned Decree.

Set out below are illustrative examples of offences relating to the management of the procurement of goods and services.

The **management of the procurement of goods and services** may present potential risks in relation to **the offence of employing third-country nationals whose residence is irregular**, for example, if the Company were to engage suppliers who employ third-country nationals without a residence permit or whose residence status is irregular.

This activity could also present risks in relation to the **offences of unlawful labour brokering and labour exploitation** if, for example, a senior manager or subordinate of the Company, in the context of a contract, were to engage suppliers who employ workers whilst subjecting them to exploitative conditions, taking advantage of their state of need.

When **managing the procurement of goods and services (including consultancy services)**, the Company must include clauses in contracts specifying:

- (i) that the relevant company declares that it complies with the principles set out in the Decree, as well as with the principles of the Code of Ethics adopted by the Company;
- (ii) that the company concerned declares that it has put in place all necessary measures and safeguards aimed at preventing the offences referred to above, having equipped – where possible – its organisational structure with internal procedures and systems that are entirely adequate for such prevention;
- (iii) that the company concerned declares that it employs

exclusively staff employed under a valid employment contract and, in

the case of nationals from countries outside the European Union, staff holding a valid residence permit, in full compliance with the law;

- (iv) that any falsehood in the aforementioned declarations could constitute grounds

for termination of the contract pursuant to Article 1456 of the Civil Code.

For further guidelines on conduct relating to the management of the procurement of goods and services (including consultancy services), please refer to the provisions set out in Special Part A: *“Offences against the public administration and its assets; corruption offences between private individuals; the offence of inducing a person not to make statements or to make false statements to the judicial authorities; the unauthorised receipt of payments; fraud to the detriment of the State, a public body or the European Union, or for the purpose of obtaining public funds; computer fraud to the detriment of the State or a public body; and fraud in public procurement”*.

Set out below are illustrative examples of offences relating to staff recruitment and management and the incentive scheme.

Staff recruitment activities may present risks in relation to **the offence of employing third-country nationals whose residence is irregular** if, for example, the Company were to employ foreign workers without a residence permit.

This activity could present risks in relation to **the offence of unlawful labour brokering and labour exploitation** if, for example, the Company were to pay its workers remuneration that is inadequate or disproportionately low, relative to the quantity and quality of the work performed, or were to repeatedly breach the regulations concerning working hours, rest periods, weekly rest, compulsory leave and annual leave.

Recipients who, by virtue of their post, role or specific mandate, are involved in the aforementioned activity, in addition to the provisions set out in Special Part A *“Offences against the public administration and its assets; offences of corruption between private individuals; the offence of inducing a person not to make statements or to make false statements to the judicial authorities; the unlawful receipt of payments; fraud to the detriment of the State, a public body or the European Union, or for the purpose of obtaining public funds; computer fraud to the detriment of the State or a public body; and fraud in public procurement”*, as **set out in the Special Part A of this Code, the following is mandatory:**

- (i) To ensure the existence of the documentatio certifying the proper conduct of the selection and recruitment procedures;
- (ii) Check that candidates who are third-country nationals:
 - hold a valid residence permit entitling them to work (which has not expired, been revoked or cancelled);
 - in the event of an expired residence permit, have submitted an application for renewal within the time limit laid down by law (as evidenced by the relevant postal or electronic receipt);

- (iii) Monitor the validity of the documents of employees who are third-country nationals and urge them to renew these documents before the expiry date indicated on their residence permit;
- (iv) Enter into employment contracts on standard market terms;
- (v) Comply with the provisions of the relevant National Collective Labour Agreement (CCNL) regarding working hours, rest periods, weekly rest, compulsory leave, annual leave and the minimum wage.

In the context of the aforementioned conduct, **it is prohibited** to:

- (i) Hire staff, including on temporary contracts, without complying with current legislation on social security, taxation, insurance and immigration regulations, etc.;
- (ii) Paying wages that are manifestly at odds with the national or regional collective agreements entered into by the most representative trade unions at national level, or in any case disproportionate to the quantity and quality of the work performed;
- (iii) Breaching the regulations on working hours, rest periods, weekly rest, compulsory leave and annual leave;
- (iv) Subjecting the worker to degrading working conditions, methods of supervision or accommodation.

8.6 Information flows to the Supervisory Body

Those subject to this Code who, in the course of their duties, find themselves having to manage activities relevant under Article 25-*duodecies* and Article 25-*quinquies* (as previously specified) of the Decree, shall promptly notify the Supervisory Body, in writing, any information concerning deviations from or breaches of the control and conduct principles set out in this Special Part.

The Supervisory Body must, without fail, receive information regarding:

- (i) Notifications of legal proceedings, requests for information or for the production of documentation, searches or seizures ordered by the judicial police or judicial authorities;
- (ii) Inspections carried out by government bodies or agencies for the protection of labour or health and safety at work;
- (iii) Inspections carried out by public administration officials and any findings arising from such checks and investigations;
- (iv) Any breaches, by the relevant departments (ascertained internally or by the competent authorities), relating to compliance with labour legislation and the related corrective actions taken.

8.7 Penalties

In the event of a breach of the provisions contained in this Special Part F, the disciplinary sanctions set out in the Code, General Part, shall apply, in accordance with the applicable National Collective Labour Agreement or the contract signed on each occasion.

Any breach of the provisions contained therein, or any conduct by third parties designed to circumvent them, shall be sanctioned by the competent bodies in accordance with internal company rules, as provided for in the clauses included in the relevant contracts.

9. SPECIAL PART G. OFFENCES AGAINST INDUSTRY AND COMMERCE

9.1 Purpose of Special Part G

The purpose of this Special Part G is to set out the responsibilities, criteria and rules of conduct to which the Addressees of the Code, as defined in the General Part, must adhere when managing high-risk activities connected with the offences referred to in Article 25-bis 1 of the Decree, in accordance with the principles of maximum transparency, promptness and cooperation, as well as the traceability of activities.

Specifically, this Special Part G aims to define:

- (i) the principles of conduct that the Addressees must observe in order to correctly apply the provisions of the Model;
- (ii) the flow of information to the Supervisory Body.

9.2 Relevant offences

For the sake of completeness, the types of offences giving rise to the administrative liability of legal entities pursuant to Article 25-bis 1 of the Decree are set out below.

9.2.1. Offences against industry and trade

Interference with the freedom of industry or trade, as provided for in Article 513 of the Criminal Code, which punishes anyone who uses violence against property or fraudulent means to prevent or disrupt the operation of an industry or trade.

Unlawful competition involving threats or violence, as provided for in Article 513-bis of the Criminal Code, which punishes anyone who, in the course of a commercial, industrial or other productive activity, engages in acts of competition involving violence or threats.

Fraud against national industries, as provided for in Article 514 of the Italian Criminal Code, which punishes anyone who, by offering for sale or otherwise placing into circulation, on domestic or foreign markets, industrial products bearing counterfeit or altered names, trade marks or distinctive signs, causes harm to national industry.

Fraud in the conduct of trade, as provided for in Article 515 of the Criminal Code, which punishes

any person who, in the course of a commercial activity, or in a shop open to the public, delivers to the purchaser one movable item in place of another, or a movable item which, in terms of its origin, provenance, quality or quantity, differs

from that declared or agreed.

The sale of non-genuine foodstuffs as genuine, as provided for in Article 516 of the Criminal Code, which punishes anyone who offers for sale or otherwise places on the market non-genuine foodstuffs as genuine.

Sale of industrial products bearing misleading marks, as provided for in Article 517 of the Italian Criminal Code, which punishes anyone who offers for sale or otherwise places on the market intellectual property or industrial products bearing national or foreign names, trade marks or distinctive signs that are likely to mislead the purchaser as to the origin, provenance or quality of the work or product.

Manufacture and trade in goods produced by infringing industrial property rights, as provided for in Article 517-ter of the Criminal Code, which, without prejudice to the application of Articles 473 and 474 of the Criminal Code, punishes anyone who, being aware of the existence of the industrial property right, manufactures or uses industrially objects or other goods produced by infringing an industrial property right or in breach thereof, as well as anyone who, with a view to making a profit, imports such goods into the territory of the State, holds them for sale, offers them for sale directly to consumers or otherwise puts them into circulation.

Counterfeiting of geographical indications or designations of origin of agri-food products, as provided for in Article 517-quater of the Criminal Code, which punishes anyone who counterfeits or otherwise alters geographical indications or designations of origin of agri-food products, as well as anyone who, for the purpose of making a profit, imports such products into the country, holds them for sale, offers them for sale directly to consumers or otherwise puts them into circulation bearing the counterfeit indications or designations.

9.3 Main areas of risk

The Company's main areas of risk, with regard to offences against industry and trade, relate to:

- (i) Management of business operations;
- (ii) Management of commercial activities.

Recipients are required to ensure that their conduct complies with the provisions set out in this document.

9.4 Analysis and assessment

The probability of the offences assessed in this Special Part G being committed is to be considered **Low**. Furthermore, the impact of the offence in question on the Company is assessed as potentially significant, taking into account not only the financial and disqualification sanctions provided for in the Decree, but also the loss of corporate reputation. This generally results in a **Medium-High level of severity**.

Risk Assessment: 3 Low (Medium-High severity 3 * Low probability 1).

Magic considers the level of risk associated with the occurrence of the offences in question to **be unacceptable**, in accordance with the fundamental principles set out in its code of ethics. Specific controls are therefore put in place to mitigate the level of risk and bring it back within the acceptable threshold.

9.5 Principles of conduct and illustrative examples of how offences may be committed

Set out below are some of the general principles to be considered applicable to the Addressees, as defined in the General Section.

In general, **it is mandatory** to ensure that the selection and recruitment of staff, the selection and management of suppliers, and the management of purchases of goods and services take place in full compliance with:

- (i) Applicable laws and regulations;
- (ii) Principles of loyalty, fairness and transparency;
- (iii) Magic's Code of Ethics.

All activities are carried out in accordance with company procedures – including those at *corporate* level – which relate to and are strictly relevant to the areas described below. In the event of a conflict between the rules set out herein and those contained in the aforementioned procedures, the stricter provisions shall always apply.

In general, **it is prohibited** to engage in behaviour or contribute to conduct that may fall within the categories referred to in Article 25-bis 1 of the aforementioned Decree.

Set out below are examples of how offences may be committed in relation to the following activities:

- (i) Management of business operations;
- (ii) Management of commercial activities.

The management of business operations may present risks in relation to the offence of **unlawful competition involving threats or violence** in the event that, for example, a subordinate or senior manager of the Company, in the course of business dealings, engages in conduct involving threats or violence towards a person – whether a senior manager or subordinate – of a competing company.

The management of commercial activities may present risk profiles in relation to the offence of **obstruction of industrial or commercial freedom** in the event that, for example, a subordinate or senior manager of Magic uses violence against property, or fraudulent means, to prevent or disrupt the conduct of business by a competing company.

Recipients who, by virtue of their position, role or mandate, are involved in **the management of the aforementioned activities** are referred to the provisions set

out in Special Part A: *“Offences against the public administration and its assets; corruption offences between private individuals; the offence of inducing a person not to make statements or to make false statements to the judicial authorities; the unlawful receipt of payments; fraud to the detriment of the State, a public body or the European Union, or for the purpose of obtaining public funds; computer fraud to the detriment of the State or a public body; and fraud in public procurement”*.

9.6 Information flows to the Supervisory Body

Recipients of this Code who, in the course of their duties, find themselves having to manage activities relevant under Article 25-bis 1 (as specified above) of the Decree, shall promptly notify the Supervisory Body, in writing, of any information concerning deviations from or breaches of the control and conduct principles set out in this Special Part.

9.7 Sanctions

In the event of a breach of the provisions contained in this Special Part G, the disciplinary sanctions set out in the Code, General Part, shall apply, in accordance with the applicable National Collective Labour Agreement or the contract signed in each case.

Any breach of the provisions contained therein, or any conduct by third parties designed to circumvent them, shall be sanctioned by the competent bodies in accordance with internal company rules, as provided for in the clauses included in the relevant contracts.

10. SPECIAL PART H. ENVIRONMENTAL OFFENCES

10.1 Purpose of Special Part H

The purpose of this Special Part H is to set out the responsibilities, criteria and rules of conduct to which the Addressees of the Model, as defined in the General Part, must adhere when managing high-risk activities connected with the offences referred to in Article 25-*undecies* of the Decree, in accordance with the principles of maximum transparency, promptness and cooperation, as well as the traceability of activities.

Specifically, this Special Part H aims to define:

- (i) the principles of conduct that the Addressees must observe in order to correctly apply the provisions of the Model;
- (ii) the channels for reporting information to the Supervisory Body.

10.2 Relevant offences

For the sake of completeness, the types of offences giving rise to the administrative liability of organisations pursuant to Article 25-*undecies* of the Decree are set out below.

10.2.1. Environmental offences

Environmental pollution, as provided for in Article 452-*bis* of the Criminal Code, consisting of conduct by a person who unlawfully causes significant and measurable impairment or deterioration:

- (i) of water or air, or of extensive or significant portions of the soil or subsoil;
- (ii) an ecosystem, biodiversity (including agricultural biodiversity), flora or fauna.

Environmental disaster, as provided for in Article 452-*quater* of the Criminal Code, consists of the conduct of a person who unlawfully causes an environmental disaster. An environmental disaster is constituted by either:

- (i) the irreversible alteration of the balance of an ecosystem;
- (ii) the alteration of the balance of an ecosystem, the restoration of which is particularly onerous and achievable only through exceptional measures;
- (iii) an offence against public safety due to the significance of the act in terms of the extent of the damage or its harmful effects, or due to the number of persons harmed or exposed to danger.

Negligent offences against the environment, as provided for in Article 452-*quinquies* of the Criminal Code, which punishes anyone who, through negligence,

commits any of the acts provided for in Articles *452-bis* and *452-quater* of the Criminal Code.

Trafficking in and abandonment of highly radioactive material, as provided for in Article *452-sexies* of the Criminal Code, comprising the conduct of anyone who unlawfully transfers, purchases, receives, transports, imports, exports, procures for others, possesses, transfers, abandons or unlawfully disposes of highly radioactive material.

Aggravating circumstances, as provided for in Article *452-octies* of the Criminal Code, which provides for an increase in the penalty where the criminal organisation referred to in Article 416 of the Criminal Code is directed, either exclusively or concurrently, towards the purpose of committing any of the environmental offences referred to in Title *VI-bis* of the Criminal Code. The penalty is increased where the criminal organisation referred to in Article *416-bis* of the Criminal Code is aimed at committing any of the offences provided for in Title *VI-bis* of the Criminal Code or at acquiring the management or, in any event, control of economic activities, concessions, authorisations, contracts or public services relating to the environment. The penalties are increased if the criminal organisation includes public officials or persons entrusted with a public service who exercise functions or perform services relating to environmental matters.

The killing, destruction, capture, removal or possession of specimens of protected wild animal or plant species, as provided for in Article *727-bis* of the Criminal Code, and consisting of conduct by a person who causes the killing, capture or possession of a non-negligible quantity of specimens of protected wild animal species, or the destruction, removal or possession of a non-negligible quantity of specimens of protected wild plant species.

Destruction or deterioration of *habitats* within a protected site, as provided for in Article *733-bis* of the Criminal Code, and consisting of conduct by a person who causes the destruction of a *habitat* within a protected site or deteriorates it, thereby compromising its conservation status.

The import, export, possession, use for profit, purchase, sale, display or possession for sale or for commercial purposes of protected species, as provided for in Articles 1, 2, 3-*bis* and 6 of Law 150/1992, and comprising the conduct of any person who, in respect of specimens belonging to the species listed in Annexes A, B and C to Regulation (EC) No 338/97:

- (i) imports, exports or re-exports specimens, under any customs procedure, without the required certificate or licence, or with a certificate or licence that is invalid within the meaning of Article 11(2a) of Council Regulation (EC) No 338/97 of 9 December 1996, as subsequently implemented and amended;
- (ii) fails to comply with the requirements designed to ensure the safety of specimens, as specified in a licence or certificate issued in accordance with Council Regulation (EC) No 338/97 of 9 December 1996, as subsequently implemented and amended, and Commission Regulation (EC) No 939/97 of 26 May 1997, as subsequently amended;
- (iii) uses the aforementioned specimens in a manner that contravenes the requirements set out in the authorisation or certification documents issued together with the import licence or subsequently issued certificates;
- (iv) transports or causes to be transported, including on behalf of third parties, specimens without the prescribed licence or certificate, issued in accordance with Council Regulation (EC) No 338/97 of 9 December 1996, as subsequently implemented and amended, and Commission Regulation (EC) No 939/97 of 26 May 1997, as subsequently amended, and, in the case of export or re-export from a third country that is a contracting party to the Washington Convention, issued in accordance with that Convention, or without sufficient proof of their existence;
- (v) trades in artificially propagated plants in contravention of the requirements laid down pursuant to Article 7(1), (b) of Council Regulation (EC) No 338/97 of 9 December 1996, as subsequently implemented and amended, and of Commission Regulation (EC) No 939/97 of 26 May 1997, as subsequently amended;
- (vi) possesses, uses for profit, purchases, sells, displays or holds for

sale or for commercial purposes, offers for sale or otherwise disposes of specimens without the required documentation.

Furthermore, the legislation punishes:

- (i) the forgery or alteration of certificates, licences, import notifications, declarations or communications of information for the purpose of obtaining a licence or certificate, or the use of forged or altered certificates or licences;
- (ii) any person in possession of live specimens of wild mammals and reptiles, or live specimens of mammals and reptiles bred in captivity, which pose a danger to public health and safety.

Offences relating to the discharge of industrial waste water containing hazardous substances, as provided for in Article 137, paragraphs 2, 3, 5 and 11, of Legislative Decree No. 152 of 3 April 2006, and consisting of the conduct of any person who discharges industrial waste water containing certain hazardous substances:

- (i) without authorisation, or with authorisation that has been suspended or revoked (Article 137(2));
- (ii) without complying with the conditions of the authorisation or other requirements laid down by the competent authority (Article 137(3));
- (iii) in excess of the limit values laid down by law or the more restrictive values laid down by the regions, autonomous provinces or the competent authority (Article 137(5)).

Furthermore, the organisation's liability may arise from discharges into the soil, into the surface layers of the subsoil, into groundwater and into the subsoil, in breach of Articles 103 and 104 of Legislative Decree 152/2006, subject to the exceptions and derogations provided for therein (Article 137, paragraph 11).

Offences relating to waste management, as provided for in Article 256, paragraphs 1, 3, 5 and 6,

Legislative Decree 152/2006 and comprising the following acts:

- (i) the collection⁸, transport⁹, recovery¹⁰, disposal¹¹, trade and brokering of waste – whether hazardous or non-hazardous – in the absence of the required authorisation, registration or notification (Article 256, paragraph 1);
- (ii) the establishment or operation of an unauthorised landfill site, including one intended for the disposal of hazardous waste (Article 256(3));
- (iii) carrying out unauthorised waste mixing activities (Article 256(5));
- (iv) the temporary storage at the place of production of hazardous clinical waste in breach of the provisions of Article 227(1)(b) of Legislative Decree 152/2006¹² (Article 256(6), first sentence).

Illegal incineration of waste, as provided for in Article 256-bis of Legislative Decree 152/2006, and comprising the conduct of any person who sets fire to waste that has been abandoned or deposited in an uncontrolled manner, or who deposits or abandons waste, or who engages in cross-border trafficking of such waste with a view to its subsequent illegal incineration.

⁸ ‘Collection’ means ‘the collection of waste, including preliminary sorting and storage, including the management of collection centres [...] for the purpose of its transport to a treatment plant’ (Article 183(1)(o) of Legislative Decree 152/2006).

⁹ In the absence of a legislative definition, ‘transport’ may be understood to mean the movement, by any means, of waste from one place to another, with the exception of movements carried out within private premises (see Article 193(9) of Legislative Decree 152/2006).

¹⁰ ‘Recovery’ means ‘any operation the main result of which is to enable waste to fulfil a useful role, by replacing other materials that would otherwise have been used to fulfil a particular function, or to prepare it to fulfil that function, within the facility or in the economy in general’ (Article 183(1)(t) of Legislative Decree 152/2006).

¹¹ ‘Disposal’ means ‘any operation other than recovery, even where the operation has as a secondary consequence the recovery of substances or energy’ (Article 183(1)(z) of Legislative Decree 152/2006).

¹² This provision refers to Presidential Decree No. 254 of 15 July 2003.

Pollution of the soil, subsoil, surface water or groundwater, as provided for in Article 257(1) and (2) of Legislative Decree No. 152/2006, and consisting of conduct by a person who causes the pollution of soil, subsoil, surface water or groundwater by exceeding the risk threshold concentrations and fails to notify the competent authorities within the prescribed time limits¹³ or to remediate the site in accordance with the plan approved by the competent authority.

Breach of the obligations to notify, keep mandatory registers and complete the required forms, as provided for in Article 258, paragraph 4, second sentence, of Legislative Decree 152/2006, and consisting of the conduct of any person who, when drawing up a waste analysis certificate, provides false information regarding the nature, composition and chemical-physical characteristics of the waste, or uses a false certificate during transport.

Illegal trafficking of waste, as provided for in Article 259(1) of Legislative Decree 152/2006, and consisting of the conduct of a person who carries out a shipment of waste constituting illegal trafficking within the meaning of Article 26 of Regulation (EEC), 1 February 1993, No. 259, or where such a shipment involves waste listed in Annex II to the aforementioned Regulation in breach of Article 1(3)(a), (b), (e) and (d) of that Regulation.

Activities organised for the illegal trafficking of waste, as provided for in Article 260, paragraphs 1 and 2, of Legislative Decree 152/2006, and consisting of the conduct of a person who, through multiple operations and by means of organised, ongoing activities and resources, carries out the transfer, receipt, transport, export or import of waste, or, in any case, the unlawful management of large quantities of waste.

Providing false information regarding the nature, composition and chemical and physical characteristics of waste when drawing up a waste analysis certificate; entering a false waste analysis certificate into the SISTRI system; omitting or fraudulently altering the paper copy of the SISTRI form –

¹³ It should be emphasised that, as set out in Article 242(1) of Legislative Decree 152/2006, the reporting obligation in question also applies to anyone (e.g. an entity acquiring ownership of a site) who identifies historical contamination (caused by others) that may be subject to aggravating circumstances.

the area of waste transport operations, as provided for in Article 260-bis, paragraphs 6, 7 and 8, of Legislative Decree 152/2006, and consisting of the following conduct:

- (i) any person who, when preparing a waste analysis certificate used within the waste traceability control system, provides false information regarding the nature, composition and chemical-physical characteristics of the waste, and any person who includes a false certificate in the data to be provided for the purposes of waste traceability;
- (ii) a carrier who fails to accompany the transport of waste with a hard copy of the SISTRI form – handling section and, where required under current legislation, with a copy of the analysis certificate identifying the characteristics of the waste. The offence is aggravated in the case of the transport of hazardous waste;
- (iii) any person who, during transport, uses a waste analysis certificate containing false information regarding the nature, composition and chemical and physical characteristics of the waste being transported;
- (iv) by the carrier accompanying the waste consignment with a paper copy of the SISTRI form – the ‘handling’ section of which has been fraudulently altered. The offence is aggravated in the case of hazardous waste.

Breach of emission limit values during the operation of a plant, as provided for in Article 279(5) of Legislative Decree 152/2006, which occurs where emissions¹⁴ into the atmosphere produced by the company, by exceeding the emission limit values, also result in the air quality limit values laid down by current legislation being exceeded.

¹⁴ ‘Emission’ means ‘any solid, liquid or gaseous substance released into the atmosphere that may cause air pollution’ (Article 268(b) of Legislative Decree 152/2006). An emission limit value means “the emission factor, concentration, percentage or mass flow of pollutants in emissions which must not be exceeded. Emission limit values expressed as concentrations are set with reference to the plant’s operation under the most severe operating conditions and, unless otherwise provided for in this Title or in the authorisation, are deemed to be set as hourly averages” (Article 268(q) of Legislative Decree 152/2006).

Offences relating to the protection of the ozone layer, as provided for in Article 3(6) of Law No 549 of 28 December 1993, comprising the conduct of any person engaged in the production, consumption, import, export, possession and marketing of substances that deplete the atmospheric ozone layer.

Pollution caused by ships, as provided for in Articles 8 and 9 of Legislative Decree No. 202 of 6 November 2007, *“Implementation of Directive 2005/35/EC on ship-source pollution and related penalties”* and which occurs where the master of a ship, flying any flag, as well as the crew members, the owner and the operator of the ship, cause pollution of marine waters through wilful or negligent conduct.

10.3 Main areas of risk

The Company's main areas of risk, with regard to environmental offences, relate to:

- (i) Product disposal management;
- (ii) Management of discharges and waste.

Those to whom this applies are required to ensure that their conduct complies with the provisions of environmental legislation concerning waste disposal and water discharges.

10.4 Analysis and assessment

The probability of the offences assessed in this Special Part H being committed is to be considered **Medium-Low**. Furthermore, the impact of the offence in question on the Company is assessed as potentially significant, taking into account not only the financial and disqualification sanctions provided for in the Decree, but also the loss of corporate reputation. This generally results in a **Medium-High level of severity**.

Risk Assessment: 6 Medium-Low (severity Medium-High 3 * probability Medium-Low 2).

Magic assesses the level of risk associated with the occurrence of the offence in question as **unacceptable**, in accordance with the fundamental principles set out

in its code of ethics. Specific controls are therefore implemented to mitigate the level of risk and bring it back within the acceptability threshold.

10.5 Principles of conduct and illustrative examples of how the offence may be committed

Listed below are some of the general principles to be considered applicable to the Addressees, as defined in the General Section.

In general, **it is mandatory** to ensure that the selection and management of suppliers, as well as the management of environmental matrices, take place in full compliance with:

- (i) Applicable laws and regulations;
- (ii) Magic's relevant operational instructions (waste management and atmospheric emissions);
- (iii) Magic's Code of Ethics.

All activities are carried out in accordance with company procedures – including at *corporate* level – which relate directly to the areas described below. In the event of any conflict between the rules set out herein and those contained in the aforementioned procedures, the stricter provisions shall always apply.

In general, **it is prohibited** to engage in behaviour or contribute to conduct that may fall within the categories referred to in Article 25-*undecies* of the aforementioned Decree.

Set out below are illustrative examples of offences relating to the management and disposal of products.

The **management of product disposal** may present risks in relation to the commission of **environmental offences**, should the Company, in order to achieve cost savings on transport and waste disposal costs, enter into contracts with carriers, disposal operators or intermediaries who are unqualified and/or do not hold the necessary statutory authorisations.

The management of product disposal could present risks relating to **the incorrect handling of waste classification**, should a subordinate or senior member of the Company, including in collusion with hauliers, disposal operators or intermediaries, consistently classify or hand over waste incorrectly in order to achieve financial savings.

Breaches of emission limit values during the operation of a plant could present risks in the event that a subordinate or senior member of the Company exceeds the limits laid down by law in order to achieve financial savings.

Recipients who, by virtue of their role or position, are involved in the aforementioned process **are required** to:

- (i) Grant specific delegations of authority to those responsible for managing activities with an environmental impact;
- (ii) Define responsibilities regarding the disposal of products through a specific contract with any operator or supplier responsible for the activity;
- (iii) Enter into contracts with suppliers responsible for the collection and disposal of waste who hold the necessary authorisations and have been selected in accordance with the provisions set out in the section *'Management of the procurement of goods and services'* of Special Part A *'Offences against the public administration and its assets, corruption offences between private individuals; the offence of inducing a person not to make statements or to make false statements to the judicial authorities; unlawful receipt of payments; fraud to the detriment of the State, a public body or the European Union, or for the purpose of obtaining public funds; computer fraud to the detriment of the State or a public body; and fraud in public procurement'*;
- (iv) Identify the nature and characteristics of the waste and assign the correct classification in order to determine the appropriate disposal methods, in accordance with the provisions of the law;
- (v) Verify that intermediaries, transporters and final disposal operators hold the necessary authorisations, where the disposal operator is not the same as the transporter;
- (vi) Periodically check compliance with the limit values for gaseous emissions into the atmosphere;
- (vii) Ensure that the required documentation (registers/ forms) is completed.

In relation to the aforementioned conduct, **it is prohibited** to:

- (i) Dispose of waste at unauthorised landfill sites or those not holding the appropriate authorisations for the type of waste in question;
- (ii) Using waste collection and disposal contractors who do not hold the necessary authorisations.

Set out below are examples of offences relating to waste and effluent management activities.

Breaches of environmental legislation concerning water discharges and waste could result in the application of the relevant criminal provisions set out in the

Environmental Code, with the consequent application of the Decree should such conduct be committed by senior management or employees of Magic, in the interests or for the benefit of the Company, for the purpose, for example, of reducing disposal costs.

10.6 Areas of risk

This special section is addressed to all company staff. The employer is responsible for dealing with the authorities, subject to the right to delegate this responsibility specifically.

For this type of offence, the areas of risk are primarily to be identified in the subjective causes of non-compliance with applicable legislation and the rules of conduct issued by the Company.

A distinction is made between:

- (i) areas of direct risk, where the offence originates with a company employee;
- (ii) areas of indirect risk, where the offence may be triggered by an external party and may involve a company employee.

10.6.1. Areas of direct risk

(A) Employer:

- Assessment of the applicable legislation;
- Identification of the necessary resources;
- Letters of appointment;
- Cash flow in connection with the delegation of expenditure authority;
- Submission of authorisation applications;
- Reporting of environmental data;
- Notifications of process changes;
- Organisation of processes;
- Selection and improvement of plant and machinery;
- Monitoring of delegated actions;
- Prevention of any prejudicial acts of which they are aware and reporting of critical issues to the sole director (in the event of delegation) and to the Supervisory Board.

(B) Office staff and manual workers:

- Implementation of specific procedures;
- Preventing or reporting any prejudicial acts of which they are aware;
- Collaborating in the assessment of environmental aspects within their remit;
- Implementing environmental protection objectives in accordance with guidance provided by the employer.

10.6.2. Areas of indirect risk

In these risk areas, the offence may be triggered by an external party, who may then involve a company employee.

The following specific sensitive activities have been identified:

- (A) **Suppliers of goods and services:**
 - Implementation of specific procedures to ensure compliance with environmental requirements for supplies and services;
 - Reporting of any harmful acts of which they are aware.
- (B) **Contractors:**
 - Implementation of specific procedures to ensure compliance with environmental requirements for supplies and services;
 - Reporting any harmful acts of which they are aware

Recipients who, by virtue of their role or position, are involved in the aforementioned process **are required** to:

- (i) Compile and update applicable environmental legislation, whether of a general nature or arising from specific authorisations, specifying compliance obligations and monitoring requirements, and assessing the compliance of plants, machinery and environmental facilities;
- (ii) Defining the processes and specific activities in which precursors to predicate offences may occur;
- (iii) Defining the procedures and maintenance measures for workplaces, plant and machinery necessary to ensure the prevention of environmental offences;
- (iv) Defining the quantitative and behavioural requirements that must be met by suppliers having a direct impact on environmental media;
- (v) Definitions of the general clauses to be included in contracts for the supply of goods and services to ensure that suppliers and contractors comply with environmental legislation;
- (vi) Drafting and implementation of information, education and training programmes aimed at raising staff awareness and competence in environmental matters;
- (vii) Communication to relevant parties and the application of environmental sanctions; maintenance and updating of environmental objectives.

Regardless of the area of direct or indirect risk, the following are identified as general preventive measures, the following behaviours must be avoided:

- (i) Tampering with or removing pollution prevention and control equipment;
- (ii) Failure to comply with environmental protection procedures;
- (iii) Failure to cooperate in the analysis of environmental impacts, the drafting of procedures and instructions, and the monitoring of suppliers.
- (iv) Damaging or removing assets used for the protection of environmental media and the proper maintenance of plant, fire-fighting equipment, signage and warning signs, alarms and safety devices;
- (v) Mixing of waste, discharge of effluent in contravention of regulations;
- (vi) Improper use of open flames.

10.7 Information flows to the Supervisory Body

Those subject to this Code who, in the course of their duties, find themselves having to manage activities relevant under Article 25-*undecies* (as specified above) of the Decree, shall promptly notify the Supervisory Body, in writing, of any information concerning deviations from or breaches of the principles of control and conduct set out in this Special Section.

The Supervisory Body must, without fail, receive information regarding:

- (i) Notifications of legal proceedings, requests for information or for the production of documentation, searches or seizures ordered by the judicial police or the judicial authorities;
- (ii) Inspections carried out by government bodies or agencies with a view to environmental protection;
- (iii) Inspections carried out by public administration officials and any findings arising from environmental checks and investigations;
- (iv) Changes to plant or equipment that have an environmental impact;
- (v) Any instances where threshold limits for substances, chemical agents or dusts subject to mandatory monitoring are exceeded;
- (vi) Any breaches, by the relevant departments (ascertained internally or by the competent authorities), of the requirements laid down by legislation on the protection of the working environment, and the related corrective actions taken.

10.8 Sanctions

In the event of a breach of the provisions contained in this Special Part H, the disciplinary sanctions set out in the Model, General Part, shall apply in accordance with the applicable National Collective Labour Agreement or the contract signed on each occasion.