PHILIP MORRIS ITALIA S.r.l.

ORGANIZATIONAL, MANAGEMENT AND CONTROL MODEL

Adopted by the Board of Directors on

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INDEX

1. INTRODUCTION

Philip Morris Italia S.r.l. (hereinafter "**Philip Morris**" or the "**Company**") belongs to the Group of companies, controlled by Philip Morris International Inc. (hereinafter "**Philip Morris International**"), which considers as a fundamental assumption the operating on the basis of integrity criteria and social liability, in order to successfully achieve long-term operative results. In order to actualize such operative principles, Philip Morris International adopted various measures and, among the others, the implementation of an articulated *"Compliance"* system, which all the companies of the Group, including Philip Morris, have adopted. With the term 'Compliance' is to be intended the whole of conduct principles, control and organizational systems aimed at guaranteeing the respect of the internal self-discipline principles and of the applicable laws.

Philip Morris carries out the commercialization in Italy of the cigarettes produced in the plants of other affiliates to Philip Morris International located within the European Union, In the carrying out of its activity, the Company purchases from the subsidiaries the finished products and takes care, through third parties, of the transport and of the wholesale distribution, in order to effect the subsequent retail sale.

Philip Morris operates in a highly regulated industry, characterized by the presence of numerous law provisions and regulations, frequently issued by the EU, regarding both the manufacturing and the sale, the circulation and the presentation of the goods.

As above stated, Philip Morris deems honesty, integrity and social liability as being evaluation criteria of its success, equal to operative results.

In this regard, beyond having adopted the Group Compliance system, in 2004 the Company started the regulation process of its organizational and control system, in order to comply with the provisions of Legislative Decree 231/2001.

Therefore, aiming at a more and more effective management, the Board of Directors of the Company adopted for the first time on 12 April 2005 the Organizational, Management and Control Model, as provided for by Legislative Decree 231/2001.

In the light of the several law changes/integrations occurred since the enactment of Legislative Decree 231/2001 and of the amendments of the organizational system with the introduction of new structures and new professional positions, the Company launched several projects of updating of the mapping of the area potentially sensitive to the Decree's provisions, in order to make the Organizational, management and control Model always valuable and consistent with the Company's reality.

The Company in the course of time has updated the Organizational, Management and Control Model for the purpose of taking into consideration the following:

- inclusion of new types of crime among the so-called "underlying crimes";

- established principles and best-practices in the field, also in light of the approaches adopted by judges and the guidelines of the main trade associations;
- modifications to the organizational system and to the activities that constitute the Company's object.

The Company also resolved to improve its information flows system. This, in order to take advantage, in efficient manner, of the experience collected by the Supervisory Body (hereinafter also "SB") during its accurate and ongoing activity over many years. Regarding this, the Company resolved: to provide a specific paragraph dedicated to this purpose, in the chapter 4.9 below, dedicated to the functioning of the Supervisory Body and to integrate, in order to achieve the same purpose, the special part of the Model related to the risk of committing crimes against the Public Administration.

2. PREMISE

2.1 Legislative Decree 231/2001

The **legislative decree dated 8 June 2001, no. 231**, regarding the *"Discipline of the administrative liability of juridical persons, companies and association also without any legal status"* ("**L.D. 231/2001**" or the "**Decree**" or "**Decree 231**"), provides for the corporate liability for administrative violations deriving from criminal offences.

It is a particular form of liability of administrative nature, substantially resulting in the criminal corporate liability, established by the criminal court.

According to the Decree, the criminal liability of the entity in advantage or in the interest of which the same crime was committed is added to that of the natural person, who perpetrated the crime

The provisions contained in the Decree, as provided for by article 1, paragraph 2, and are applied to the following legal entities (the "Entity" or "Entities":

- Bodies having legal personality;
- Companies and associations also without any legal personality.

As provided for by the subsequent paragraph 3, the following are excluded from the provisions in question:

- The State;

- Territorial public Bodies;
- The other non-economical public Bodies;
- Bodies performing functions of constitutional relevance.

Philip Morris, being an Entity having a legal personality, is therefore included among the subjects to which the administrative liability regime provided for by the Decree applies.

The liability is therefore attributed to the Entity, should the offences provided for by the Decree be committed in its interest or advantage by:

- Subjects having representative, administrative or managing functions in the Entity or in one of its business units, having financial and functional autonomy and those actually carrying out the management and control of the Entity (the so-called "**top subjects**");
- Subjects under the direction or control of top subjects (the so-called "**subordinated subjects**").

Should the offences be perpetrated by top subjects, the Entity's liability is expressly excluded, if this latter provides evidence that the crime was committed through a fraudulent elusion of the organizational and management models, aimed at preventing crimes similar to that perpetrated and, moreover, that there was omitted or insufficient control by the SB, appointed with the purpose of controlling the correct functioning and actual observance of the model itself.

In this regard, the organizational and management models, must meet the following needs:

a) Individuate the activities within which the offences can be committed;

b) Provide for by specific procedures aimed at programming the development and implementation of the Entity's decisions;

c) Individuate the most suitable procedures for the management of financial resources, in order to prevent the crimes;

d) Provide for by training duties for the SB appointed to control the functioning and observance of the models;

e) Introduce a disciplinary system suitable for sanctioning the violation of the measures indicated in the model;

f) provide for an internal reporting channel, a prohibition on retaliation and a disciplinary system in accordance with Legislative Decree No. 24 of 10 March 2023, implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 "*on the protection of persons who report breaches of european Union law and laying down provisions on the protection of persons who report breaches of national law*" (hereinafter also referred to as the "**Whistleblowing Decree"**).

On the contrary, should the crime have been perpetrated by subordinated subjects, the Entity shall be responsible in case the offence was made possible by the violation of the management and control duties.

On the other hand, the liability is expressly excluded whereas the Entity adopted, proportionally to the nature and dimension of the company as well as to the activity carried out, measures suitable for guaranteeing the carrying out of the activity itself in compliance with the law and for verifying, discovering and timely eliminating hazardous situations.

Therefore, the Entity is responsible only in case the illicit conduct is performed by the above-mentioned subjects "*in the interest or advantage of the company"* (art. 5, para. 1, L.D. 231/01); consequently it is not responsible in case the top subjects or the employees acted "*in their own or third parties' exclusive interest*" (art. 5, para. 2, L.D. 231/01).

The liability of the Entity does not derive from any offence perpetrated by the above subjects, but is limited to the offences originally provided for by the Decree and its subsequent modification, contained in the list attached to this Model (see Annex no. 1 "Offences List").

Any possible acknowledgement of liability for the Entity deriving from the perpetration of one or more of the crimes listed in the Decree, does not in any way exclude the personal liability of the subject who committed the crime.

Article 9, paragraph 1 of the Decree individuates **the sanctions** the Entity may incur in, i.e.:

- Pecuniary penalties;
- Interdiction penalties;
- Confiscation;

- Sentence publication.

Pecuniary sanctions vary from a minimum of € 25,800.00 to a maximum of € 1,549,000.00 and are established by the judge on the basis of:

- The gravity of the violation;
- The liability degree of the Entity;
- The activity performed by the Entity, aimed at eliminating or mitigating the consequences of the violation and at preventing further violations;
- The economic and patrimonial conditions of the Entity.

In certain cases, moreover, the financial penalty is determined in relation to the specific percentage, indicated for each offence, of the total turnover of the entity for the financial year preceding that in which the offence was committed or, if lower, for the financial year preceding the application of the penalty. When it is not possible to ascertain the total turnover of the entity, the penalty is applied in the amount determined in relation to each offence.

Meanwhile, interdiction penalties, listed under paragraph 2, are applied to the most serious cases and are applicable only in case at least one of the following conditions is met:

A. The Entity gained from the violation a profit of considerable importance and the violation was perpetrated by top subjects, or by subjects under the direction and control of others when the

commission of the crime was determined or facilitated by serious lack of organization;

B. The violations have been repeatedly perpetrated.

The following are the applicable interdiction sanctions:

- Interdiction from the business activity;
- Suspension or annulment of any authorization, license and concession, functional to the violation;
- Prohibition to enter into agreements with the Public Administration, exception made for the receiving of ordinary public services;
- Exclusion from concessions, loans, contributions or aids and the possible cancellation of the ones already granted;
- Prohibition to advertise goods or services.

Without prejudice to the provisions of Article 25, paragraph 5, and 25-*octies*.2, paragraph 3, interdiction penalties, applicable also as precautionary measure, may apply for at least three months and no more than two years.

2.2 The guidelines issued by the Industrial Category Associations

Article 6, para. 3, L.D. no. 231/01 states that "*organization and management models can be adopted, in compliance with the conditions under paragraph 2, on the basis of conduct codes prepared by the Associations representing the*

entities and communicated to the Ministry of Justice, which, together with the competent Ministries, is entitled to raise, within 30 days, comments on the fitness of the models for crimes prevention".

On 7 March 2002, Confindustria (the Italian Industrial Association) drew up and communicated to the Ministry the "Guidelines for the preparation of Organization, Management and Control Models as provided for by L.D. 231/2001", as most recently amended in June 2021, in which it indicates the operative steps – herewith below listed – that the company shall undertake in order to activate a risk management system, compliant with the requisites enforced by L.D. 231/2001:

- *Corporate risk areas mapping* – Once the offences relevant for the Company have been outlined, the activities during which such crimes could be committed must be identified, also considering the possible methods through which it would be possible to put in practice an illicit conduct within the specific corporate activities;
- *Provide for by specific procedures aimed at programming the development and implementation of the Entity's decisions.* The essential elements to be implemented, in order to guarantee the effectiveness of the model are:
  - a *conduct code,* defining the ethical principles with reference to any conduct, which may integrate the offences provided for by L.D. 231/2001;
  - an *organizational system,* clearly defining the corporate hierarchy and the responsibilities for the carrying out of the various activities;

- an *authorization system,* assigning internal authorization powers, as well as external signature powers, consistent with the adopted organizational system;
- *operative procedures,* disciplining the main corporate activities and, in particular, high-risk processes and management of the financial resources;
- a *management control system,* timely highlighting critical situations;
- a *personnel communication and training system,* for the good functioning of the model;

- the appointment of a *Supervisory Body* with autonomous initiative and control powers, which should supervise the functioning and observance of the models through periodical controls, and update them, should significant violations be found out or should the activities or the organization have changed;
- specific *informative duties toward the Supervisory Body* about the main corporate facts and in particular about high-risk activities;
- specific *informative duties of the Supervisory Body* toward the corporate top management and the control bodies;
- a whistleblowing system to report any relevant offences pursuant to Decree 231 as well as violations of the Model in question;
- a suitable *disciplinary system*, aimed at sanctioning the violation of the measures indicated in the Model.

The components of the control system must be inspired to the following principles:

- verifiability, demonstrability, consistency and compliance of each operation (in the widest sense of the term);
- function separation (no one can autonomously manage an entire process);
- the controls must be documented.

In the model preparation, Philip Morris took into account not only the provisions of L.D. no. 231/01, but also the principles stated by Confindustria in the Guidelines approved by the Ministry of Justice, as well as the indications contained in the new version of the above-mentioned Guidelines approved, in their latest version, by the same Ministry on June 2021.

3. THE MODEL

3.1 Purposes of the model

The adoption of the model is an effective awareness tool, in order to follow a correct and linear conduct in the carrying out of any activity, aimed at preventing the risk of perpetrating the offences provided for by the Decree.

The Company resolved to adopt this organizational, management and control model (hereinafter the "**Model**"), with the following purposes:

a) *introduce in the Company principles and rules of conduct aimed at promoting and at making even more valuable an internal ethical culture, always through a correct and transparent business conduct;*

b) *prevent the risk of perpetrating the offences provided for by the Decree within the activities individuated in the risk areas mapping;*

c) *further sensitize the subjects operating within said areas to respect the principles and rules of conduct introduced by the Company;*

d) *allow a constant control on the high risk activities by the whole corporate organization and in particular of the Supervisory Body appointed for the control over the functioning and observance of the Model;*

e) *provide an internal reporting channel, a prohibition on retaliation and a disciplinary system in accordance with the Whistleblowing Decree;*

f) *introduce a suitable disciplinary System, aimed at sanctioning any violation of the measures indicated by the Model;*

g) *strongly confirm that Philip Morris does not tolerate any illicit conduct, of any kind and regardless of its aims, since the same, beyond breaching the applicable laws, is in any case against the ethical principles the Company is willing to respect;*

h) *confirm further that Philip Morris does not tolerate any retaliation or discriminatory act in respect of those reporting about illicit behaviors for reasons directly or indirectly related to the same report, because said*

behaviors are contrary to applicable laws and ethical principles the Company is willing to respect.

3.2 Structure of the Model

The present model is made of a General Part and a Special Part.

The General Part describes the terms and the effects of the L.D. 231/01, the basic principles and the aims of the Model itself, the adoption, diffusion, update and application procedures of the provisions contained in the Model, the principles stated by the "Code of Conduct for the purposes of L.D. 231/01", the duties of the Supervisory Body, as well as the provisions of the disciplinary System.

The Special Part describes in detail, with reference to the specific offences, the risk areas mapping (distinguishing between sensitive activities and instrumental activities), the evaluation of the precautionary control system, as well the specific procedures related to the risk areas, based on the assessment of the so-called residual risk carried out in the Mapping of risk areas and of controls.

The Special Section consists of 15 sections, prepared for certain categories of offences covered by the Decree and considered theoretically possible in relation to the Company's activities following risk analysis, namely:

- Section A – Offences against the Public Administration;

- Section B – Corporate offences (including corruption between private individuals) and market abuse offences;
- Section C – Offences relating to counterfeit currency, public credit cards, revenue stamps, instruments and identification marks.
- Section D – Offences committed for the purposes of terrorism or subversion of the democratic order, offences against the individual, employment of illegal immigrants and offences of racism and xenophobia;
- Section E – Transnational offences;
- Section F – Offences of manslaughter and serious or very serious negligent injury committed in violation of health and safety at work regulations;
- Section G – Offences of receiving stolen goods, money laundering and use of money, goods or benefits of illegal origin, self-laundering and fraudulent transfer of assets;
- Section H – Computer crimes;
- Section I – Organised crime offences;
- Section L – Offences against industry and commerce;
- Section M – Offences relating to copyright infringement;
- Section N – Environmental offences;
- Section O – Tax offences;

- Section P – Smuggling offences and offences relating to excise duties
- Section Q – Offences relating to the violation of European Union restrictive measures.

For precautionary purposes only, this Model takes into consideration also sensitive activities where Philip Morris might commit a crime relevant under L.D. 231/2001 exclusively in concert with third parties (pursuant to Art. 110 of the criminal code).

As underlined at the beginning, the Company, fully respecting the group policies and guidelines, has already implemented a consolidated Internal Control System made, beyond the organizational chart, proxies and powers of attorney, informative system and controls, of the so-called "Compliance program", consisting of the PMI Code of Conduct by Philip Morris International ("**PMI Code of Conduct**"), aimed at establish rules and common conduct standards applicable to all subjects operating in Philip Morris International and in the operative companies of the Group, amongst which Philip Morris and of the numerous corporate operative policies and procedures of Philip Morris International.

This Model, prepared as provided for by L.D. no. 231/2001, is thus to be considered as a part of the wider Internal Control System (hereinafter "ICS") existing in Philip Morris.

The founding elements of the Model, therefore, represent the tangible application of the general principles stated in the ICS.

3.3 The addressees of the Model

The rules described in this Model are addressed to all those performing, also *de facto*, management, administration, direction and control functions within the Company, to the employees, as well as to the consultants, partners, agents, authorized representatives of the Company and generally to all third parties acting on behalf of Philip Morris within all areas classified as "risk areas".

Those the Model is addressed to are therefore obliged to timely respect all the provisions contained therein, also in order to fulfil the trust, correctness and diligence duties required by the juridical relationship existing with Philip Morris.

3.4 Approval, modification and update of the Model

Organizational and management models are, under the provisions and effects of article 6, paragraph 1, letter a) of the Decree, proceedings issued by the Company's Directors. Therefore the approval of this Model and of its constitutive elements is of exclusive competence and liability of the Body of Directors of Philip Morris. Any modification and update of the Model is exclusive liability of the BoD, also on recommendation of the Supervisory Body; by way of example, the SB might suggest the following modifications:

- modification of the composition and duties of the Supervisory Body;

- insertion/update of the principles contained in the "Code of Conduct for the purposes of L.D. 231/01";
- modification or update of the Disciplinary System;
- any adjustment to new types of underlying crimes.

The Managing Director, after the Supervisory Body's approval, is responsible for approving any modification or update to the following elements:

- mapping of sensitive activities with reference to underlying crimes previously analysed in the Model;
- procedures and policies of Philip Morris and relevant references contained in the Special Part of this document.

3.5 Implementation of the Model

The adoption of the present Model constitutes the starting point of the dynamic management of the Model itself.

As far as the implementation of the Model is concerned, the Board of Directors and the Managing Director, with the support of the Supervisory Body, shall be responsible for the implementation of the Model, including the operative procedures therein contained, for the respective areas of competence.

In any case, Philip Morris is willing to reassert that the correct implementation and the control over the respect of corporate provisions and,

therefore of the rules contained in the present Model, are both an obligation and a duty of all addressees of the Model and, in particular, of each person in charge for the various functions, who, within the scope of his/her own competence, has the primary liability of the control of the activities, especially of those considered as “risk activities”.

4. THE ELEMENTS OF THE MODEL

On the basis of the indications contained in the aforementioned Confindustria's Guidelines, this Model is structured and organised according to the following elements:

4.1 Mapping of risk areas and of controls;

4.2 Organizational and authorization system;

4.3 Control principles related to the risk activities and relevant corporate procedures;

4.4 The "Code of Conduct for the purposes of L.D. 231/01";

4.5 Whistleblowing system;

4.6 Management system of financial resources;

4.7 Disciplinary System;

4.8 Human Resources;

4.9 The Supervisory Body;

4.10 Information flow system from and to the Supervisory Body;

4.11 Training and Communication Plan for the Model.

4.1 Mapping of risk areas and of controls

Article 6, paragraph 2, letter a), of the Decree provides for the Model to foresee a procedure aimed at "pointing out the activities within which offences can be perpetrated".

The detection of the areas within which offences could be abstractly perpetrated, implies a detailed evaluation of all corporate processes, aimed at abstractly verifying whether the offences provided for by the Decree could be committed and the suitability of the existing control elements aimed at preventing the same.

The identification of Sensitive and Instrumental Activities is implemented through:

a) preliminary examination of relevant company documentation, including, by way of example: company organization chart, company bylaws, company procedures on sensitive issues in relation to the crimes provided for by the Decree, etc;

b) interviews with key people in the corporate structure, aimed at an in-depth examination of the sensitive processes and the existing control safeguards with reference to them.

On the basis of the above analysis a document called "Mapping of risk areas and controls" (hereinafter **"Mapping of risk areas", "Mapping"** or **"Matrix of sensitive and instrumental activities"**) (see Annex 2 "Matrix of sensitive

and instrumental activities") has been issued. Such document is kept by the Supervisory Body.

The preparation and update of the Mapping are constantly monitored.

The Company provides for the preparation and constant update of the mapping of risk areas to be under the liability of the Managing Director, who assigns at the operational level this activity to the relevant functions, with the possible support of Consultants.

The results emerged from the mapping of risk activities and of the relevant controls will be the subject of a specific periodic communication to the BoD.

4.2 Organizational and authorization System

The organizational System

The organizational System must be sufficiently formalized and clear, with particular attention to the assignment of responsibilities, to the organization chart and to the description of duties, with specific provisions regarding control principles, such as, for example, the juxtaposition of functions.

Among other things, the evaluation of the suitability of the organization system must be carried out on the basis of the following criteria:

1. formalization of the system;
2. clear definition of liability and corporate hierarchy;
3. existence of juxtaposing functions;

4. correspondence between the activities actually carried out and what provided for by the Company's mission and responsibilities.

The Company's organizational structure is formalized and graphically represented by an *organization chart*, which clearly defines the hierarchical dependency and the functional relationships between the different positions within the Company itself.

Moreover, the exact detection of each subject's duties and their clear and transparent assignment allows the respect of the *separation of roles*, which is fundamental in order to prevent the cases, as provided for by L.D. 231/2001.

Additionally, the Company availed itself of protocols and procedures as tools to define its own organizational processes and implement the relevant controls, of which everybody can and must use.

The authorization System

According to the Confindustria Guideline's suggestions, authorization and signature powers must be assigned consistently with well-defined organizational and management responsibilities, providing, when required, for a precise indication of the limit for expense approval, especially in those areas considered as "risk areas". The aforementioned aspects are disciplined by the whole of the policies and procedures and the standards indicated in Annex 6.

Take this opportunity to specify that, in the event that the Company is identified as an entity accused in proceedings pursuant to Decree No. 231 and

in such proceedings the legal representative of the Company is directly involved as a person under investigation for the predicate offence of the administrative offence ascribed to the entity, the Company's legal representative would not be appointed by the legal representative, but by other person(s) vested with the appropriate powers.

4.3 Control principles

The Company, through this Model, is willing to implement the new control system focused on the principles herewith below, so as required also by the Confindustria's Guidelines.

The Company must verify the existence of specific measures within each risk activity detected. The control level applied by the Company to each risk activity is proportional, not only to a cost-benefit evaluation, but also to the risk threshold deemed acceptable for that specific activity by the Company itself.

The control principles, which must be guaranteed in all risk activities detected by the mapping, as well as in all corporate processes, are the following:

- guarantee integrity and ethics in performing the activity, through the issuing of rules of conduct, aimed at disciplining each activity considered as "risk activity";
- formally define duties and responsibilities of each corporate function involved in risk activities;

- attribute decisional responsibilities proportionally to the granted level of liability and authority;
- correctly define, assign and communicate the authorization and signature powers, providing, when required, for a precise indication of the expense approval threshold, in order not to grant to any subject unlimited discretional powers;
- guarantee the separation of roles principle in process management, providing for the assignment to different subjects of the crucial phases of the process and, in particular, those of authorization, execution and control;
- regulate the risk activity, for example, through dedicated procedures and policies providing for the appropriate check-list (controls, settlements, account balancing, information flow, etc.);
- guarantee the verifiability, demonstrability, consistency and compliance of each operation or transaction. In order to do so, it must be possible to track down the activity through a proper documental support, on which controls can be effected at any time. It is therefore opportune to easily individuate for each operation who authorized it, who actually carried it out, who registered it and who controlled the same. A highly precise tracking down of the operations is guaranteed through the use of dedicated IT systems able to manage the operation, allowing the compliance with the above-described requisites;

- guarantee the demonstrability of the controls carried out. In order to do so, the procedures through which the controls are effected must ensure the possibility to track the controls carried out, in order to allow the evaluation of the consistency of the methods applied (self-assessment, sample researches, etc.) and the correctness of the results (e.g.: audit reports);
- guarantee dedicated reporting tools allowing the systematic reporting from the personnel carrying out the risk activity (e.g.: written reports);
- foresee controls and monitoring of the correctness of the activity performed by the single functions within the considered process (compliance to the rules, correct utilization of the expense and signature powers, etc.).

Said control principles have been the reference point while preparing and updating the corporate procedures (see Annex 6 “Control System”).

4.4 Code of Conduct

The adoption of ethical principles relevant for preventing the offences provided for by L.D. 231/2001 represent the basis of this Model. In such view, the adoption of a code of conduct as *governance* tool is an essential element of the preventive control system. In fact, the code of conduct aims at recommending, promote or forbid given behaviors, to which it is possible to associate sanctions proportioned to the gravity of the offence perpetrated.

The code of conduct prepared by Philip Morris within the project for the implementation of the provisions of L.D. 231/2001 set forth in Annex 3 (the "**Code of Conduct 231**") is part of an international context strongly characterized by a growing attention to ethical and deontological values.

In order to realize these values, Philip Morris International undertook various actions, among which the preparation of an articulated "*Compliance*" system.

The principles stated in the *Compliance* system are based on high conduct standards and reflect the constant commitment within the Group also with reference to social liability and to the responsible commercialization of cigarettes.

As part of the Compliance system, the model for the detection, measurement, management and control of tax risk (the so-called "**Tax Control Framework"**) adopted by the Company pursuant to Legislative Decree 128/2015 for access to the collaborative compliance or 'Cooperative compliance' regime is relevant in order to mitigate the tax risk as a whole and strengthen the safeguards on tax offences.

Therefore, the methodology followed in order to prepare the Code of Conduct 231 has been from one hand, to orientate such tool toward the protection of the specific law provisions in the light of the offences therein indicated and, from the other, to extend its scope to a series of conducts from which could abstractly derive a corporate liability. The Code of Conduct has been

prepared consistently with the numerous provisions and standards already adopted by the Group.

The "Code of Conduct 231 of Philip Morris is addressed to directors, top managers and employees, but is applied also to consultants, partners, agents, authorized representatives of the Company and third parties acting on behalf of the Company. The Supervisory Body is responsible for detecting and evaluating, with the aid of People & Culture function the opportunity of inserting specific contractual clauses in the agreements governing the dealing with the aforementioned subjects, in the light of the corporate activities potentially exposed to the perpetration of the offences provided for by said Decree.

Any doubt about the application of the principles and provision in the Code of Conduct 231 must be timely presented to the attention of the Supervisory Body.

Anyone having notice about violations to the principles of the Code or about any other event affecting its scope and effectiveness is due to timely informing the Supervisory Body, also through the reporting channels mentioned further in para. 4.5.

The violation of the principles and conduct rules contained in the Code of Conduct 231 will be sanctioned through the measures contained in the corporate disciplinary system provided for by the Model as set forth in Annex 4 (the "**Disciplinary System**").

4.5 Whistleblowing system

In addition to the information system outlined in paragraph 4.10 below ("Reports to and from the Supervisory Body"),

as provided for in Article 6, paragraph 2-bis, of Legislative Decree 231/2001, the Company provides for internal reporting channels, the prohibition of retaliation and a disciplinary system in accordance with Legislative Decree No. 24 of March 10, 2023 (Whistleblowing Decree), implementing Directive (EU) 1937/2019.

Violations that can be reported under the Whistleblowing Decree are those that the whistleblower has become aware of in the course of their work and that harm the public interest or the integrity of the public administration or the Company; these also include reports of unlawful conduct relevant under Decree 231 or violations of the Model.

In accordance with the provisions of the Whistleblowing Decree, the Company uses an internal Group channel, which allows reports to be made in writing and orally (guaranteeing the confidentiality of the reporter and the person involved, as well as the content of the report and related documentation).

In order to regulate the use of the internal reporting channel and the management of reports, as well as to provide clear information on report managers and the conditions for making a report, the Company has adopted a specific procedure called (***Relevant Reports***"), published on its website,

which should be consulted for details of the reporting channels available and for any further information.

The persons identified for the management of reports are specifically trained in whistleblowing and authorised in accordance with applicable privacy legislation.

In the event of reports concerning violations of the Model and facts that could constitute the predicate offences provided for by Decree 231, the report manager shall involve, in compliance with confidentiality obligations, the Company's Supervisory Body, which shall assist in the relevant analyses and, where necessary, in the investigative activity.

The SB is required, in particular, to:

- be kept constantly informed about the methods and progress of investigations relating to 231 Reports in accordance with the Relevant Reports Procedure, as well as any subsequent actions taken;
- be periodically informed, for the purposes of appropriate checks, on the functioning of the reporting system and its management in accordance with the Relevant Reports Procedure, as well as on the information and training activities carried out in relation to whistleblowing.

In order to allow maximum accessibility and diffusion of the existing channels for reporting unlawful conducts, the Company regularly provides appropriate information and provides training sessions to personnel to allow appropriate awareness of the existence of these tools and channels.

With regard to reports of offences that do not concern the cases referred to in Decree 231, violations of the Model or other violations provided for in the Whistleblowing Decree (and expressly indicated in the Relevant Reports Procedure), reference can be made to procedure PMI 16-C "*PMI Corporate Speak up Policy*".

The whistleblower must report in good faith and does not find protection in the case of an unfounded report made with malice or gross negligence.

With the exception of the case in which a reporter might be found civilly or criminally liable for ungrounded reports, the Company commits to prevent and actively oppose any conduct intended to hinder a report, as well as any direct or indirect retaliation or discrimination concerning illicit behaviors, for reasons connected directly or indirectly to the whistleblowing reports, except in cases where the whistleblower is found to be criminally or civilly liable for making a false statement.

Attachment 4 (Disciplinary System) provides for sanctions against persons breaching confidentiality obligations or performing retaliatory or discriminatory acts against reporters, as well as against who commits other offenses under Whistleblowing Decree.

4.6 Management of financial resources System

Article 6, paragraph 2, letter c) of the Decree provides for the models to foresee "*a method of management of financial resources aimed at preventing the commission of offences*". The provision finds its grounds in the fact that most of the offences provided for by the Decree can be committed through

the financial resources of the Entities (e.g.: constitution of extra-accounting funds for bribery).

The management of financial resources process makes reference to the activities related to monetary and financial flows going out for the fulfilment of various social security duties, which can be substantially summarized in the following macro-groups:

- flows of ordinary nature, connected to current activities/transactions such as, as mere example, purchase of goods and services and licenses, financial, tax and social security contribution duties, wages and salaries;
- flows of extraordinary nature, related to financial operations such as, as mere example, subscriptions, capital increases and transfers of receivables.

In particular, in the respect of the transparency, verifiability and consistency principles of the corporate activity, such management process includes the following phases:

- planning, by the single functions of the periodical budget needs and/or *ad hoc* communications – duly authorized – to the competent Function;
- preparation (by the competent function) of the necessary budget at the established deadlines;
- payment order duly formalized;
- verification of the correspondence between the amount indicated in the relevant document and in the payment order.

Confindustria's Guidelines recommend the adoption of decision procedures, which, by making documented and verifiable the various steps of the decisional process, prevent the inappropriate use of the corporate financial resources.

Always with reference to the principles indicated in the Guidelines, the control system related to the management of financial resources is based on the qualifying elements of the separation of roles in the key steps of the process, duly formalized, and of the tracking of documents and authorization levels to be associated to each operation.

In particular, the specific control elements are described as follows:

- existence of different subjects operating in the different steps/activities of the process;
- request for the relevant payment order, duly formalized, in order to effect the payment;
- control on payment;
- final balancing;
- existence of authorization levels both for the payment order and payment divided by nature of the operation (ordinary/extraordinary) and amount;
- existence of a systematic information flow aimed at guaranteeing the consistency with proxies, operative power of attorneys and authorization profiles registered;

- systematic balancing both of the intercompany accounts and bank accounts;
- tracking of the documents and of the single steps of the process (with specific reference to the annulment of those documents which already originated a payment).

The above mentioned aspects are disciplined by the whole of the Principles&Practices, and in particular PMI 29 "*PMI Corporate Buying Goods and Services Policy*" and PMI 11-C "*PMI Corporate Handling Payments Policy*", having as object the corporate principles and the rules to be followed with reference to the purchase of goods and services, from the purchase up to the payment of the goods and services received, including the selection of the supplier, the order, the reception and the control of the relevant invoices.

The management control of the financial resources is additionally ensured by a budgeting system, which the *Finance* function is responsible for. *Finance* must monitor any inconsistency with the budget and must communicate to the Supervisory Body any anomalous relevant and repeated conduct.

4.7 Disciplinary System

The actual effectiveness of the Model must be ensured by a suitable disciplinary system, aimed at sanctioning any defiance and violation of the provisions contained in the Model and of its constitutive elements. Such violations must be sanctioned disciplinarily, regardless of a criminal investigation being started, since they represent a violation of the diligence

and loyalty duties of the worker and in the worst cases a breach in the trust relationship with the employee.

The disciplinary system is autonomous from criminal offences and does not substitute the provisions of law governing the employment relationship, the Statute of Workers (Law 300/1970) and the National Collective Labour Agreement applicable to the Company's employees.

The Company introduced a Disciplinary System, as provided for by L.D. 231/2001, aimed at sanctioning any violation of the principles and provisions contained in this Model, both by all the Company's employees – managers and not – and by directors and statutory auditors, as well as by the members of the Supervisory Body, consultants, partners and third parties acting on behalf of the Company.

The Disciplinary System also aims to sanction violations provided for in Article 21 of the Whistleblowing Decree (see Annex 4, "Disciplinary System").

It should also be pointed out that – in addition to the possibility of disciplinary sanctions being applied – failure to punctually comply with the rules contained in the Model constitutes an element of professional evaluation that may have repercussions on the career or remuneration path (with particular regard, for instance, to the possible variable/premium component of remuneration) with reference to all Employees (including management).The Disciplinary System adopted by the Company is attached to this Model and constitutes an integrant part of the same (see Annex 3 "Disciplinary System").

4.8 Human Resources

a) Recruitment System

Philip Morris, with reference to the **recruitment process**, follows a corporate policy aimed at recruiting the most qualified and skilled personnel, fairly and transparently. The recruitment principles, provided for by the Code of Conduct 231, which all the corporate functions must respect and in particular People & Culture function, are defined in order to guarantee an evaluation mostly based on objective elements.

In particular, as provided for by the Code of Conduct 231, the recruitment is carried out on the basis of the correspondence between the candidates' profiles and specific skills and the corporate needs, so as resulting from the request made by the competent function and always respecting equal opportunities for all the interested subjects.

In particular, the recruitment process involves subjects both from the area directly interested to the selection and from the People & Culture function. Competences and responsibilities of the vacant position are determined in advance through the use of a proper "*job description*" prepared on the basis of the standard competences model of Philip Morris International. The selection is carried out taking into account the correspondence between the possible candidate and the competences model of Philip Morris International, as well as the further requisites required by the "job description".

b) Performance evaluation System

The Company constantly monitors the personnel, both through the People & Culture function and the respective functions. The main performance evaluation tool is the MAP (Managing and Appraising Performance), an articulated process aimed at ensuring the constant coordination of the individual performances with the corporate targets, as well as the individual development of each employee. The performance evaluation is carried out in the light of the competences model of Philip Morris International, amongst which integrity is included, meant as total respect of the policies and code of conduct of Philip Morris International.

As far as incentive systems are concerned, the criteria utilized are inspired by the principles set in the "Code of Conduct 231", according to which within the corporate organization, the pre-set annual targets for the personnel, both general and individual, must be such as not to induce illicit conduct, but focused on an achievable, specific, effective, measurable results, proportioned to the time foreseen for their accomplishment.

4.9 Supervisory Body

L.D. 231/2001, under article 6, paragraph 1, letter b) provides for by, among the necessary elements to waive the liability consequent to the perpetration of the offences therein indicated, the appointment of an *company* board – the

so-called *supervisory body* – with autonomous initiative and control powers, having the duty to oversee the functioning and observance of the Model and to update the same.

Requisites of the Supervisory Body

In order to fulfil the duties provided for by the aforementioned provision, the Body must satisfy the following requisites:

1) **Autonomy and independence:** as also pointed out by the Guidelines, the position of the Body within the Company "must guarantee the control initiative autonomy from any kind of interference and/or conditioning from any component of the Company" (including top management). The Body must be inserted as high as possible in the corporate hierarchy with the possibility of a reporting line to the Managing Director. Moreover, in order to ensure to the Body the necessary autonomous initiative and independency, "it is necessary for the SB not to be in charge of any operative duty, which, through the participation to operative decisions and activities, would affect its objective judgment when verifying conducts and the Model". It is to be pointed out that as "operative duties", for the purposes of this Model and of the Company's activity, it is to be intended any activity affecting strategic or financial aspects of the Company itself.

2) **Professionalism:** such requisite makes reference to the specialist technical expertise, which the Body must possess, in order to carry out the activity provided for by the law. In particular, the members of the Body, must have specific competences related to any technique useful for the carrying out of the inspecting, control system analysis and juridical activity (in particular corporate and criminal law), as clearly specified by the Guidelines. In fact, the following expertise is essential: techniques of risk analysis and assessment, flow charts procedures and processes, methods for the individuation of frauds, statistical sampling and the structure of the offences and the ways the same are perpetrated.

3) **Continuity of action:** in order to ensure the effective implementation of the organizational Model, it is necessary to have an exclusively dedicated, full time supervisory structure.

Therefore, as entity dedicated to oversee the functioning and observance of the Model and to take care of its constant update, as well as entity having specific initiative and control powers, the SB must:

- be independent and a third party towards those object of its supervisory;
- be positioned as high as possible in the corporate hierarchy;
- have autonomous initiative and control powers;

- have financial autonomy;
- not have any operative duty;
- have continuity of action;
- possess the professionalism requirement;
- be allowed to directly communicate with the corporate top management.

Appointment of the Supervisory Body

As provided for by the Decree and by Confindustria's Guidelines, and respecting the above autonomy, independence, professionalism and continuity of action requirements, the Company chose a collegial Supervisory Body, with a variable composition from 3 to 5 members, with the possibility to provide for the Body to be entirely made by external members, according to the Supervisory Body's By-laws, attached to this Model.

It will not be possible to appoint members of the Supervisory Body, anyone who has been sentenced – even if the sentence has not become final yet – for one of the offences provided for by the Decree.

As far as the other reasons for ineligibility and nullity are concerned, as well as with regard to all the aspects related to the functioning of the Supervisory Body, reference is to be made to the document titled "Supervisory Body's By-laws" (see Annex 4 "Supervisory Body's By-laws").

Monitoring and Control activity of the Supervisory Body

Considered the importance of a timely and efficient monitoring by the Supervisory Body of the most sensible areas identified in the special part of the Model, as constantly updated, and considered the importance of the timely and efficient monitoring of the circumstances highlighted in the annual report of the Supervisory Body to the Board of Directors, the Supervisory Body and the Board of Directors schedule, once a year, a meeting in order to assess if the available resources and/or the budget provided to the Supervisory Body is, on the basis of its evaluation, appropriate in relation to the activities requested by the Model and/or scheduled by the Supervisory Body.

Always considering the importance of guaranteeing the most timely and efficient monitoring of the most sensible areas identified in the special part of the Model, as updated, and considered the importance of guaranteeing the most timely and efficient monitoring of the circumstances highlighted in the annual report from the Supervisory Body to the Board of Directors, the Board of Directors provides additional resources, either through a headcount available in the internal controlling functions or an agreement with a specialized company in order to provide a qualified and regular support to the Supervisory Body for the institutional control activities, included random tests, the preparation of information flows or any other area that the Supervisory Body would consider worth of attention.

The company confirms that the Supervisory Body, may, in particular, exercise efficient further controls, in addition to line controls and to the controls from the internal audit already provided by the compliance corporate procedures.

4.10 Information flow System from and to the Supervisory Body

Information flow from the Supervisory Body to the corporate bodies

The Supervisory Body shall provide information on the activity performed to the Managing Director on a continuative basis, as well as to the Board of Directors and to the Board of Statutory Auditors on a periodical basis (six-month/annual), and, in any case, anytime it is deemed necessary and/or opportune.

In particular, the Body must present the following documents:

- every six months, a summarizing report having as object the activities performed in their whole, highlighting in particular the controls carried out and the relevant results, the critical matters and the deficiencies detected in the corporate processes, the necessary and/or opportune corrective measures undertaken in order to update the Model and the status of such measures;
- on an annual basis, a report having as object the results of the activity performed, any critical matter detected, any need for update of the Model or procedures, the status of any correcting measures undertaken and the work plan for the following reference period.

Information flow to the Supervisory Body

Article 6, paragraph 2, letter d) of L.D. 231/01, provides for by the inclusion in the Model of informative duties towards the Body in charge for the control of the functioning and observance of the Model itself.

The obligation for a structured information flow was conceived in order to guarantee the supervisory activity on the effectiveness and efficacy of the Model and any possible assessment *afterwards* of the causes that rendered possible the perpetration of the offences provided for by the Decree.

The information provided to the Supervisory Body is aimed at making its control planning activity better and does not imply a timely and systematic investigation of all the matters reported.

In particular, it must be timely reported to the Supervisory Body any information regarding:

- measures and/or news coming from the police criminal investigation department or from any other authority, from which it emerges the carrying out of investigations on the offences provided for by the Decree, also against unknown subjects;
- any decision related to the request, concession and use of public funding;
- any violation of the Model and of its constitutive elements and any other aspect potentially relevant for the application of the L.D. 231/2001;
- any violation by the staff of the applied safety measures;

- any event, act/omission, which may affect the protection of the personnel's integrity and any other issue relating to the prevention of industrial accidents potentially relevant for the application of article 25-*septies* of the L.D. 231/2001;
- the Risk Assessment Report prepared in compliance with L.D. 81/08 by the Manager of the Prevention and Protection Services (hereinafter "MPPS"), highlighting also the application of opportune correction and prevention measures, should anomalous situations have emerged;
- the schedule of the planned annual inspections and the number of mystery inspections and the minutes of the controls and technical inspections carried out (specifying when planned and when mystery), highlighting any anomalous situation;
- any obstacle to the exercise of the functions of the MPPS, of the Workers' Representative for Security (hereinafter "WRS") and of the doctor in charge, in order to adopt the subsequent measures;
- the annual schedule of the programmed maintenance and of training sessions related to industrial accidents prevention law and the relevant preventive and protective measures;
- a six-month report prepared by the MPPS concerning the duties related to subcontracts with subcontractor companies and self-employed workers;

- in case of administrative inspections related to the provisions of the L.D. 81/08, any inspecting activity, as well as the observations of the controlling authority;
- any request for legal assistance made by directors and/or employees, against whom the Authorities are proceeding for the offences provided for by the Decree;
- reports prepared by the people in charge of the different corporate functions within the scope of the control activities carried out, from which critical facts, acts, events or omissions may emerge, with reference to the provisions of the Decree;
- any notice related to the actual application of the Model at all corporate levels, highlighting any disciplinary proceeding carried out and any sanction applied, or the reasons why disciplinary proceedings were archived;
- any modification and/or update of the power of attorneys and proxies system;
- a copy of the approved financial statements, including the Integrative Note and the Management Report and a copy of the Certification Report released by the audit firm;
- the existence of corporate activities resulted or perceived as lacking, totally or partially, appropriate and/or suitable rules (total or partial absence of specific provisions, inadequacy of the principles of the Code of

Conduct 231 and/or of the operative procedures with reference to their aims, i.e. clarity and understandability, update and correct communication, etc.);

- any decision, modification and/or update of the operative procedures and the Code of Conduct 231 carried out or deemed necessary.
- Any information related to requests of favours or other utility, for himself/herself or others, coming from a Public Official or a Civil Servant, which go beyond what can be considered legitimate customs and traditions;

As already agreed by the Legal Department and the Supervisory Body, it shall be transmitted to the Supervisory Body information regarding:

DIRECTION	Periodical Flows	FREQUENCY
Finance	Report from the external Audit company on the Statutory Financial Statements	Annual
Finance	Statutory Financial Statements	Annual
Finance	Request, delivery, and use of public funds	Annual
P&C	Hiring report in which possible conflicts of interests have been highlighted/ Report on disciplinary proceedings and sanctions with impact on 231	Annual
IC Department	- summary of the audits carried out on Gift and hospitality in favor of private individuals ;	half-yearly

Ethics & Compliance	-List of suppliers authorised to interact on behalf of the Company with Public Officials, Public Service Officers or persons falling within the definition of Government Official according to the Global Anti-Corruption Policy ("GOs") -Contributions made by the Company, indicating the recipient entity, the amount paid, a description of the project and (where already available) the final report -Gifts and hospitality offered to GOs, HCPs (Healthcare Professionals) and KOLs (Key Opinion Leaders) as defined in the Global Anti-Corruption Policy, for which pre-approval is required under the aforementioned Policy -List of contracts signed with GOS	half-yearly
IC Department	Summary of checks carried out in relation to the traceability of meetings with GOs by Employees or Suppliers	Quarterly
Ethics & Compliance	Information on the reporting system and its management in accordance with the provisions of the Relevant Reports Procedure	half-yearly
Legal	Update on training activities carried out on the mitigation of corruption-related offence risks and whistleblowing	Annual

IC Department/Legal	List of subcontracting agreements as per Procedure 231 – Contributions, Gifts, Hospitality and Contractual Commitments	Annual
RSPP	Annual meeting report ex art. 35 TUS	Annual
	Waste disposal Report (i.e. RAEE)	Annual
	Information report, accident or near miss / report of accident/ injuries with prognosis >40 days	half-yearly
DIRECTION	**On-the-spot flows**	
Relevant Project Manager	Public tender and status report (adjudication, managing of the bid, closing, problems etc..)	On an event-driven basis
IC department or other control function	Significant exceptions/discrepancies with respect to the 231 Procedures referred to in the Model	On an event-driven basis
Ethics & Compliance	Reports regarding misconduct related to predicate offenses under Decree 231 and/or violations of the Model in accordance with the Relevant Reports Procedure	On an event-driven basis
Legal	Updated list of delegation and sub-delegation of the functions and the corporate PoA's	On an event-driven basis
Legal	Updated list of employees who, by virtue of their Job Description, are required to interact with GOS	On an event-driven basis
Legal	Visits, Inspections, examinations performed by public Authorities and any report and sanction issued	On an event-driven basis

Legal	Orders and/or notices from the judicial police or from any other authority on the investigations status that directly or indirectly affect the Company or its employees or individuals from corporate bodies for offences falling within the scope of the predicate offences of Decree 231.	On an event-driven basis
Legal	Any information relating to the employment of third-country nationals whose residence is irregular or, in any case, to the facilitation of illegal immigration, not only by persons working for the Company, but also by its suppliers or partners.	On an event-driven basis
IC department	Modification of the organizational structure	On an event-driven basis
IC department	Modification of the corporate policies	On an event-driven basis

With regard to information flows concerning health and safety at work, in addition to the flows indicated above, please also refer to the Special Section f) Offences in violation of the regulations on health and safety at work.

In order to facilitate the reporting flow (periodical or by event) toward the SB, it has been foreseen the establishment of 'dedicated information channels' within the Company.

In particular, an e-mail through which the SB's members will be able to receive any request or information has been activated: organismodivigilanza.pmitalia@pmi.com.

The communications received by the SB are collected and kept in a dedicated archive, which only the Body's members are allowed to access, where the SB's activities (e.g. meeting minutes, annual verification plans, minutes of meetings with management, preliminary investigation procedures and the relevant outcomes, etc.) are documented and duly filed.

The Body must not release reports and information acquired during its activity, ensure their confidentiality and abstain from trying to use the same for purposes different from those provided for by article 6 of the L.D. 231/01. In any case, any information possessed by the Body is treated in compliance with the existing law and, in particular, with the Privacy Law (L.D. dated 30 June 2003, no. 196) and with EU Regulation 2016/679 (so-called "GDPR").

4.11 Training and Communication Plan

Training

Internal training is an essential tool for an effective implementation of the Model and for a widespread dissemination of the conduct and control principles adopted by the Company, in order to reasonably prevent the offences, from which the corporate administrative liability derives under the Decree's provisions.

The Legal Department, with the support of the People & Culture function, is responsible for correct staff training with reference to the application of the Model. Such training is subject to verification by the Supervisory Body.

The training programs must be shared with the Supervisory Body.

The requisites the training program must respect are the following:

- be adequate to the position of the subjects within the organization (newly-employed, employee, manager, director, etc.);
- the content must be differentiated according to the activity carried out by the subject within the Company (risk activity, control activity, safe activity, etc.);
- the periodicity of the training must be paced according to the change degree of the environment within which the Company operates, as well as to the staff's learning ability and to the management's commitment to empower the training carried out;
- the trainer must be a competent and influential person, in order to ensure the quality of the training topics, as well as to explicitly give importance to the subject training for the Company and for the strategies the same is willing to follow;
- the participation to the training programs is compulsory and appropriate control mechanisms must be defined to monitor the presence of the participants;

- must foresee control methods in order to assess the learning level of the participants.

The training can be classified as *general* or *specific*. In particular, the **general training,** implemented according to the most efficient and suitable methods, must be addressed to all corporate levels of the Company, in order to allow every employee to be informed about:

- the principles stated by L.D. 231/2001 on corporate administrative liability, the offences and sanctions therein contained;
- the conduct principles provided for by the Code of Conduct 231;
- the Disciplinary System;
- the guidelines and control principles contained in the operative procedures and control standards;
- the powers and duties of the Supervisory Body;
- the internal reporting system regarding the Supervisory Body;
- the internal whistleblowing system.

The **specific training**, on the other hand, is addressed to those people that, due to their activity, need specific competences in order to manage the activity itself, as well as to the staff operating within activities potentially at risk for the perpetration of the offences provided for by the Decree. These subjects must receive both general and specific training. The specific training should allow the subject to:

- be aware of the potential risks associated with his/her activity, as well as of the specific control procedures to activate in order to monitor the activity itself;
- be able to detect any anomaly and timely report the same in order to implement the opportune corrective actions.

Also the people in charge for the internal control, who monitor the activities potentially at risk, shall be addressed with a specific training, in order to make them aware of their responsibilities and role within the internal control system, as well as of the sanctions the could be subject to, should they fail to respect such responsibilities and role.

Should the Model be significantly changed and/or updated, training modules shall be organized, in order to inform the staff of such changes/updates.

Finally, specific training modules shall be organized for the newly-employed assigned to sensitive or instrumental activities as set forth in the Mapping.

Communication

As provided for by L.D. 231/2001 and by Confindustria's Guidelines, the Company fully releases the present Model, in order to ensure that all Recipients are aware of its contents

The communication shall be widespread, effective, clear and detailed, with periodical updates related to the changes in the Model, in compliance with Confindustria's Guidelines.

In particular, the communication, in order to be effective, must:

- be sufficiently detailed in relation to the hierarchical level of destination;
- use the most appropriate and most accessible communication channels in order to ensure the information in a timely manner, allowing the staff to which the communication is addressed to, to effectively and efficiently use the same;
- be qualitative with regard to the content (include all the necessary information), timely, updated (include the most recent information) and accessible.

The communication is addressed to:

- all the staff (employees and directors);
- the newly-employed at the time of hiring;
- the independent contractors (i.e. the so-called "*collaboratori a progetto*");
- the Company's vendors and partners;
- third parties acting on behalf of the Company.

The actual communication plan related to the essential elements of this Model, shall be developed through a communication via e-mail to all the staff, publication on the corporate intranet and personalized communication to managers and directors.

4.12 Activities of the company top management

As mentioned in the premise to this Model, offences which could give rise, pursuant to L. D. 231/2001, to liability of the Entity can be carried out by subjects in a top position and by subjects under their direction or control.

In the case of an offence committed by the Top Management, L.D. 231/01 envisages an inversion in the burden of proof. In this case, it is the Company that must demonstrate the fraudulent evasion of the drawn up and effectively implemented Model. In the case of an offence by the Top Management, it is not sufficient to demonstrate that this was a violation committed by a top subject in bad faith, but it is also required that controls were not omitted or lacking by Supervisory Body in relation to the Model.

Starting from these premises, it is noted that directors, statutory auditors, etc. are the natural addressees of all the legal provisions incriminating them, which are mapped in the Special Part below, for which liability pursuant to L.D. 231/2001 is applicable.

As proof of this, several offences which L.D. 231/01 links to the administrative liability of the Entity are so-called “own” offence, meaning that they can be committed only by subjects holding a specific subjective position (i.e., for corporate crimes, the active subjects identified by the incriminating law are exclusively directors, statutory auditors, winding-up officials, managers responsible for accounting and those who, as a result of art. 2639 of the civil code, can be considered in the subjective position). As a

result of these legal indications, it is considered necessary that the control activity assigned to the Supervisory Body also cover the work of the Board of Directors and the Board of Statutory Auditors. Nonetheless, complicity of subjects other than those identified by the law, pursuant to articles 110 *et. seq.* of the criminal code, in the offence committed by members of the Top Management cannot be ruled out.

4.13 Control system

This Model is intended to introduce into the Company binding principles of conduct and rules which are relevant for the purpose of the reasonable prevention of crimes referred to in the Decree. The Model therefore does not intend to substitute the provisions of ethical codes already implemented by Philip Morris International Inc. in its operating subsidiaries and in their respective affiliates, such as the Company, but it rather intends to integrate their contents.

Among these, the PMI Code of Conduct of the Group, the "Marketing Code" should be especially remembered, as well as the set of "Principles&Practices" and procedures implemented by Philip Morris International, which establish the fundamental conduct rules and principles underlying the daily activities carried out by the Company's employees, and constitute an efficient control measure, also for the purpose of prevention of administrative liability pursuant to the Legislative Decree, as well as for reporting illicit behaviors.

This Model, pursuant to the Decree, becomes an integral part of the Compliance system already implemented by the Company.

SPECIAL PART

a) OFFENCES AGAINST THE PUBLIC ADMINISTRATION
as provided for by L.D. 231/2001

1. OFFENCES AGAINST THE PUBLIC ADMINISTRATION

1.1 The offences against the Public Administration listed by L.D. 231/2001

For the purposes of preventing the offences and implementing the entire control system provided for by the Decree, it is essential the knowledge of the structure and of the perpetration modalities of the offences, to which the regime of corporate liability applies, should such offences be committed by the subjects qualified by article 5 of the L.D. 231/2001.

In this regard, please find herewith below a brief description of the crimes listed under articles 24 (Undue perception of public funding, fraud against the State or a public body or the European Union or for the perception of public funding and computer fraud against the State or a public body and fraud in public supply) and 25 of L.D. 231/2001 (Embezzlement, misappropriation of money or movable property, bribery, undue induction to provide benefits or to promise to provide benefits, and corruption) that appear abstractly relevant to the Company.

For a description of all the offences provided for in Articles 24 and 25 of Legislative Decree No. 231/2001, please refer to the list attached to this Model (see Annex no. 1 “List of Offences”).

Embezzlement of public funds (art. 316-bis criminal code)

The basis for the subject offence is the obtainment of a contribution, state aid or a loan or a favourable loans or other funds of the same type, however denominated, intended for the achievement of one or more objectives granted by the State, by other public bodies or by the European Union.

The core of the offence is the bad administration of the funds obtained, which are not used for the purposes established and are utilized for other aims. Such misuse exists both if the funds are employed for a work or an activity different from that they were required for and if the same are not used and kept fixed.

The offence is considered as perpetrated both in the case only a part of the funds is misused and in the case in which the part correctly employed accomplished the work or initiative, which the entire amount was destined to.

Undue perception of public funding (art. 316-ter criminal code)

The subject offence takes place when anyone, through the use or filing of false declarations or documents, or in any case containing untruthful data, or through the omission of due information, obtains for him/herself or for others, contributions, grants funding, favourable loans and other similar funds, under whatsoever denomination, granted or financed by the State, other public bodies or by the European Union.

The offence is considered as perpetrated when the funds are obtained (which is the typical offence's core).

The relationship between the offence in question and that described under article 640-*bis* of the Italian criminal code (Aggravated fraud for the obtaining of public financing) is still controversial. On this point case law clarified as follows: "Article 316-*ter* of the criminal code, which punishes the conduct of whom, also without deceptions of any kind, obtains for him/herself or others undue public or EU financing, is a subsidiary provision to article 640-*bis* of the criminal code and is therefore applied only in case the criminal conduct does not meet the criteria for the perpetration of this latter offence. Consequently, the conduct sanctioned by article 316-*ter* (less serious than the aggravated fraud) regards the cases left uncovered by the provisions of articles 640 and 640-*bis* of the criminal code".

Fraud against the State or another public body (art. 640, para. 2, no. 1, criminal code)

The fraud substantially takes place when a fraudulent conduct, characterized by tricks or deceptions, induces someone in error and consequently induces the passive subject to grant undue funds.

In particular, the trick consists of an alteration of the reality, either dissimulating the existence or simulating the inexistence of something, determining in the passive subject an untruthful perception of reality, inducing him/her in error.

On the other hand, the deception does not operate on the reality, but on the subject's mind, through an ingenious program of words or topics aimed at persuading and orientating toward the wanted direction someone else's opinions and decisions.

The instance considered under L.D. 231/01, is the aggravated case under paragraph 2, no. 1), of article 640 of the criminal code, i.e. fraud against the State, another public body or the European Union.

Aggravated fraud for the obtaining of public funding (art. 640-bis criminal code)

The objective part of the offence is indicated *per relationem* with the case provided for by article 640, from which all the aforementioned constitutive elements are taken, having as differentiating aspect the material aim subject of the fraud, represented by contributions, subsidies, funding, favorable loans and other similar funds, under whatsoever denomination, granted or financed by the State, other public bodies or by the European Union.

Computer fraud (art. 640-ter criminal code)

The subject offence takes place when a subject, altering in any way the functioning of an IT or electronic system or intervening in any way, without being entitled, on data, information or software contained in an IT or electronic system, obtains an undue profit for him/herself or for others, causing damage to someone else.

It is to be pointed out that the crime in question, for the offences dealt with in this Special Section, is relevant for the purposes of L.D. 231/01, if perpetrated against the State or another public body.

Corruption (articles 318 and subsequent, criminal code)

Corruption in general is defined as a criminal agreement having as main object the trade, the barter of the functional activity of the public administration with a sum of money or any other thing from the private to the public official. In order to perpetrate the offence in question, the acceptance of the promise of the above trade or barter is sufficient.

Corruption in the exercise of the public function, of office duties, or for an act not compliant with office duties (art. 318- 319 of the criminal code)

Said offence occurs when a public official receives (or accepts the promise to receive), for him/herself or for others, money or any other benefit for an act of his/her office, or in order to omit or delay an act of his/her office, or in order to perform, omit or delay an act of his/her office or an act not compliant with office duties (with a consequent advantage for those who offered him/her such money or any other benefits).

The activity of a public official may concern a due act (e.g. accelerating the performance of an act for which he/she is competent), an act against his/her office duties, or a conduct that, even though not consisting in a specific and pre-defined act, concerns the exercise of his/her duties as a public official (e.g. offering money to a public official in order to receive benefits in the future.)

The aforesaid offence differs from bribery, since there is an agreement between the subject corrupted and the corruptor, aimed at enabling both parties to obtain a mutual benefit, while in case of bribery a private person is subjected to the conduct of a public official or person in charge of performing a public service.

Pursuant to Article 320 of the criminal code, the provisions of Article 319 of the criminal code also apply to a person in charge of a public service.

In addition, according to Article 321 of the criminal code, the penalties set out in Articles 318 and 319 of the criminal code also apply to those who give or promise to the public official or the person in charge of a public service money or other benefits.

Aggravating circumstances (art. 319-bis criminal code)

The aforesaid article sets forth stricter sanctions in case the event under art. 319 of the criminal code concerns the assignment of posts as civil servants, the granting of public salaries or pensions, or the execution of contracts involving the administration to which the public official belongs.

Corruption in judiciary acts (art. 319-ter criminal code)

The subject offence takes place if the aforementioned cases under articles 318 and 319 of the criminal code, are committed in order to favor or damage a part in a civil, criminal or administrative trial.

The provisions apply not only to judges, but also to all public officials in the position to influence the result of a trial.

Induction not to issue any statement or to issue untruthful statements to the criminal investigation authorities (art. 377-bis criminal code)[1];

This offence is committed in the event that, through violence or threat, or with the offer or promise of money or any other thing, a witness is induced not to issue statements or to issue untruthful statements before the Italian authorities' criminal investigation departments.

Instigation to corruption (art. 322 criminal code)

The subject offence regards who offers or promises undue money or any other thing, to a public official or to a Civil Servant being a public employee, in order to induce the same to perform and act of his/her office, or to omit or delay an act of his/her office or to perform an act on compliant with his/her duties, should the offer or promise not be accepted.

Undue induction to grant or promise benefits (art. 319-quarter criminal code)

Such offence takes place in the event that a public official or person in charge of performing a public service, through abuse of his/her position and powers, induces someone to unduly grant or promise to him/herself or to others money or any other thing. Sanctions will apply not only in connection with the public official and the person in charge of performing the public service, but also the private who, as opposed to the case of bribery, is not obliged but

[1] Law no. 116 of 3 August 2009 introduced the following in the catalogue of offences provided for by L.D. 231/01, art. 25-*decies*: "Induction not to issue any statement or to issue untruthful statements to the criminal investigation authorities". While this offence is included in the crimes against the legal administration, it is considered suitable to include it in this part of the model.

only induced to grant or promise a benefit, and thus preserves his/her freedom to make a deliberate decision as to the criminal act, which justifies punishment.

Embezzlement of public money, extortion, illegal inducement to give or promise benefits, bribery and incitement to bribery of members of the International Criminal Court or bodies of the European Communities and officials of the European Communities and foreign States (art. 322-bis criminal code)

On the basis of the reference to art. 322-*bis* made by art. 25 of the Decree, the types of offences envisaged by articles 314, 314-*bis*, 316, 317 to 320, 322, third and fourth paragraphs , of the criminal code are also present when money or other benefits are given, offered or promised, also as a result of induction to do so:

1) to members of the European Commission, the European Parliament, the Court of Justice of the European Communities and the European Court of Auditors;

2) to officials and agents employed by contract under the Staff Regulations of officials of the European Communities and the Conditions of Employment of other servants of the European Communities;

3) to persons delegated by Member States or by any public or private body to the European Communities, who perform functions

corresponding to those of officials or servants of the European Communities;

4) to members and employees of entities constituted in accordance with the treaties establishing the European Communities;

5) to people who, within the Member States of the European Union, carry out duties or activities that correspond to those of public officials and public service officers;

5-*bis*) to judges, prosecutors, deputy prosecutors, officials and agents of the International Criminal Court, people directed by the States who are party to the Treaty establishing the International Criminal Court who perform functions corresponding to those of officials or servants of the Court, and members and employees of entities constituted under the Treaty establishing the International Criminal Court;

5-*ter*) to persons exercising functions or activities corresponding to those of Public Officials and Civil Servants within the framework of public international organizations;

5-*quater*) to members of international parliamentary assemblies or of an international or supranational organization, and judges and officials of international courts.

5-*quinquies*) to persons exercising functions or activities corresponding to those of public officials and persons in charge of a public service in countries

outside the European Union, when the act offends the financial interests of the Union.

The provisions of Articles 319-*quater*, second paragraph, 321 and 322, first and second paragraph, are applicable also if the money or other benefits are given, offered or promised to:

1) people indicated in the first paragraph of this article;

2) people who perform functions or activities corresponding to those of public officials or public service officers within other foreign States or international public organizations, when the offence is committed in order to secure an unlawful advantage for themselves or for third parties in regard to international economic transactions or to obtain or maintain an economic-financial activity. The people indicated in the first paragraph are considered to be public officials, when they perform similar functions, and public service officers in all other instances.

Trafficking in illicit influences (art. 346-bis criminal code)

This provision provides for the punishment of anyone, except for cases of complicity in the offences referred to in Articles 318, 319 and 319-*ter*, and in the offences of corruption referred to in Article 322-*bis* of the criminal code, intentionally using existing relation for the purpose with a public official or a public service appointee or one of the other subjects referred to in Article 322-*bis* of the criminal code, unduly causes him to give or promise, to himself

or to others, money or other economics benefits, to remunerate the public official or the person in charge of a public service or one of the other subjects referred to in Article 322-*bis* of the criminal code , in relation to the exercise of his functions or powers.

Other unlawful mediation is understood as mediation to induce the public official or the person in charge of a public service or one of the other persons referred to in Article 322-*bis* to perform an act contrary to the duties of office constituting an offence from which an undue advantage may be derived.

Likewise, anyone who unduly gives or promises money or other benefits shall be punished.

The penalty is increased if the person who unduly gives or promises, to himself or to others, money or other economics benefits is a public official or a person in charge of a public service or one of the qualifications referred to in Article 322-*bis*.

Penalty is also increased if the acts are committed in relation to the exercise of judicial activities or to remunerate the public official or the person in charge of a public service or one of the other subjects referred to in Article 322-*bis* of the criminal code, in relation to the performance of an act contrary to the duties of office or the omission or delay of an act of his office.

With reference to the types of corrupt offences, risk profiles for the Company could eventually be identified in the cases in which an employee or a consultant of the same acts as a corruptor towards Public Officials or Civil Servant in order to obtain - by way of example - the obtaining of an

authorisation to carry out a given activity, undue information regarding a tax assessment in progress.

With regard to the so-called passive corruption, the Company could not commit the offence on its own as it lacks the necessary public qualification; however, it could contribute to an offence of corruption committed by a public official or a person in charge of a public service, in the event that it provides any support, material or moral pursuant to Article 110 of the criminal code, to the public official for the commission of the offence. In this regard, it should be noted that there is the possibility of complicity in the crime of corruption, even when acting as a mediator between the private individual and the public official.

Fraud in public supplies (Art. 356 Criminal Code)

This offence is committed by anyone who, in the execution of supply contracts with the State, with another public body or with a company providing public services or public necessity, fails to meet their obligations, using artifices or deception to deceive the counterparty about the content of their services, causing the lack of all or part of the things or works necessary for a public establishment or a public service.

1.2 Definition of Public Official and Civil Servant

For the purposes of the criminal law, any legal entity taking care of public interests and performing legislative, jurisdictional or administrative activities under the relevant law provisions and authorization deeds is commonly considered a "Public Administration Body".

Although the criminal code does not provide for a definition of Public Administration, on the basis of the determination of the Ministerial report on the same code, the Public Administration includes, with reference to the offences therein provided for by, "any activity of the State and of the other public bodies".

It is to be noted that not every person acting within and in relation with said bodies is a subject to whom (or through whom) the offences provided for by L.D. 231/2001 apply.

In particular the functions relevant for the above purpose are only "public officials" and "Civil Servants".

Public Official

As provided for by article 357 of the criminal code, it is to be considered a public official "for criminal law purposes", who "*exercises a public function of legislative, judiciary or administrative nature.*

For the same purposes it is public the administrative function disciplined by public law provisions and authorization deeds and characterized by the

expression of the public administration's will or by being performed through authorization or certification powers".

Civil Servant

As provided for by article 358 of the criminal code "*are in charge of a public service those who, at any title, perform a public service.*

As public service, it is to be intended an activity disciplined as a public function, but characterized by the lack of the typical powers this latter has, and with the exclusion of the performing of simple order-related tasks and the performance of mere material work".

With reference to the definition of both functions, the jurisprudence clarified as follows.

In order to qualify as public the activity performed by a subject, under the provisions of articles 357 and 358 of the criminal code, only the nature of the functions performed is relevant. Such functions must be among those related to the Public Administration. The juridical status of the body and its establishment under the public law are not relevant, neither the performing of its activity in monopoly regime, nor the subordinated work relationship between the agent and the employing body. Within the subjects performing public functions, the qualification as public official is reserved those that build or contribute building the Public Administration's will or that perform such activity through authorization and certification powers, while the

qualification as Civil Servant is assigned residually by the law to those not performing public functions, but that at the same time do not take care of order-related tasks or do not perform mere material work.

In order to evaluate whether or not the activity performed by a subject can be qualified as public, under the provisions of articles 357 and 358 of the criminal code, it necessary to verify whether or not the same is disciplined by public law provisions, who is the subject performing the same, differentiating afterwards – within the scope of the activity defined public on the basis of said objective parameter – the public function from the public service, since in the public function are present the powers typical of the administrative authority, as provided for by paragraph 2 of said article 357, while the public service is not entitled to those powers.

1.3 Sensitive activities

Article 6, paragraph 2, letter a) of the L.D. 231/2001 individuates among the essential elements of the organizational, management and control model, the detection of the so-called "sensitive" activities, i.e. those corporate activities which may represent an environment at risk for the perpetration of one of the offences expressly listed in the L.D. 231/2001.

In this regard, Philip Morris has individuated the activities, which may be considered "sensitive" with reference to the risk of perpetration of the offences under articles 24 and subsequent of L.D. 231/2001.

Such activities, integrally reported in the document Sensitive activities Matrix (see Annex 2 “Sensitive activities Matrix”), are summarized hereinafter:

1. Dealing with the Customs and Monopolies Agency (Italian ‘ADM’);
2. Dealings with Ministries and public entity (including local bodies);
3. Dealings with national and supranational governmental and legislative institutions;
4. Dealings with the Italian Authorities’ Criminal Investigations Departments;
5. Assessments and Inspections by external Authorities;
6. Dealings with research institutes, universities and public hospitals;
7. Dealings with third parties acting on behalf of the Company in relations with the Authorities (national and supranational) indicated in the previous "sensitive" Activities.

1.3.1 Definition of instrumental processes/activities

The mapping of risk activities allowed detecting, on the basis of objective “risk-offence” criteria, the so-called “highly sensitive” activities.

Among others, such mapping highlighted a series of activities, even if not directly sensitive, which L.D. 231/01 considers instrumental to the perpetration of the offences, listed therein.

Substantially, it is possible to distinguish two categories of relevant process/activities within the Company, with regard to the provisions of L.D. 231/01.

1. **Sensitive activities.** Sensitive activities bear direct risks of criminal law relevance with regard to the above-mentioned Decree.
2. **Instrumental Activities.** Instrumental activities acquire criminal law relevance only when, together with sensitive activities, support the perpetration of the offence, by being the actuation tool of the same (e.g.: hiring the son of a public official, in order to induce this latter to omit possible actions against critical issues detected during a tax inspection – creation of secret reserves through invoices issued for transactions in whole or in part inexistent, to be offered to the inspecting official, in order to induce this latter to issue an administrative sanction). On the basis of the above considerations, the controls systems implemented by the Company for the following activities have been evaluated:
    a) Purchase of goods and services (including consultancies);
    b) Hiring and human resources management;
    c) Management of monetary and financial flows;
    d) Expense reimbursements, hospitality expenses and the use of the company credit card;
    e) Gifts, free offers and other benefits;
    f) Donations;

g) Benefits, bonuses and incentives;

h) Reporting to the Public Administration.

1.4 General and specific protocols

There are several general safeguards to mitigate risks related to the commission of crimes against the Public Administration, all of which are provided for and regulated both in the PMI 14-C "PMI Corporate Anti-Corruption Policy" and related Standards ("PMI Global Anticorruption Policy") and in various local 231 procedures adopted by the Company. Among the main ones, the following are identified:

- a list of all Company employees who, by proxy or role, are authorized to interact with Public Officials and Persons in Charge of a Public Service is published on the company intranet. This list is constantly updated by the Legal function and periodically communicated to the SB together with the list of suppliers also authorized to interact with Public Officials and Persons in charge of a public service;
- the aforementioned employees and suppliers are required to attend training on anti-corruption regulations and the internal whistleblowing system once a year, to be held by the Legal function and/or Ethics & Compliance function. The SB conducts audits once a year specifically focused on the training documentation concerning this area, to verify attendance and recommend any measures deemed necessary;

- as per established company practice, meetings with Public Officials and/or Persons in Charge of a Public Service are held with the presence of at least two persons (employees and/or consultants contracted by the Company). Meetings with only one person are permissible only in the case of wholly exceptional reasons, which must in any case be justified in the reporting referred to in the next paragraph;
- employees of the Company who interact with Public Officials and Persons in charge of a public service shall promptly prepare a summary on each meeting with them. Each summary shall specify the location of the meeting, the name and title of the participants, and the content discussed. This obligation to prepare summaries of meetings shall be contractually extended to all suppliers of the Company who interact with Public Officials and persons in charge of a public service. The Company, through its competent functions shall ensure that the SB receives, with a periodicity appropriate to the importance of the oversight, such summary documents so that the SB can continue to carry out, in an increasingly effective manner and every quarter, a review of them, if necessary, given the importance of the task, with the help of consultants;
- for contracts that provide for an assignment to a third party to interact with Public Officials or persons in charge of a public service in the interest of the Company, it is necessary to carry out reputational and compliance due diligence, as well as a benchmarking activity whereby

the function requesting the service is asked to indicate: (i) the reasons that govern the need/utility of the service requested and the choice to select a particular supplier; as well as (ii) an assessment on the "fair value" of the remuneration envisaged for that supplier ;

- in accordance with corporate practices, and all the more so for all those contracts that provide for an assignment to a third party to interact with Public Officials and persons in charge of a public service, all corporate functions undertake to proceed with the payment of the consideration only upon regular presentation of documentation capable of demonstrating that the service has been performed.

With the adoption of the PMI Global Anticorruption Policy, additional and more stringent safeguards were introduced with reference to possible service contracts or contributions that may involve the direct or indirect involvement of Public Officials and persons in charge of a public service or their close relatives.

The Company, through its competent functions, will check that all the above provisions are complied, whereas the Supervisory Body, as assurance mechanism, will monitor that the checks are performed. The Supervisor Body may request to the competent functions any document that may be considered useful and/or necessary for this purpose.

Specific protocols related to Sensitive Activities (Philip Morris in dealing with the Public Administration), as well as those related to instrumental activities, are listed below.

1.4.1 Sensitive Activities

1) Dealing with the Customs and Monopolies Agency:

- the "Code of Conduct 231": specific prohibitions against corruption have been provided for by with regard to the dealing with the Public Administration.
- PMI Code of Conduct: the *PMI Code of Conduct* defines further principles related to such activities.
- Procedure 231: Procedure "Dealing with the Customs and Monopolies Agency" has been issued. Such procedure provides, among others, for the following control steps: a) duties separation among the involved functions/subjects; b) tracking of the decisional process and of the relevant reasons; c) archiving system of relevant documentation;
- Procedure 231 – "Contributions, Gifts, Hospitality and Contractual Commitments";
- Procedure 231 – "Operational requirements for mitigation of the risk of offences against the Public Administration";
- Interpretative Guidelines for Procedure 231 "Operational requirements for mitigating the risk of offences against the Public Administration";
- List of persons authorized to interact with GOs.

- Principles&Practices: moreover, such aspects are disciplined by the whole of the Principles&Practices and in particular by PMI 0-9C "PMI Corporate Sanctions and Trade Compliance Policy", PMI Global Anticorruption Policy, PMI 29 "Corporate Buying Goods and Services Policy", by the operative guidelines concerning payments through bank account and by the provisions adopted to determine and limit approval powers for expenses within each business unit ("*Cost Center Approval Limits*").
- Proxies and power of attorneys: it is established that only those having the proper proxy/power of attorney are authorized to define dealings with subjects belonging to the Public Administration.
- Roles/Responsibilities: those individuals who are authorized to interact with Public Officials or Persons in Charge of a Public Service due to their role have been identified
- Reporting: through the use of a special digital tool, a report must be prepared and filed for each meeting with a person who qualifies as a Public Official, a person in charge of a public service or a Government Official pursuant to procedure PMI Global Anticorruption Policy, indicating (i) place and date of the meeting; (ii) subject matter discussed during the meeting; and (iii) name, surname, and title of all individuals attending.

2) Dealings with Ministries and local bodies

- the "Code of Conduct for the purposes of L.D. 231/01": specific principles and conduct rules have been provided for by in the Code of Conduct 231 adopted by the Company.
- PMI Code of Conduct: defines further principles related to such activities.
- Procedure 231:
  - Procedure 231 – "Contributions, Gifts, Hospitality and Contractual Commitments".
  - Procedure 231 – "Operational requirements for mitigation of the risk of offences against the Public Administration";
  - Interpretative Guidelines for Procedure 231 – "Operational requirements for mitigating the risk of offences against the Public Administration";
  - List of parties authorized to interact with GOs.
- Principles&Practices: moreover, such aspects are disciplined by the whole of the Principles&Practices and in particular by PMI 0-9CPMI "PMI Corporate Sanctions and Trade Compliance Policy", PMI Global Anticorruption Policy, PMI 29 "PMI Corporate Buying Goods and Services Policy", by the

operative guidelines concerning payments through bank account and by the provisions adopted to determine and limit approval powers for expenses within each business unit ("*Cost Center Approval Limits*").

- Proxies and power of attorneys: it is established that only those having the proper proxy/power of attorney are authorized to define dealings with public bodies.
- Roles/Responsibilities: those individuals who are authorized to interact with Public Officials or Persons in Charge of a Public Service due to their role have been identified.
- Reporting: through the use of a special digital tool, a report must be prepared and filed for each meeting with a person who qualifies as a Public Official, a person in charge of a public service or a Government Official pursuant to Global Anticorruption Policy, indicating (i) place and date of the meeting; (ii) subject matter discussed during the meeting; and (iii) name, surname, and title of all individuals attending.

3) Dealings with national and supranational governmental and legislative institutions

- the "Code of Conduct for the purposes of L.D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- PMI Code of Conduct: defines further principles related to such activities.
- Procedure 231:
  - Procedure 231 – "Contributions, Gifts, Hospitality and Contractual Commitments".
  - Procedure 231 – "Operational requirements for mitigation of the risk of offences against the Public Administration";
  - Interpretative Guidelines for Procedure 231 – "Operational requirements for mitigating the risk of offences against the Public Administration";
  - List of parties authorized to interact with GOs.
- Principles&Practices: moreover, such aspects are disciplined by the whole of the Principles&Practices and in particular by PMI 0-9C "PMI Corporate Sanctions and Trade Compliance Policy", PMI Global Anticorruption Policy, by the operative guidelines concerning payments through bank account and by the provisions adopted to determine and limit approval

powers for expenses within each business unit ("*Cost Center Approval Limits*").

- Proxies and power of attorneys: it is established that only those having the proper proxy/power of attorney are authorized to define dealings with public bodies.
- Roles/Responsibilities: those individuals who are authorized to interact with Public Officials or Persons in Charge of a Public Service due to their role have been identified
- Reporting: through the use of a special digital tool, a report must be prepared and filed for each meeting with a person who qualifies as a Public Official, a person in charge of a public service or a Government Official pursuant to procedure PMI Global Anticorruption Policy, indicating (i) place and date of the meeting; (ii) subject matter discussed during the meeting; and (iii) name, surname, and title of all individuals attending.

4) Dealings with the Italian Authorities' Criminal Investigations Departments: dispute management

- the "Code of Conduct for the purposes of L.D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- PMI Code of Conduct: defines further principles related to such activities.

- Procedure 231:
  - Procedure 231 – "Contributions, Gifts, Hospitality and Contractual Commitments ".
  - Procedure 231 – "Operational requirements for mitigation of the risk of offences against the Public Administration";
  - Interpretative Guidelines for Procedure 231 – "Operational requirements for mitigating the risk of offences against the Public Administration";
  - List of parties authorized to interact with GOs
- Principles&Practices: moreover, such aspects are disciplined by the whole of the Principles&Practices and in particular by PMI Global Anticorruption Policy.
- Proxies and power of attorneys: the subjects managing judicial or extra-judicial disputes or arbitrations have been formally granted the relevant powers.
- Roles/Responsibilities: those individuals who are authorized to interact with Public Officials or Persons in Charge of a Public Service due to their role have been identified.
- Reporting: it is established a periodic reporting on the activities in question. Such reports shall be sent to the appropriate hierarchical level.

5) Assessments and Inspections by external Authorities

- the "Code of Conduct for the purposes of L.D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- PMI Code of Conduct: defines further principles related to such activities.
- Procedure 231:
  - Procedure 231 – "Operational requirements for mitigation of the risk of offences against the Public Administration";
  - Interpretative Guidelines for Procedure 231 – "Operational requirements for mitigating the risk of offences against the Public Administration";
  - List of parties authorized to interact with GOs
- Principles&Practices: moreover, such aspects are disciplined by the whole of the Principles&Practices and in particular by PMI 0-9C "PMI Corporate Sanctions and Trade Compliance Policy", PMI Global Anticorruption Policy, the Procedure 231 "Contributions, Gifts, Hospitality and Contractual Commitments" and by the operative guidelines concerning payments through bank account and by the provisions

adopted to determine and limit approval powers for expenses within each business unit ("*Cost Center Approval Limits*").

- Local Guidelines: moreover, the Company adopted specific Guidelines having as object the procedure to be applied in case of inspection by Public Authorities.
- Proxies and powers-of-attorney: only the subjects having a specific proxy/power-of-attorney are authorized to manage relations with subjects of the Public Administration.
- Roles/Responsibilities: those individuals who are authorized to interact with Public Officials or Persons in Charge of a Public Service due to their role have been identified
- Reporting: it established the preparation of a report on the inspections to the Company and on their results, to be sent to the appropriate hierarchical level.

6) Dealings with research institutes, universities and public hospitals

- the "Code of Conduct for the purposes of L.D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- The PMI Code of Conduct: defines further principles related to such activities.
- Procedure 231:

- Procedure 231 – "Contributions, Gifts, Hospitality and Contractual Commitments ".
- Procedure 231 – "Operational requirements for mitigation of the risk of offences against the Public Administration";
- Interpretative Guidelines for Procedure 231 – "Operational requirements for mitigating the risk of offences against the Public Administration";
- List of parties authorized to interact with GOs.

- Principles&Practices: moreover, such aspects are disciplined by the whole of the Principles&Practices and in particular by PMI 0-9C "PMI Corporate Sanctions and Trade Compliance Policy", PMI Global Anticorruption Policy, PMI 12-C "PMI International Social Contributions Policy" the Procedure "Contributions, gifts and hospitality" and by the operative guidelines concerning payments through bank account and by the provisions adopted to determine and limit approval powers for expenses within each business unit ("*Cost Center Approval Limits*").
- Proxies and powers-of-attorney: only the subjects having a specific proxy/power-of-attorney are authorized to manage relations with subjects of the Public Administration.

- Roles/Responsibilities: those individuals who are authorized to interact with Public Officials or Persons in Charge of a Public Service due to their role have been identified
- Reporting: through the use of a special digital tool, a report must be prepared and filed for each meeting with a person who qualifies as a Public Official, a person in charge of a public service or a Government Official pursuant to procedure PMI Global Anticorruption Policy, indicating (i) place and date of the meeting; (ii) subject matter discussed during the meeting; and (iii) name, surname, and title of all individuals attending.

7) Dealings with third parties acting on behalf of the Company in relations with the Authorities (national and supranational) indicated in the previous Sensitive Activities.

- the "Code of Conduct for the purposes of L.D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- The PMI Code of Conduct: the *PMI Code of Conduct* defines further principles related to such activities.
- Procedure 231:
  - Procedure 231 – "Operational precepts for mitigating the risks of crimes against the Public Administration";

- Procedure 231 – "Contributions, Gifts, Hospitality and Contractual Commitments";
- Interpretative Guidelines for Procedure 231 "Operational requirements for mitigating the risk of offences against the Public Administration"

- Principles&Practices: moreover, such aspects are disciplined by the whole of the Principles&Practices and in particular by by Company Procedure PMI 0-9C "PMI Corporate Sanctions and Trade Compliance Policy", PMI Global Anticorruption, PMI 29 "PMI Corporate Buying Goods and Services Policy" and by the operative guidelines concerning payments through bank account and by the provisions adopted to determine and limit approval powers for expenses within each business unit ("*Cost Center Approval Limits*"). The Company also performs due diligence activities with consultants or other persons who have dealings with public authorities on its behalf, in order to verify their possession of appropriate reputational requirements.
- Roles/Responsibilities: those individuals who are authorized to interact with Public Officials or Persons in Charge of a Public Service due to their role have been identified.

- Contractual clauses: specific contractual standards have been drawn up to govern relations with consultants or other persons who have dealings with public authorities on behalf of the Company, containing, *inter alia*, statements and guarantees on compliance with anti-corruption legislation and the remedies available in the event of their violation.
- Reporting: specific reporting flows are envisaged for the activities carried out by third parties acting on behalf of the Company in relations with the Authorities (national and supranational). In the event that a third party meets on behalf of Philip Morris with a Public Official, a person in charge of a public service, or a "Government Official" as defined in PMI Global Anti-Corruption Policy, the third party is required to promptly send a report to its corporate contact indicating: (i) location and date of the meeting; (ii) subject matter discussed during the meeting; and (iii) the first name, last name, and title of all parties in attendance.

1.4.2 Instrumental processes/activities

1) Selection, hiring and human resources management

- the "Code of Conduct for the purposes of L. D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.

- The PMI Code of Conduct: the *PMI Code of Conduct* defines further principles related to such activities.
- Praxis: at the moment, the Company applies a defined praxis, also through the support of some documents. In particular, the "*Positive Request Form*", necessary for the approval process needed in order to hire a person, is used.
- Budget: an approved annual budget for staff hiring and external consultancies is yearly assigned to the People & Culture function
- Principles&Practices: a specific process regarding staff selection and hiring is in place. Such process indicates, among others, the following: i) objective and transparent selection criteria (e.g.: education, knowledge of foreign languages, previous professional experiences, etc.); ii) verification activities on candidates aimed at identifying the previous employment by them or their family members at Public Administration in line with the provisions of the PMI Global Anticorruption Policy; iii) verification activities on candidates aimed at identifying their or their family members' past employment with certain private entities in potential conflict of interest with the Company (e.g., the company in charge of auditing the accounts); iv) use with regard to all selection processes of electronic systems, aimed at facilitating the

correct documenting of all selection steps; v) People & Culture function' participation to the hiring process, supporting of the requiring function and potential involvement of the Ethics & Compliance Department in the cases of potential conflict of interest mentioned in (ii) and (iii) above; vi) archiving system of the relevant documentation. Specifically, PMI 24 "PMI International Talent Acquisition & Hiring Policy " discipline this process.

- Proxies and power of attorneys: it is established that working contracts are to be signed only by subjects having the appropriate proxy.

2) Purchase of goods and services

- the "Code of Conduct for the purposes of L.D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- Procedure 231:
  - Procedure 231 – "Operational precepts for mitigating the risks of crimes against the Public Administration";
  - Procedure 231 – "Contributions, Gifts, Hospitality and Contractual Commitments";

- Interpretative Guidelines for Procedure 231 "Operational requirements for mitigating the risk of offences against the Public Administration";
- List of persons authorized to interact with GOs.

- Principles&Practices: moreover, such aspects are disciplined by the whole of the Principles&Practices and in particular by PMI 28 "PMI Corporate Contracts and Agreements Policy", PMI 29 "PMI Corporate Buying Goods and Services Policy", having as object the Company's principles and the rules to be followed when purchasing goods and services, from the purchase to the payment of the goods and services received, including the supplier selection, order, shipping and control of the invoices. Additionally, a procedure regarding freedom of donation (see PMI 12 – C "PMI International Social Contributions Policy") having as object all the liberal supplies, contributions in money and donations, which, as such, do not represent payment for a service received.
- Proxies and power of attorneys: it is established that only subjects having the appropriate proxy may sign goods and service supply contracts.

3) Management of monetary and financial flows

- the "Code of Conduct for the purposes of L.D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- The PMI Code of Conduct: the PMI Code of Conduct defines further principles related to such activities.
- Principles&Practices: PMI-09C "PMI Corporate Sanctions and Trade Compliance Policy", PMI-10C "PMI Know Your Customers & Anti-Diversion Policy"; PMI-11C "PMI Corporate Handling Payments Policy".
- Multi-Cross-Border Target Balancing Agreement.
- Cash Pooling Contracts.
- Proxies and power of attorneys: it is established that only those having the proper proxy can authorise payments.

4) Expense reimbursements, hospitality expenses and the use of the company credit card

- "Code of Conduct for the purposes of L.D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- The PMI Code of Conduct: defines further principles related to such activities

- Policy: The above mentioned aspects are disciplined by PMI Global Anticorruption Policy in the part which disciplines the types, methods and limits of forms of hospitality offered by the Company to third parties and PMI 37 International Travel and Expenses Policy.
- Proxies and power of attorneys: it is established that only those having the proper proxy can authorise payments.

5) Gifts, free offers and other benefits

- the "Code of Conduct for the purposes of L. D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- The PMI Code of Conduct: defines further principles related to such activities.
- Principles&Practices: such aspects are disciplined by the whole of the Principles&Practices. Specifically, the control of such activities are governed by PMI Global Anticorruption Policy which covers any type of free offer donated or received, as well as any type of hospitality on behalf of SMEs.
- Procedure 231 – "Contributions, Gifts, Hospitality and Contractual Commitments".

- Proxies and power of attorneys: it is established that only subjects having the appropriate proxy may authorise the formalisation of any type of free offer or gifts.

6) Contributions, gifts and hospitality

- the "Code of Conduct for the purposes of L. D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- The PMI Code of Conduct: International defines further principles related to such activities.
- Procedure 231 – "Contributions, Gifts, Hospitality and Contractual Commitments".
- Principles&Practices: such aspects are disciplined by the whole of the Principles&Practices. In particular, a procedure regarding freedom of donation (see PMI 12-C "PMI International Social Contributions Policy") having as object all the liberal supplies, contributions in money and donations, which, as such, do not represent payment for a service received.
- Proxies and power of attorneys: it is established that only subjects having the appropriate proxy may authorise the formalisation of any type of freedom of donation and services.

7) Benefits, bonuses and incentives

- the "Code of Conduct for the purposes of L. D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- The PMI Code of Conduct: defines further principles related to such activities.
- Proxies and power of attorneys: it is established that only subjects having the appropriate proxy may authorise payment and formalise any type of benefits, bonuses or incentives.

8) Reporting to the Public Administration

- the "Code of Conduct for the purposes of L. D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- The PMI Code of Conduct: defines further principles related to such activities.
- Procedure 231:
  - Procedure 231 – "Relations with the Customs and Monopolies Agency".

- Procedure 231 – "Operational requirements for the mitigation of the risk of offences against the Public Administration".
- Interpretative Guidelines for Procedure 231 – "Operational requirements for mitigating the risk of offences against the Public Administration".
- List of persons authorized to interact with GOs.

- Principles&Practices: moreover, such aspects are disciplined by the whole of the Principles&Practices and in particular by PMI 14-C "Anticorruption" and Procedure "Contributions, Gifts, Hospitality and Contractual Commitments".

SPECIAL PART

b) CORPORATE OFFENCES (INCLUDING CORRUPTION BETWEEN PRIVATES) AND MARKET ABUSE OFFENCES

as provided for by L.D. 231/2001

1. I CORPORATE OFFENCES AND MARKET ABUSE OFFENCES

1.1 The corporate offences provided for by L.D. 231/2001

False company statements (art. 2621 civil code)

Minor instances (art. 2621-bis civil code)

False company statements by listed companies (art. 2622 civil code)

The offence referred to in Article 2621 of the civil code is committed when, in order to obtain an unjust profit for themselves or for others, they are consciously disclosed (by directors, general managers, managers responsible for preparing the company's financial reports, auditors and liquidators) in the financial statements, reports or other corporate communications required by law, directed at shareholders or the public, material facts that are not true, or significant material facts whose disclosure is required by law on the economic, equity or financial situation of the company or group to which it belongs are omitted, in a manner that is concretely capable of misleading the recipients on the aforementioned situation.

Pursuant to Article 2621-*bis* of the civil code, moreover, if the facts referred to in the previous Article 2621 of the civil code constitute facts of minor importance, taking into account the nature and size of the company and the methods or effects of the conduct, penalties will be applied to a lesser extent than those provided for under Article 2621 of the civil code above (in particular, from six months to three years' imprisonment). The aforesaid penalties shall also be applied when the facts referred to in article 2621 of

the civil code concern companies that do not exceed the limits indicated in the second paragraph of article 1 of Royal Decree no. 267 of 16 March 1942. In this case, the offence may be prosecuted on complaint by the company, the shareholders, the creditors or the other recipients of the corporate communication.

The offence referred to in Article 2622 of the civil code occurs when, in relation to a listed entity, in order to obtain an unfair profit for themselves or for others, they are knowingly exposed (by directors, general managers, managers responsible for preparing the company's financial reports, auditors, liquidators of companies issuing financial instruments admitted to trading on an Italian regulated market or in another country of the European Union), in financial statements, reports or other corporate communications required by law, addressed to shareholders or the public, material facts that are not true, or material facts whose disclosure is required by law regarding the economic, equity or financial situation of the company or group to which it belongs are omitted, in a manner that is concretely capable of misleading the recipients of the aforementioned situation.

For this purpose, listed companies are treated in the same way as companies issuing financial instruments for which an application for admission to trading on an Italian or other European Union country regulated market has been submitted, issuers of financial instruments admitted to trading on an Italian multilateral trading facility, companies that control companies issuing financial instruments admitted to trading on an Italian or other European

Union country regulated market, and companies that call on or otherwise manage public savings.

The active parties in such offences are directors, general managers, managers responsible for preparing the company's financial reports, statutory auditors and liquidators.

It should also be noted that:

- false or omitted information must be such as to significantly alter the representation of the economic, equity or financial situation of the company or group to which it belongs;

- liability also exists in the event that the information relates to assets owned or managed by the company on behalf of third parties.

The penalty provided for the person who carries out the criminal offence referred to in Article 2621 of the civil code is imprisonment of from one to five years and from three to eight years for the criminal offence referred to in Article 2622 of the civil code.

Failure to disclose a conflict of interest (Article 2629-bis civil code)

This offence consists in the violation of the obligations set forth in art. 2391, first paragraph of the civil code by the director or a member of the management board of a company with securities listed on regulated markets in Italy or in another European Union State (or of other subjects subject to

supervision), if damage to the company or to third parties has been caused by the aforementioned violation.

Article 2391, first paragraph, of the civil code, requires the directors of public limited liability companies to inform the other directors and the Statutory Auditor of any interest they may have, on their own behalf or on behalf of third parties, in a specific company transaction, specifying the nature, terms, origin and extent of the interest. The managing directors must also refrain from carrying out the operation, entrusting the collective body with it. The sole director must also give notice of this at the first useful meeting.

The penalty for the person who commits the crime is imprisonment of from one to three years if the violation has caused damage to the company or to third parties.

Undue return of contributions (art. 2626 civil code)

This offence, like that provided for by Article 2627 of the civil code, concerns the protection of the integrity of the share capital and is committed when the directors, in the absence of legitimate hypotheses of reduction of the share capital, return, even in equivalent form, the contributions made by the shareholders or release the shareholders from the obligation to make them. This offence is relevant only when, as a result of the actions taken by the directors, the share capital is affected and not the funds or reserves. For the latter, the offence envisaged by art. 2627 of the civil code may be integrated if necessary.

The return of the contributions may be obvious (when the directors return assets to the shareholders without collection of any consideration or issue declarations aimed at releasing the shareholders from their payment obligations) or, more likely, simulated (when the directors use stratagems or devices to achieve their purpose, such as, for example, the distribution of fictitious profits with sums drawn from the share capital and not from the reserves, or the offsetting of the credit claimed by the company with non-existent credits claimed by one or more shareholders).

Only the directors can be active subjects of the offence. In other words, the law did not intend to punish also the shareholders who were beneficiaries of the restitution or release, excluding the necessary complicity. However, there remains the possibility of possible aiding and abetting, by virtue of which the shareholders who have instigated or determined the unlawful conduct of the directors will also be liable for the offence, in accordance with the general aiding and abetting rules set out in Article 110 of the criminal code.

Illegal distribution of profits and reserves (art. 2627 civil code)

This offence consists in the distribution of profits (or advances on profits) not actually earned or allocated by law to reserves, or in the distribution of reserves (even if not made up of profits) that cannot be distributed by law.

It should be noted that the return of profits or the replenishment of reserves before the deadline for approval of the financial statements extinguishes the offence.

The active parties in the offence are the directors. In other words, the law did not intend to punish also the shareholders who benefited from the distribution of profits or reserves, excluding the necessary complicity. However, the possibility of possible complicity remains, by virtue of which the shareholders who have instigated or determined the unlawful conduct of the directors will also be liable for the crime, according to the general rules of complicity set forth in art. 110 of the criminal code.

Illegal transactions involving shares or quotas of the company or of the parent company (art. 2628 civil code)

This offence consists in purchasing or subscribing to shares or quotas issued by the company (or by the parent company) that cause damage to the integrity of the share capital or reserves that cannot be distributed by law, except in the cases permitted by law.

The regulation is aimed at protecting the effectiveness and integrity of the share capital and cannot disregard the analysis set out in Article 2357 of the Italian civil code, which states that a joint-stock company may not purchase its own shares, not even through a trust company or third party, except within the limits of distributable profits or available reserves resulting from the latest regularly approved financial statements. The law provides that the shares must be fully paid up.

Among the cases through which the offence can be committed are not only the cases of simple purchase but also those of transfer of ownership of the

shares, for example, through exchange or carry-over contracts, or even those of transfer without consideration, such as donation.

The active parties in the offence are the directors. Furthermore, the directors of the parent company and those of the subsidiary may also be held liable in the event that the illegal transactions involving the shares of the parent company are carried out by the latter at the instigation of the former.

Transactions to the detriment of creditors (art. 2629 civil code)

This offence consists in carrying out, in violation of the provisions of the law for the protection of creditors, reductions in the share capital or mergers with other companies or demergers, such as to cause damage to creditors.

It should be noted that compensation for damage to creditors before the judgment extinguishes the offence.

The offence is persecuted on complaint by the party.

The active parties in the crime are, also in this case, the directors.

False creation of share capital (art. 2632 civil code)

This type of offence is supplemented by the following conduct:

a) fictitious formation or increase of the share capital, even in part, through the allocation of shares or quotas in an overall amount greater than the amount of the share capital;

b) reciprocal subscription of shares or quotas;

c) significant overestimation of the contribution of goods in kind, of credits, or of the assets of the company in the event of transformation.

The active parties in the offence are the directors and contributing shareholders.

Impeding company controls (art. 2625 civil code)

This offence consists in preventing or hindering, by concealing documents or by other suitable means, the performance of the control activities legally attributed to the shareholders or other corporate bodies.

The offence can only be committed by the directors.

Unlawful influence on the shareholders' meeting (art. 2636 civil code)

This offence consists in determining the majority at the shareholders' meeting by means of simulated or fraudulent acts, in order to obtain, for oneself or for others, an unjust profit.

Interventions that are likely to constitute the offence in question may include, for example, the admission to the vote of persons not entitled to vote (because, for example, they are in conflict of interest with the resolution being voted on) or the threat or exercise of violence in order to obtain the shareholders' agreement to the resolution or their abstention.

The offence is constructed as a common offence, which can be committed by "anyone" who engages in criminal conduct.

Stock price manipulation (art. 2637 civil code)

This offence consists in spreading false information or carrying out simulated transactions or other devices, concretely capable of causing a significant alteration in the price of unlisted financial instruments or for which no application for admission to trading on a regulated market has been submitted, or in significantly affecting the trust that the public places in the financial stability of banks or banking groups.

An aggravating circumstance is envisaged in cases where the offence is committed through the use of artificial intelligence systems.

1.2 Corruption between privates included in the corporate crimes provided for by L.D. 231/2001

Corruption between privates (art. 2635 civil code)

Such act is included among Offences Resulting in Liability exclusively in connection with an active conduct. Consequently, punishment applies under said Decree to those who (also through intermediaries) offer, grant or promise to grant money or any other benefits, also through intermediaries,

to one of the following subjects (since belonging to a company under Book V, Title IX, Chapter IV of the civil code), or to a private entity:

- directors;
- managers;
- managers in charge of preparing accounting documents;
- internal auditors;
- liquidators;
- individuals under the direction or surveillance of one of the persons listed above;
- individuals who perform within the company or the private entity activities which entail the exercise of directive functions.

The granting or promise to grant money must be aimed at obtaining the performance or the omission by the corrupted person of an act in violation of his/her office duties or loyalty obligations *vis-à-vis* the company which he/she belongs to.

Finally, it is important to point out that the offence is persecuted of office.

For a description of the other offences described under art. 25-ter (Corporate Offences) of L.D. 231/2001 see the List of Offences *(Annex no. 1)*.

Instigation to corruption between privates (art. 2635-bis civil code)

Regarding the administrative liability of the legal entities also this offense is included among Offences Resulting in Liability exclusively in connection with an active conduct under paragraph 1 ("*Anyone who offers or promises […]*") to the same subjects as provided for in art. 2635 of the civil code.

The introduction of the instigation to corruption between privates crime implies the criminal relevance of the offer, the grant or promise of money or any other benefits even when such offer, grant or promise is not accepted.

It should be noted that the offence is persecuted of office.

1.3 Sensitive activities

The sensitive activities, described under article 25-*ter* of L.D. 231/2001, with regard to corporate offences, are the following:

1) Book-keeping, preparation of the financial statements, of corporate communications in general, as well as related informative duties, provided for by the law;
2) Archive and communication of data and information subject to the control of the shareholders and statutory auditors;
3) Duties of the Board of Directors (articles 2626, 2627, 2628, 2629, 2629-*bis* and 2632 civil code);
4) Public Statements.

Specifically with respect to the offences of "Corruption between privates" and "Instigation to corruption between privates" defined under art. 25-*ter*, letter s-*bis* of L.D. 231/2001, the following constitute **sensitive activities**:

1) Procurement management, particularly in connection with the definition and subsequent fulfilment of contractual provisions;

2) Relations with the media and opinion leaders (also through intermediaries);

3) Management of disputes and settlement agreements;

4) Relations with certification bodies;

5) Interaction with providers of events by payment in order to obtain reserved welcome areas or spaces devoted to the commercialization of products, where allowed.

6) Trade engagement activities in connection with key account customers;

7) Sale of crude tobacco;

8) Dealings with research institutes, universities and private hospitals;

and **instrumental activities;**

a) Purchase of goods and services (including consultancies);

b) Hiring and human resources management;

c) Management of monetary and financial flows;

d) Expense reimbursements, hospitality expenses and the use of the company credit card;

e) Gifts, free offers and other benefits;

f) Donations;

g) Benefits, bonuses and incentives.

1.4 Specific control standards

Please find hereinafter, the specific control standards related to the above sensitive activities, planned on the basis of Confindustria's Guidelines indication and of the international best practices with reference to corporate offences.

1) Book-keeping, preparation of the financial statements, of corporate communications in general, as well as related informative duties, provided for by the law:

- the "Code of Conduct for the purposes of L.D. 231/01": specific principles regarding the correct conduct of all employees involved in the preparation of the financial statements or other similar documents are provided for by;
- The PMI Code of Conduct: defines further principles related to such activities.
- Procedure 231: a procedure addressed to the functions involved in the preparation of the financial statements has

been put in place (see Procedure "Financial statements, book-keeping and relationships with the Audit Firm, Shareholders and Board of Statutory Auditors"). Such procedure establishes, among others, which data and information must be provided to the Accounting Department, and that each corporate transaction reflecting on accounting, must take place on the basis of the proper documental evidence.

- Certifications: it is established that the person in charge of the function responsible for the communication of data and information regarding the financial statements or other corporate communications, guarantees the truthfulness and completeness of the information.
- Meetings: an annual meeting is provided for by. Such meeting shall take place before the Board of Directors Meeting, together with the Board of Statutory Auditors, the Director of Finance or its delegate, the statutory auditing firm and the Supervisory Body.
- Agreement: the Company has entered an agreement with "PMI Service Center Europe SP. ZO. O" where Philip Morris's treasury and bookkeeping are managed. Such agreement contains clause no. 231, according to which "PMI Service Center Europe SP. ZO. O" declares of having received and being willing to respect the principles contained in the Code

of Conduct 231. Moreover, the Company has foreseen a training session entirely dedicated to the Model for the employees of "PMI Service Center Europe Sp. ZO.O" in Krakow.

- Archive: specific archiving procedures have been established for the documentation produced for the preparation of the financial statements, and the responsible people for the same have been appointed.
- Finance Standard PMI.

2) Archive and communication of data and information subject to the control of the shareholders and statutory auditors.

- the "Code of Conduct for the purposes of L.D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- The PMI Code of Conduct: defines further principles related to such activities.
- Procedure: a procedure addressed to the functions involved in the preparation of the financial statements has been put in place (see Procedure "Financial statements, book-keeping and relationships with the Audit Firm, Shareholders and the Board of Statutory Auditor"). Such procedure establishes, among

others, the relationships with the Shareholders and the Auditor.

- Corporate Governance: periodic meetings between the audit bodies (Board of Statutory Auditors, Shareholders) and the Supervisory Body are provided for.

3) Duties of the Board of Directors (articles 2626, 2627, 2628, 2629, 2629-*bis* and 2632 civil code)

- the "Code of Conduct for the purposes of L.D. 231/01": the provisions contained in the Code of Conduct 231 adopted by the Company must be respected.
- The PMI Code of Conduct: defines further principles related to such activities.

4) Public Statements

- the "Code of Conduct for the purposes of L.D. 231/01": a specific principle regarding the prohibition of spreading (including through the use of artificial intelligence tools) untruthful information about the Company is provided for by.
- Principles&Practices: the diffusion and management of corporate information is further disciplined by Principles&Practices PMI-01C "PMI Corporate Managing

Company Information Policy" and for some aspects by PMI-31 "PMI Corporate External Communications and Engagement" PMI-33 "PMI Corporate Providing Financial Information and Non-Financial Information to Third Parties Policy", Standard A-101 "Providing Financial Information to Third Parties", Standard A-119 "Confirmation or verification of accounts balances or other financial information."

Below are listed the specific control standards concerning the sensitive activities identified in connection with the offences of "Corruption between privates" and "Instigation to corruption between privates"[2]:

1) Procurement management, particularly in connection with the definition and subsequent fulfilment of contractual provisions

- the "Code of Conduct for the purposes of L.D. 231/2001": observance of the conduct principles and rules established by the Company's Code of Conduct 231 is provided for.
- Principles&Practices: said aspects are regulated by the entire set of Principles&Practices, most notably by: PMI 09-C "PMI Corporate Sanctions and Trade Compliance Policy"; PMI Global Anticorruption Policy, PMI 28 "PMI Corporate Contracts and Agreements Policy"; PMI 29 "PMI Corporate

[2] For the instrumental activities relating to the offences of "Corruption between privates" and "Instigation to corruption between privates", please refer to the control standards indicated in Special Part A).

Buying Goods and Services Policy"; PMI 29-G2 "PMI Corporate Procurement of Leaves and Cloves – Guidelines"; Best practices control guide for vertically integrated leaf procurement.

- Corporate giving: the Company adopts specific procedures aimed at regulating the processes used in connection with the offer and receipt by the Company's employees of gifts and forms of hospitality. Particularly the following procedures have been adopted: PMI 12-C "PMI International Social Contributions Policy"; PMI Global Anticorruption Policy; Procedure 231 "Contributions, Gifts, Hospitality and Contractual Commitments".

2) Relations with the Media and opinion leaders (also through intermediaries)

- the "Code of Conduct for the purposes of L.D. 231/2001": observance of the conduct principles and rules established by the Company's Code of Conduct 231 is provided for.
- Corporate giving: the Company adopts specific procedures aimed at regulating the processes used in connection with the offer and receipt by the Company's employees of gifts and forms of hospitality. Particularly the following procedures have been adopted: PMI 12-C "PMI International Social

Contributions Policy"; PMI Global Anticorruption Policy; Procedure 231"Contributions, Gifts, Hospitality and Contractual Commitments".

3) Management of disputes and settlement agreements

- the "Code of Conduct for the purposes of L.D. 231/2001": observance of the conduct principles and rules established by the Company's Code of Conduct is provided for.
- Corporate giving: the Company adopts specific procedures aimed at regulating the processes used in connection with the offer and receipt by the Company's employees of gifts and forms of hospitality. Particularly the following procedures have been adopted: PMI 12-C "PMI International Social Contributions Policy"; PMI Global Anticorruption Policy; Procedure 231 "Contributions, Gifts, Hospitality and Contractual Commitments".

4) Relations with certification bodies

- the "Code of Conduct for the purposes of L.D. 231/01": observance of the conduct principles and rules established by the Company's Code of Conduct 231 is provided for.

- Principles&Practices: said aspects are regulated by the entire set of Principles&Practices, most notably by: PMI 08-C "PMI International Environment, Health, Safety and Security Policy".
- Corporate giving: the Company adopts specific procedures aimed at regulating the processes used in connection with the offer and receipt by the Company's employees of gifts and forms of hospitality. Particularly the following procedures have been adopted: PMI 12-C "PMI International Social Contributions Policy"; PMI Global Anticorruption Policy; Procedure 231 "Contributions, Gifts, Hospitality and Contractual Commitments".

5) Interaction with providers of events by payment in order to obtain reserved welcome areas or spaces devoted to the commercialization of products, where allowed

- the "Code of Conduct for the purposes of L.D. 231/2001": observance of the conduct principles and rules established by the Company's Code of Conduct 231 is provided for.
- Principles&Practices: PMI 05-C "PMI International Competition Policy" and PMI 29 "PMI Corporate Buying Goods and Services Policy ".

- Corporate giving: the Company adopts specific procedures aimed at regulating the processes used in connection with the offer and receipt by the Company's employees of gifts and forms of hospitality. Particularly the following procedures have been adopted: PMI 12-C "PMI International Social Contributions Policy"; PMI Global Anticorruption Policy; Procedure 231 "Contributions, Gifts, Hospitality and Contractual Commitments".

6) Trade engagement activities in connection with key account customers

- the "Code of Conduct for the purposes of L.D. 231/2001": observance of the conduct principles and rules established by the Company's Code of Conduct 231 is provided for.
- Procedures: the Company adopts procedures aimed at governing the management of the Insieme Program (TMP), the Trade Marketing Contract (TMC) and the Trade Tools.
- Principles&Practices: PMI 05-C "PMI International Competition Policy".
- Corporate giving: the Company adopts specific procedures aimed at regulating the processes used in connection with the offer and receipt by the Company's employees of gifts and

forms of hospitality. Particularly the following procedures have been adopted: PMI 12-C "PMI International Social Contributions Policy"; PMI Global Anticorruption Policy; Procedure 231 "Contributions, Gifts, Hospitality and Contractual Commitments".

- Tendering Specifications for the sale of goods under the 2010 AAMS [Government Customs and Monopolies Agency] monopoly regime and related interpretative circulars.

7) Sale of Crude Tobacco

- "Code of Conduct for the purposes of L.D. 231/2001": observance of the conduct principles and rules established by the Company's Code of Conduct 231 is provided for.
- The PMI Code of Conduct: further principles related to said activities are defined in In the PMI Code of Conduct.
- Principles&Practices: said aspects are regulated by entire set of Principles&Practices aimed at regulating the process of sale of crude tobacco, most notably by: PMI 28 "PMI Corporate Contracts and Agreements Policy"; PMI 29 " PMI Corporate Buying Goods and Services Policy"; PMI 11-C "PMI Corporate Handling Payments Policy".
- Corporate giving: the Company adopts specific procedures aimed at regulating the processes used in connection with the

offer and receipt by the Company's employees of gifts and forms of hospitality. Particularly the following procedures have been adopted: PMI 12-C "PMI InteSocial Contributions Policy"; PMI Global Anticorruption Policy"; Procedure 231 "Contributions, Gifts, Hospitality and Contractual Commitments".

- Best practice controls guide for vertically integrated leaf procurement.
- Contracts entered into with Partners.

8) Dealings with research institutes, universities and private hospitals

- the "Code of Conduct for the purposes of L.D. 231/2001": observance of the conduct principles and rules established by the Company's Code of Conduct 231 is provided for.
- Principles&Practices: PMI-09C "PMI Corporate Sanctions and Trade Compliance Policy"; PMI 28 "PMI Corporate Contracts and Agreements Policy"; PMI 29 "PMI Corporate Buying Goods and Services Policy"; PMI 29-G2 "PMI Corporate Leaf and Clove Procurement Guideline ".
- Corporate giving: the Company adopts specific procedures aimed at regulating the processes used in connection with the offer and receipt by the Company's employees of gifts and forms of

hospitality. Particularly the following procedures have been adopted: PMI 12-C "PMI Global Social Contributions Policy"; PMI Global Anticorruption Policy; Procedure 231 "Contributions, Gifts, Hospitality and Contractual Commitments".

2. Market abuse regarding companies subject to TUF (Consolidated Finance Law - CFL)

Article 9 of Law no. 62 dated 18 April 2005 (EU Law 2004) which implemented the Directive 2003/6/CE on market abuse, beyond having modified L.D. no. 58/98 ("Consolidated Finance Law" – "CFL"), has also introduced in the L.D. 231/2001 the article 25-*sexies*, regarding the administrative liability of the legal entities in connection with market abuse offences.

Currently, on the basis of the provisions herewith examined, the legal body is liable for both administrative and criminal offences related to market abuse. In the first case, the offences provided for by L. D. 231/01 have been increased, including Market abuse offenses under articles 184 and 185 CFL.. In the second case, since it is an autonomous assumption of an administrative violation, the legal entity is under the provisions of ex-article 187-*quinquies* CFL, according to which the new offences ("abuse and unlawful communication of privileged information" ex art. 187-*bis* and "market manipulation" ex 187-*ter* CFL).

The rules on market abuse were innovated with Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 (the so-called "**MAR**"), relating to market abuse, to which - following the new legislation introduced by Legislative Decree no. 107 of 10 August 2018 - several references are now made by the CFL.

The definition of "privileged information"

The concept of privileged information (hereinafter referred to as "privileged information") represents the fulcrum around which part of the discipline relating to market abuse offences revolves.

According to the provisions of art. 7 MAR (to which art. 180, paragraph 1, letter b-*ter*, of the CFL refers), information is to be considered privileged when:

- of a precise nature: that is, information inherent to circumstances or events which exist or have occurred or to circumstances or events which can reasonably be expected to come into existence or which will occur; it must also be sufficiently explicit and detailed information, so that the person who employs it is put in a position to believe that from the use, certain effects can effectively occur on the price of the financial instruments, as far as, eventually, "progressive formation" is concerned[3];

[3] According to Art. 7 MAR "*in the case of a lengthy process intended to give concrete form to, or which determines a particular circumstance or event, that future circumstance or event, as well as the intermediate stages of that process which are linked to the concretization or determination of the future circumstance or event, may be considered as information of a precise nature", so that, consequently, "an intermediate stage in a lengthy process is considered to be privileged information*".

- not yet made public: that is, information not yet made available to the market, for example through publication on websites or in newspapers or through communications made to the Supervisory Authority;

- it concerns directly (corporate information, facts generated or originating from the issuing company) or indirectly (market information, facts generated outside the sphere of the issuer and which have a significant impact on the market position of the issuer), one or more issuers of financial instruments or one or more financial instruments;

- if it made public, could have a significant effect on the prices of such financial instruments or on the prices of related derivative financial instruments, i.e. information which a reasonable investor (average investor) would presumably use as one of the elements on which to base his investment decisions.

Finally, it should be noted that in order to be considered Privileged Information, it is necessary that all the characteristics described above be present together, since the absence of only one of them is sufficient to deprive the information of its privileged character.

With reference to the application scope of the mentioned criminal and administrative offences of market abuse, it is necessary to point out that article 182 CFL, implementing the provisions of article 10 of the *Market Abuse Directive*, established that also offences perpetrated abroad are to be punished, should they regard financial tools on the Italian stock-exchange market or tools for which a request for admission on the same market was

presented, or to an Italian multilateral trading system, or to financial instruments traded on an Italian organised trading system.

2.1. Market Abuse offences

Abuse or improper communication of insider information. Recommending or inducing others to commit insider trading (art. 184 CFL)

Such offence is perpetrated when anyone possessing privileged information, by virtue of:

his/her being a member of the administration, direction or control bodies of the issuing company;

his/her being a shareholder of the same; or a job, a profession, a function, also public or an office:

a). purchases, sells or operates transactions, directly or indirectly, for him/herself or for third parties on financial tools, using the same information – so-called "trading";

b). communicates such information to others, outside the usual routine of the work, profession, function or office for which he/she is competent, or a market survey carried out under Article 11 MAR (regardless of whether the third party addresses actually use the information "communicated") – so-called "tipping";

c) suggests or induces others, on the basis of it, to carry out any of the operations indicated under letter a) – so-called "tuyautage".

The subjects above, in consideration of their direct access to the source of privileged information, are called "primary insiders". Besides said subjects, the new art. 184 of the CFL extends the ban on trading, tipping and tuyautage also to anybody receiving privileged information in connection with the planning or execution of offences – the so-called "criminal insider" (e.g. a hacker that, by gaining access to a company's information system illegally, obtains confidential price-sensitive information).

It is also punished whoever, being in possession of privileged information for reasons other than those indicated above and knowing the privileged nature of such information, commits any of the acts referred to in letters a), b) and c).

The provisions of this article shall also apply when the facts referred to in paragraphs 1, 2 and 3 concern conduct or transactions, including bids, relating to auctions on an authorised auction platform, such as a regulated market for emission allowances or other related auctioned products, even when the auctioned products are not financial instruments, pursuant to Commission Regulation (EU) No 1031/2010 of 12 November 2010.

Market manipulation (art. 185 CLF)

Such offence is committed by "anyone spreading untruthful news (the so-called "information manipulation") or simulates transactions or performs any other action suitable to sensitively alter the market price of financial tools (the so-called "operation manipulation".)

With respect to the dissemination of information that is untruthful or misleading, this kind of market manipulation also includes the case whereby the creation of misleading information originates from the non-observance of communication obligations by the issuing company or by other subjects who have such obligations, or in case of omission.

An aggravating circumstance is envisaged in cases where the offence is committed through the use of artificial intelligence systems.

2.2 Administrative offences pursuant to Article 187-quinquies of the CFL.

Following the legislative amendment made by Legislative Decree no. 107 of 10 August 2018, art. 187-*quinquies* of the CFL now makes an express reference to European legislation, providing, in particular, that conduct that violates art. 14 or art. 15 of the MAR.

Prohibition of abuse of privileged information and illegal communication of privileged information (art. 14 MAR)

Article 14 of the MAR - concerning the abuse of privileged information and illegal communication of privileged information - provides that it is not permitted:

a) abuse or attempt to abuse Privileged Information;

b) recommend to others that they abuse Privileged Information or induce others to abuse Privileged Information; or

c) illegally disclosing Privileged Information.

This rule, which is broader than that of Article 184 of the Consolidated Law on Finance, also prohibits: (i) the conduct carried out by secondary insiders (i.e. those who, directly or indirectly, have obtained access to Privileged Information from primary insiders), where the corresponding criminal offence attributes importance exclusively to the conduct carried out by primary insiders, and (ii) the conduct carried out also through negligence and not only through intent.

In particular, even the simple attempt can be relevant for the purposes of the applicability of such rules as it is equated with consumption.

Finally, it should be noted that, in any case, art. 9 MAR provides for a series of "legitimate conduct" that cannot be subsumed in the case referred to in art. 14 MAR applicable inter alia when the person who has come into possession of Inside Information - in relation to the financial instrument to which such information refers - is (i) a market maker or a person authorised to act as counterparty and provided that the acquisition or transfer of the said financial instruments is carried out legitimately in the normal exercise of his function as market maker or counterparty for the financial instrument in question; (ii) is authorised to execute orders on behalf of third parties and, if the acquisition or transfer of financial instruments to which such orders refer

are carried out legitimately in the normal exercise of the occupation, profession or function of said person.

Prohibition of market manipulation (Art. 15 MAR)

Article 15 of the MAR provides that it is not permitted to carry out market manipulations or attempt to carry out market manipulations.

On the basis of the interpretation provided by doctrine and case law on the discipline prior to the Reform, it should be noted that the administrative offence of market manipulation is intended to extend the conduct relevant to the applicability of administrative sanctions with respect to those penalised by the corresponding criminal offence and punishes anyone who, through any means of information, including the Internet, disseminates information, rumours or false or misleading news that provide or are likely to provide false or misleading information on financial instruments. Therefore, unlike the provisions of the corresponding type of offence, for the purposes of punishing conduct, false information, simulated transactions or other devices are not required to be "concretely suitable" to alter prices. Finally, it should be noted that no administrative sanction may be imposed on anyone who proves that he acted for legitimate reasons and in accordance with accepted market practices in the market concerned.

With the regard to the above analysis of the offences and in consideration of the circumstance that Philip Morris International is listed on more than one regulated markets (according to the definition under art. 180 of the CFL), the sensitive activities identified with regard to market abuse offences and unlawful acts under art. 25-*sexies* and 187-*quinquies* of L.D. 231/2001 are the following:

- Storage and/or disclosure of price-sensitive information;
- Management of information disclosed to the public and preparation of documentation addressing the public by law or by decision of Philip Morris International.

Consequently the Company has adopted the following control tools:

- the "Code of Conduct for the purposes of L.D. 231/01": specific principles regarding the treatment of confidential information are provided for by;
- Principles&Practices: the diffusion and management of corporate information is further disciplined by Principles&Practices PMI-01C "PMI Corporate Managing Company Information Policy" PMI-31 "PMI Corporate External Communications and Engagement" PMI-33 "PMI Corporate Providing Financial Information and Non-Financial Information to Third Parties Policy"; Standard A-101 "Providing Financial Information to Third Parties" and

Standard A-119 “Confirmation or Verification of Account Balances or Other Financial Information”.

SPECIAL PART

c) OFFENCES OF FORGERY OF MONEY, PUBLIC CREDIT CARDS, REVENUE STAMPS AND DISTINCTIVE SIGNS

as provided for by L.D. 231/2001

1. OFFENCES OF FORGERY OF MONEY, PUBLIC CREDIT CARDS, REVENUE STAMPS AND DISTINCTIVE SIGNS

1.1 Offences against the public trust provided for by L.D. 231/2001

The offences herewith described, were introduced with article 25-*bis* of the L.D. 231/01, through article 6 of the L.D. dated 25 September 2001 no. 350, now Law, with changes, dated 23 November 2001 no. 409.

The offences under art. 25-*bis* concern, in addition to offences related to distinctive instruments and signs, the forgery of money, public credit cards and stamps.

In consideration of the activity performed by Philip Morris, it is convenient to restrict the scope of the analysis hereunder and the relevant control system to offences concerning distinctive instruments and signs, in consideration of the fact that the other offences under art. 25-*bis* are not even abstractly applicable.

Consequently, only offences abstractly applicable to the company are taken into consideration.

Counterfeiting, alteration or use of trademarks, distinctive signs, patents, models and graphics (art. 473 criminal code)

The offence concerned is committed by those who, becoming aware of the existence of any industrial property belonging to third parties, counterfeit or alter (domestic or foreign) trademarks or distinctive signs of industrial

products or, without committing an offence of counterfeiting or alteration, use said counterfeit or altered trademarks or signs.

The offence concerned is committed also by those who counterfeit or alter (domestic or foreign) industrial patents, graphics or models or, without committing any counterfeiting or alteration offence, use said counterfeit or altered patents, graphics or models.

Bringing into the country and trading products with false signs (art. 474 criminal code)

Such offence is committed by anybody bringing into the country original works or industrial products bearing counterfeit or altered (domestic or foreign) trademarks or distinctive signs for the purpose of selling them (in this regard it is important to point out that, in order to commit such offence, it is sufficient to hold them in order to sell them) or in any case to circulate them.

1.2 Sensitive activities

The company checked the activities at risk that are relevant for the purposes of the offences concerned. In consideration of the specific characteristics of the offence at hand, it was deemed necessary to consider only one area with respect to the risk of offence:

1. **Purchase, development and commercialization of products,**

2. Promotional activities

In connection with said sensitive activities at risk of offence specific offence perpetration methods and the relevant preventive control procedures have been identified.

- Counterfeiting or alteration of domestic or foreign trademarks or distinctive signs, of industrial products, also in concert with others. Use of industrial products bearing domestic or foreign trademarks or distinctive signs that are counterfeit or altered.
- Bringing into the territory of the country industrial products bearing domestic or foreign trademarks or distinctive signs, counterfeit or altered, for the purpose of making a profit, also with in concert with others. Storage, sale or circulation of industrial products bearing domestic or foreign counterfeit or altered trademarks or distinctive signs.
- Storage, sale through direct offer to consumers or circulation of industrial products created by infringing industrial property rights or in breach of the same, also in concert with others.
- the “Code of Conduct for the purposes of L.D. 231/01”.
- The PMI Code of Conduct
- PMI 06-C “PMI Corporate Intellectual Property Rights Polic”.
- PLM Platform – Product Lifecycle (secure).

SPECIAL PART

d) OFFENCES FOR THE PURPOSES OF TERRORISM OR SUBVERSION OF THE DEMOCRATIC ORDER, OFFENCES AGAINST THE INDIVIDUAL, EMPLOYMENT OF ILLEGAL CITIZENS AND OFFENCES OF RACISM AND XENOPHOBIA

as provided for by L.D. 231/2001

1. OFFENCES FOR THE PURPOSES OF TERRORISM OR SUBVERSION OF THE DEMOCRATIC ORDER, OFFENCES AGAINST THE INDIVIDUAL, EMPLOYMENT OF ILLEGAL CITIZENS AND OFFENCES OF RACISM AND XENOPHOBIA

1.1 Offences for the purposes of terrorism and subversion of the democratic order provided for by L.D. 231/2001

Please find herewith below, a brief description of article 25-*quater* (Offences for the purposes of terrorism and subversion of the democratic order) introduced in L.D. 231/2001, by article 3 of the Law dated 14 January 2003, no. 7.

The article in question provides for by pecuniary and interdictive sanctions to the company, should within the same be perpetrated some of the offences for the purposes of terrorism and subversion of the democratic order, or should their execution be facilitated.

In particular, they are the "offences for the purposes of terrorism and subversion of the democratic order, provided for by the criminal code and the special laws" (art. 25-*quater*, para. 1), as well as the offences, different from those indicated, "which were in case perpetrated against the provisions of article 2 of the International Treaty for the repression of terrorism financing, held in New York on 9 December 1999" (art. 25-*quater*, para. 4).

The general terms used by article 25-*quarter*, creates some problems for the punctual detection of the offences, which may envisage the applicability of the provisions of L. D. 231/2001.

As far as the "offences for the purposes of terrorism and subversion of the democratic order, provided for by the criminal code and the special laws" are concerned, the following are the offences, which may be held liable under the provisions of L.D. 231/2001:

– art. 270-*bis* criminal code (Associations for the purposes of domestic or international terrorism or subversion of the democratic order). Said provision punishes who promotes, establishes, organizes directs or finances associations promoting violent acts for the purposes of terrorism or subversion of the democratic order.

– art. 270-*ter* criminal code (Assistance to associated members). Said provision punishes who provides for shelter, food, hospitality, transportation or communication media to any person belonging to an association for the purposes of terrorism and subversion.

As far the offences contained in the New York Treaty, it is to be noted that this latter punishes anyone who, unlawfully and intentionally, provides for or gathers funds, knowing that the same will be used, even partially, to carry out:

– acts aimed at causing death or severe damage to the population, with the intention of intimidating the population, or of forcing a government or an international organization;

– acts considered as offences by the Treaties on flight and navigation safety; conservation of nuclear material; protection of diplomatic agents; repression of bombing attacks.

All the partners in crime are held liable, also in case the funds are not actually used to carry out the above-described acts.

1.2 Offences against the individual

The whole of the measures introduced by the Law dated 1 August 2003, no. 228, in order to repress the people trade, are integrated by pecuniary and interdictive sanctions against the bodies, as defined in the general part of this Model, in case the subjects representing the same or being in charge of the particular functions provided for by the Decree, perpetrate offences against the individual.

With the same aim, article 5, introduces in L.D. 231/01, article 25-*quinquies*, titled:

"*Administrative sanctions against legal entities, companies and associations for offences against the individual".*

In this regard, the offences considered are the following:

– art. 600 criminal code (*Forcing or keeping in slavery*). The provision punishes anyone exercising on a person powers correspondent to those of property right or anyone forcing or keeping a person in a status of continuous subjection, obliging the same to work or sexual services, or to panhandling or in any case to the performance of illegal activities involving their exploitation or to submit to the removal of organs

– Art. 600-*bis* criminal code (*Juvenile prostitution*). The provision punishes anyone inducing, promoting and exploiting the prostitution of a person younger than 18.

– art. 600-*ter* criminal code (*Child pornography*). The provision punishes anyone exploiting children younger than 18 to set up pornographic shows or to produce pornographic material (even virtual, as established by Article 600-*quater*.1 criminal code), as well as anyone commercializing said pornographic material.

– art. 600-*quater* criminal code (*Detention or access of pornographic material*). The provision punishes anyone who, outside the cases provided for by article 600-*ter* criminal code, in full awareness, purchases or possess pornographic material (even virtual, as established by Article 600-*quater*.1 criminal code), produced through the exploitation of children younger than 18 as well as who, through the use of the internet or other networks or means of communication, intentionally and without justified reason accesses pornographic material produced using minors.

– Art. 600-*quinquies* criminal code (*Sexual tourism for the exploitation of juvenile prostitution*). The provision punishes anyone organizing or advertising travels aimed at exploiting juvenile prostitution or in any case including such activity.

– art. 601 criminal code (*People trade*). The provision punishes anyone who perpetrates the trade of the people in the conditions under article 600 criminal code, or who, in order to perpetrate the offences under the first

paragraph of the same article, induces the same people to enter or stay within the territory of the State through deception or violence or thread, authority abuse, exploitation of a physical or mental minority or of a necessity situation, or through the promise or giving of money. (For the additions made regarding the provision of specific penalties for the master or officer of the national or foreign ship and the staff of the ship's crew, please refer to Annex 1) List of Offences).

– art. 603-*bis* criminal code (*Unlawful job placement and labor exploitation*) The provision – unless the fact constitutes a more serious crime – punishes, with the imprisonment from one year to six years and a sanction from 500 to 1,000 Euro for each recruited worker, anyone who: 1) recruits manpower in order to direct it to work with third parties under conditions of exploitation, taking advantage of the state of need of the workers; 2) uses, takes or employs manpower, also through the brokering activities referred to in number 1), subjecting workers to conditions of exploitation and taking advantage of their state of need.

If the offenses are committed by violence or threat, the punishment of imprisonment from five to eight years and a fine from 1,000 to 2,000 euro for each worker recruited shall be applied.

For the purposes of this Article, index of exploitation shall be the existence of one or more of the following conditions: 1) a repeated payment of wages in a way patently dissimilar to the national or regional collective agreements concluded by the most representative trade unions at the national level, or at

least disproportionate to the amount and quality of work performed; 2) a repeated violation of the laws regarding working time, rest periods, weekly rest, mandatory expectation, holiday periods; 3) the existence of violations of the rules of health and safety in the workplace; 4) subjecting the worker to degrading working conditions, monitoring or to degrading housing conditions.

The following circumstances shall constitute a specific aggravating factor and shall entail an increase of the penalty of a third to a half: 1) the fact that the number of recruited workers is greater than three; 2) the fact that one or more of the recruited subjects is under the minimum working age; 3) the commitment of the crime by exposing the exploited workers to danger, taking into account the characteristics of the services performed and of the working conditions."

– Art. 602 criminal code (*Purchase and sale of slaves*). The provision punishes who, outside the cases provided for by article 601 criminal code, purchases, gives or sells a person in the in the conditions under article 600.

- Art. 609-*undecies* criminal code (*Enticement of Children*). The provision punishes anyone who, for the purpose of committing the crimes of enslaving or holding in slavery or servitude children, of juvenile prostitution, child pornography and possession of pornographic materials (also in digital format), sexual tourism for the exploitation of juvenile prostitution, rape, intercourse with children, corruption of children and group rape, entices a child under the age of sixteen.

All the offences dealt with in this Special section, with the exception of the crim of unlawful job placement and labour exploitation provided for in article 603-*bis* criminal code, have been analysed on the basis of a preliminary analysis, carried out without the aid of questionnaires, since:

- it is impossible, from a juridical point of view, to define these offences (being a category characterized by the reference to the aim of the conduct, it is practically applicable to almost all the offences provided for by the Italian law); this would have rendered unreasonably difficult to detect the risk areas through the same methodology followed for all the other offences provided for by Legislative Decree 231/01;
- the difficult conciliation of such offence category with the typical activity performed by the company has been acknowledged.

With regard to the case of unlawful job placement and labour exploitation provided for in article 603-*bis* criminal code, we opted to proceed with a questionnaire, which was sent to the company's representatives (or other persons subject to control or supervision thereof). Once identified, on the basis of such questionnaire, the corporate functions potentially interested by the risk of crime, we proceeded with interviewing the top manager of such functions.

1.3 Sensitive activities

From the analysis carried out, the following sensitive activity has emerged:

1) Management of Contracts concerning the Crude Tobacco Procurement

Such sensitive activity has been mapped for precautionary reasons, even though the Company has no direct contractual relations with tobacco growers, or their employees in consideration of the fact that the same has signed a contract with the National Tobacco Organization, a cooperative composed of all tobacco growers' associations that are members of the same, and which coordinates said associations and tobacco growers members of such associations, for the purpose of ensuring to the Company the procurement of the required quantities of crude tobacco.

After careful evaluation, we have excluded from the potential sensitive activities in relation to the crime of article 603 bis criminal code the administration, by PMI, of the relations with the NGOs in charge of the so-called "Support Mechanism", i.e. the help-line destined to collect any complaints by workers employed by tobacco growers.

For the protection of said activities, the "Code of Conduct for the purposes of L.D. 231/01" provides for ethical principles aimed at respecting and protecting the assets interested by the subject offences.

In particular, the following principles have been included in the "Code of Conduct for the purposes of L.D. 231/01":

- "*In compliance with the current law, the Company commits to adopt the most opportune control and supervision measures, in order to prevent any*

conduct for the purposes of terrorism or subversion of the democratic order" (principle no. 62).

- *The Company condemns any behavior aimed at the commission of crimes against private individuals, regulating also relations with suppliers or outsourcers by means of contractual provisions requiring the observance of the applicable laws on the matter*. (principle no. 63).

Moreover, further principles related to such activities are defined by the PMI Code of Conduct and by:

- Principles&Practices: PMI 09-C "PMI Corporate Sanctions and Trade Compliance Policy ", PMI 10-C "PMI Corporate Know Your Customer & Anti-Diversion Policy"; PMI 29-G2 "PMI Corporate Leaf and Clove Procurement Guideline";
- Best practice controls guide for vertically integrated leaf procurement;
- Best practice controls guide for packed leaf procurement;
- Good Agricultural Practices Program (GAP);
- ALP Code;
- Farm monitoring form and iLeaf mobile application;
- Clauses in the contracts signed with vendors.

2. THE EMPLOYMENT OF CITIZENS OF THIRD-PARTY COUNTRIES STAYING IN THE COUNTRY ILLEGALLY

L.D. no. 109 of 16 July 2012, titled "Implementation of Directive 2009/52/EC" introducing minimal sanctions and measures against employers recruiting citizens from third-party countries staying in the country illegally" at art. 2 provided for, with the inclusion within the same Decree of art. 25-*duodecies*, the extension of administrative liability also to Public Bodies, whenever the minimum requirements concerning the employment of illegal citizens from third-party countries set forth by L.D. no. 286 of 25 July 1998 (the so-called Consolidated Immigration Law) are not met.

Such offence is committed by an employer employing foreign workers without a stay permit, or whose permit has expired and for which renewal has not been requested within the period set forth by law, or which has been revoked or cancelled.

Art. 22, paragraph 12-*bis*, of L.D. 286/1998 provides for an increase of the sanction applied from a third to a half under the following circumstances:

- if the number of workers employed is higher than three;
- if the workers employed are minors under the minimum working age;
- if the workers employed are subjected to the other heavy exploitation conditions set forth at art. 603-bis, 3rd paragraph, of the criminal code described above.

Article 25-*duodecies* was amended by Law no. 161 of 4 November 2017, which introduced the reference to Article 12 of Legislative Decree no. 286 of 25 July 1998 ("Provisions against illegal immigration"), in relation to the conduct of illegal entry of foreigners into the territory of the State and aiding and abetting illegal immigration. The new Article 25-*duodecies* refers to Article 12 of Legislative Decree 286/1998, limited to paragraphs 3, 3-*bis*, 3-*ter* and 5, which concern the conduct of those who "*illegally direct, organize, finance, transport foreigners into the territory of the State or perform other acts intended to procure their entry into the territory of the State*" or facilitate their stay "*in order to obtain an unfair profit from the condition of illegality*".

Furthermore, Article 25-*octies*.2 ("Offences relating to the violation of European Union restrictive measures") of the Decree refers to paragraph 1 of Article 12 of Legislative Decree 286/1998, according to which "*anyone who, in violation of the consolidated text of the provisions concerning immigration and regulations on the status of foreigners, promotes, directs, organises, finances or carries out the transport of foreigners into the territory of the State or performs other acts aimed at illegally procuring their entry into the territory of the State or another State of which the person is not a citizen or does not have permanent residence*" shall be punished. This provision is referred to in Article 25-*octies*.2 for cases (provided for in paragraph 1-*bis* of the same Article 12) the conduct in question is committed in violation of a prohibition, obligation or restriction imposed by a restrictive measure of the European Union, or by provisions of national law implementing a restrictive

measure of the European Union, allowing or otherwise facilitating the entry into the territory of the State of designated natural persons.

2.1. Sensitive activities

From the preliminary analysis made emerged the following sensitive activity:

Management of recruitment and employment of workers from non-UE countries

Even though it is deemed that such activity – both in connection with workers hired by the Company and by its partners, suppliers and outsourcers – is absolutely marginal.

For the purposes of the control of the aforesaid sensitive activity, it is important to point out that the Code of Conduct 231, which is an integral part of this Model, contains ethical principles aimed at ensuring the observance and protection of the legal principles concerned in connection with the offence at hand, including most notably principle no. 18, which sets for that "*the Company undertakes, in compliance with the applicable provisions of law on the matter, to refrain from establishing any employment relation with persons without a stay permit, and from carrying out any activity aimed at facilitating the unlawful entry into Italy of illegal immigrants or entities designated in accordance with European legislation on restrictive measures; with reference to staff employed by suppliers or outsourcers, in contracts entered into with the latter, the Company includes provisions requiring the observance of the applicable law on the matter".*

As additional forms of control, the Position Request Form, procedure PMI 24 "PMI International Talent Acquisition & Hiring Policy" and the ALP Code have been adopted.

3. RACISM AND XENOPHOBIA CRIMES

Law 20 November 2017 n.167 ("*Provisions for complying with the obligations resulting from membership in the European Union" – European Law 2017*") has further expanded the catalogue of the pre-required crimes of the Decree, by inserting, effective 12 December 2017, article 25-*terdecies* named "racism and xenophobia", that provides the following:

"*1. In relation to commission of the crimes under article 3, para 3 of Law 13 October 1975, n.654, monetary sanctions from 200 to 800 units shall be levied*.

2. In case of charge for the crimes mentioned under section 1) above the sanctions provided for by article 9, para.2 shall apply, for not less than one year.

3. If the legal entity or an organizational unit thereof is regularly used for the sole or prevailing goal of permitting or facilitating commission of the crimes indicated under point 1) above, the sanction of permanent prohibition of exercising business activities as provided by article 16, para.3 shall apply."

It should be noted that, following the provisions of art. 8, paragraph 1, of Legislative Decree no. 21 of 1 March 2018, the references to the provisions of art. 3 of Law no. 654/1975, wherever present, are understood to refer to art. 604-*bis* of the criminal code "Propaganda and incitement to commit crimes

on the grounds of racial, ethnic and religious discrimination" (inserted by art. 2, paragraph 1, letter i) of the same decree.

The crimes recalled by the European Law concern participants to organizations, associations, movements or groups that have among their objectives the incitement to discrimination or to violence for racial, ethnical, national or religious reasons, as well as propaganda or incitement performed in such a way as to cause concrete risk of dissemination, grounded in whole or in part on the negation, serious minimization or apologia - an aside added by the same European Law - of the Shoah or of crimes of genocide, against humanity and war crimes.

This is yet another extension of the disciplinary sanctions referred to in the Decree to punish not only wrongdoings of business organizations, but also crimes aimed at repressing more specific illicit organizations that commit crimes against humanity. It should be noted that the Decree already sanctions the entities involved in mutilation of the genital organs, in slavery, in crimes of prostitution or child pornography.

From the preliminary analysis carried out, no specific business activities at risk have been identified, i.e. activities that may be considered as falling within the scope of the aforementioned provision, or specific cases that may fall within the criminal hypotheses that may result in the application of the discipline provided for in article 25-*terdecies* introduced in the Decree.

SPECIAL PART

e) TRANSNATIONAL OFFENCES

as provided for by L.D. 231/2001

1. TRANSNATIONAL OFFENCES

Law dated 16 March 2006, no. 146, "Ratification and execution of the UN Convention and Protocols against transnational organized criminality, adopted by the General Assembly on 15 November 2000 and on 31 May 2001", extended the corporate administrative liability to the transnational offences of so-called transnational organized criminality.

It is to be considered transnational offence, "any offence punished with arrest not shorter than four years, should an organized criminal group be involved, as well as any offence:

- perpetrated in more than one State;
- perpetrated in one State, but substantially prepared, planned, directed or controlled from another State;
- perpetrated in one State, but involving an organized criminal group active in more than one State;
- perpetrated in one State, but substantially affecting another State."

As "organized criminal group", under the terms of the UN Convention against transnational organized criminality, it is to be intended "a structured group, existing for a period of time, made up of three or more persons acting in agreement in order to perpetrate one or more of the offences established by the domestic law and by the Convention, in order to obtain, directly or indirectly, a financial advantage or any kind of material advantage".

Generally speaking, within the broader definition of transnational offences and with reference to the basic offences for the corporate administrative liability as provided for by L.D. 231/2001, are to be considered, in compliance with article 10 of the Law no. 146/2006, the offences relating to association, immigrants trade and obstruction to justice, on condition for such offences to have been perpetrated in the interest or for the advantage of the company, by subjects having within the same either top or subordinate roles. More specifically the relevant offences are the following:

- Criminal association (art. 416 criminal code);
- Criminal association mafia-alike (art. 416-*bis* criminal code);
- Criminal association for the smuggling of foreign manufactured tobacco (art. 291-quater of the Consolidated Law, Presidential Decree dated 23 January 1973, no. 43);
- Criminal association for unlawful drug traffic (art. 74 del of the Consolidated Law, Presidential Decree 9 October 1990, no. 309);
- Immigrants trade (art. 12, paragraphs 3, 3-*bis*, 3-*ter* and 5, L.D. dated 25 July 1998, no. 286);
- Induction not to issue any statement or to issue untruthful statements to the criminal investigation authorities (art. 377-*bis* criminal code);
- Personal aid and abet (art. 378 criminal code).

In particular, the offence of Criminal association for the smuggling of foreign manufactured tobacco is perpetrated when three or more people associate

with the aim of perpetrating different offences among those listed under article 291-*bis*, i.e. the introduction, sale, transportation, purchase or detention within the territory of the State of an amount of smuggled foreign manufactured tobacco.

The Law for the repression of transnational organized crime, with a general closure clause (art. 10, para. 10), provides for the applicability of all the provisions contained in L.D. 231/2001 to the new administrative offences the company is liable for.

The Company, with reference to such offences has added specific principles and rules of conduct to the Code of Conduct 231 and has ensured the respect of the principles contained in the PMI Code of Conduct, aimed at protecting the assets interested by the offences.

Moreover the Company, fully aware of the risks connected to its business, adopted the following control instruments:

- Principles&Practices: PMI 09-C "PMI Corporate Sanctions and Trade Compliance Policy ": such policy is aimed at fighting any unlawful activity connected to the production, distribution and sale of cigarettes, including smuggling and money laundering.
- Principles&Practices: PMI 10-C "PMI Corporate Know Your Customer & Anti-Diversion Policy": the goal of such policy is to reach business agreements only with third parties sharing the corporate integrity standard and commercial practice.

- Principles&Practices: PMI 11-C "Corporate Handling Payments Policy": such policy is aimed at preventing third parties from using the company and its products for money laundering of illicit income.
- Procedure 231 "Contributions, Gifts, Hospitality and Contractual Commitments": this policy is aimed, insofar as it is relevant in this Special Section in the context of relations with third parties, at ensuring the proper conduct of activities involving the assumption of contractual commitments, providing for specific operational steps, including in the case of subcontracts and assignments entrusted to third parties.
- Supervisory Body: as part of its essential duties, the SB must evaluate any critical issue emerged during the application of the above policies.

SPECIAL PART

f) OFFENCES OF NON-VOLUNTARY MANSLAUGHTER, SEVERE OR VERY SEVERE DAMAGE PERPETRATED IN VIOLATION OF THE PROVISIONS FOR THE PROTECTION OF HEALTH AND SAFETY ON THE WORKPLACE

as provided for by L.D. 231/2001

1. OFFENCES OF NON-VOLUNTARY MANSLAUGHTER, SEVERE OR VERY SEVERE DAMAGE PERPETRATED IN VIOLATION OF THE PROVISIONS FOR THE PROTECTION OF HEALTH AND SAFETY ON THE WORKPLACE

Law no. 123 of 3 August 2007 (Measures for health and safety in the workplace and delegation to the Government for the restructuring and reform of laws on the matter) and L.D. no. 81 of 9 April 2008 (Implementation of art. 1 L. 123/07 on the matter of health and safety in the workplace) expanded the administrative liability of Entities by introducing new offences for the violation of laws on the prevention of industrial accidents, and on hygiene and health in the workplace. Specifically, article 9 of Law 123/2007 and art. 300 of L.D. 81/2008 introduced in Decree 231, article 25-*septies* which expressly refers to the offences of "non-voluntary manslaughter and non-voluntary severe or very severe damage, perpetrated in violation of the provisions for the prevention of industrial accidents and the protection of hygiene and safety in the workplace".

The impact of said provisions is certainly significant, considering most of all, that for the first time the corporate liability is provided for by (among others, also with interdictive sanctions) with reference to non-voluntary offences, whereas up to today, all basis offences provided for by the existence of will (conscience and determination to perpetrate the offence).

For a description of the offences described under art. 25-*septies* of L.D. 231/2001 see the List of Offences *(Annex no. 1)*.

1.1 Provisions on the protection of health and safety on the workplace

The provisions on the protection of health and safety on the workplace under the relevant articles of the Criminal Code, are set forth in L.D. no. 81/08 and subsequent modifications and integrations. L.D. 81/08 identifies the Risk Assessment Report (hereinafter "**RAR**") as the document which registers all the activities related to the "detection and evaluation of all the risks for the workers' safety and health" which the employer, together with the other subjects indicated in the decree, must perform.

The risk assessment process required by L.D. 81/08, requires the detection and evaluation of the risks for the workers while performing their duties within each corporate area and of any other risk for the workers within the corporate activities. This document obliges the employer to establish and implement specific preventive measures, aimed at eliminating or lowering, as far as possible, the risk for the workers, as well as to provide suitable Individual Protection Equipment (hereinafter "**IPE**").

1.2 The organizational Model with reference to the offences provided for by article 25-septies

L.D. 81/08 considers the specific nature of the offences pursuant to articles 589, paragraph 2 and 590, paragraph 3 of the criminal code referred to in Article 25-*septies*, the unintentional nature of which is a distinct element as compared to the other offences resulting in the liability of entities (exclusively intentional).

Two distinct provisions set forth by L.D. 81/refer to organisational models. In particular:

1. Art. 2, paragraph 1 letter dd), which describes the organizational and management model, defining it as: "*organizational and management model for the definition and implementation of a company policy on health and safety, pursuant to article* 6, paragraph 1, letter a), *of Legislative Decree no. 231 of 8 June 2001, suitable to prevent the offences pursuant to articles 589 and 590, third paragraph, of the criminal code, committed in violation of the provisions for the prevention of industrial accidents and the protection of health in the workplace*".
2. Art. 30 which outlines the content, indicates the components that the model must contain in order to have effectiveness as regards liability of the entity for the offences in question. This law provisions requires that: "*An organizational and management model that is suitable to provide absolving effectiveness of administrative liability of legal entities, companies and associations, even those lacking legal personality pursuant to Legislative Decree no. 231 of 8 July 2001, must be adopted and effectively implemented, ensuring a company system for fulfilling all related legal obligations:*

    a) on compliance with techno-structural standards of laws regarding equipment, plants, workplaces and chemical, physical and biological agents;

b) on risk assessment and the consequent establishment of prevention and protection measures;

c) on organizational activities, such as emergencies, first aid, tender management, periodic safety meetings, and consultations with the workers' representative for safety;

d) on health monitoring activities;

e) on information and training of workers;

f) on surveillance of compliance with the procedures and instructions regarding safe working by workers;

g) on the acquisition of documentation and certifications that are mandatory by law;

h) on the periodic verifications of the application and effectiveness of the procedures adopted".

Furthermore, according to Article 30, paragraph 5 of Legislative Decree 81/08, "[...] *company organisational models defined in accordance with* [...] *UNI EN ISO 45001* [...] *are presumed to comply with the requirements set out in the same article*".

In consideration of the non-voluntary nature if the offences described under these section, which are characterized by the lack of will by the active subject (and excluding the possibility the Company could have a direct interest in the happening of an industrial accident), it is to be deemed, as highlighted by Confindustria's Guidelines for the preparation of organizational,

management and control Models, as provided for by L.D. 231/2001, that the advantage for the Company could be the saving of costs and/or time, which may be achieved by partially implementing the measures required by the provisions on the prevention of industrial accidents.

Moreover, the exclusion of corporate liability, according to article 6 of L.D. 231/2001, must be evaluated in relation to the non-voluntary structure of the offence. As far as voluntary offences are concerned, it is consistent, according said article 6, to consider 'not guilty' the company demonstrating that the offence was perpetrated by deceiving with fraud the control system implemented for the prevention of such offences. Differently, in case of a non-voluntary offence where the will is limited to the conduct and does not influence the event, it will not be possible to demonstrate that the offender perpetrated the offence by deceiving with fraud corporate measures.

Therefore, in order to protect the effectiveness of Organizational Model, it will be necessary to demonstrate that the conduct of the offender, voluntarily disrespected the corporate rules and internal provisions, aimed at ensuring the full compliance with the provisions on workers' safety and health, notwithstanding the Supervisory Body's punctual observance of its duties of surveillance.

The Company, in the light of the above considerations:

A. carried out also through questionnaires, a direct analysis aimed at assessing the general knowledge and respect level of the main corporate duties with reference to the provisions on health and safety in the

workplace and the level of realization of a prevention, protection and safety management system and of implementation of the necessary preventive safety measures under the provisions of L.D. 81/08 and of the relevant controls;

B. updated the Organizational, Management and Control Model pursuant to art. 30 of L.D. 81/08, through the following specific conduct principles and organizational elements.

- **B. 1 specific conduct principles**

a) Principles of the organizational structure of the Company

- The proxies regarding industrial accidents prevention and hygiene and health protection on the workplace must be in writing, determine clearly, specifically and univocally the assigned functions and ensure the consistency of the proxy, signature and expenditure powers with the responsibilities assigned, and in compliance with the provisions of art. 16 of L.D. 81/08[4];

[4] Art. 16 of L.D. 81/08 envisages:
1. The delegation of functions by the employer, where not expressly excluded, is permitted with the following limits and conditions:
a) this results from a written deed bearing a firm date;
b) the delegated party possesses all the requirements of professionalism and experience required by the specific nature of the functions delegated;
c) the delegation attributes to the delegated party all the powers of organization, management and control required by the specific nature of the functions delegated;
d) the delegation attributes the delegated party the expenditure autonomy requires for carrying out the delegated functions;
e) the delegation is accepted by the delegated party in writing.
2. The delegation pursuant to paragraph 1 must be suitably and promptly publicised.

- responsibilities, organizational and operative duties of the management and persons in charge must be correctly formalized and the duties of each employee of the Company on safety and health on the workplace must be clearly described;
- specific reporting channels must be set up between the delegating party and the delegated parties;
- the subjects responsible for safety and health on the workplace must be correctly appointed, proper instructions must be communicated and the powers necessary to carry out the assigned activity must be granted;
- every level of the organization must be informed about the functions and duties of the Manager of the Prevention and Protection Services (hereinafter "MPPS"), of any Operator of the Prevention and Protection Services (hereinafter "OPPS"), of the Workers' Representative for Security (hereinafter "WRS"), of those responsible for emergency management, as well as of the duties and responsibilities of the competent doctor;
- the internal parties responsible and any external consultant and the subjects provided for by the law on health and safety in the workplace (among which the MPPS, the competent doctor, any technical staff, etc.)

3. The delegation of functions does not exclude the obligation of supervision by the employer regarding the delegated party's correct performance of the assigned functions. The obligation pursuant to the first line is intended as fulfilled in the event of adoption and effective implementation of the verification and control model pursuant to article 30, paragraph 4.

must be appointed on the basis of competence and professionalism grounds, with adequate motivation of the choices operated;

b) Principles regarding education and training

- the adequate knowledge of the provisions regarding the prevention of industrial accidents must be ensured to the subjects responsible for safety, to the MPPS and to the operators of the prevention and protection system and to the operators of the emergency squad;
- training and information to the Company's employees and partners must be adequately planned and carried out, with regard to general accident prevention topics and to the risks they are exposed to while performing a specific task, to any specific risk (e.g. VTR risk, etc.) and to the preventive measures and conducts to be adopted;
- the staff must be constantly trained and informed about the new preventive and protective measures (including the individual protection equipment) to be adopted and must be fully aware of the duties to respect for the protection of its own health and that of colleagues and third parties;

c) Principles of operative management of safety issues

- the risk assessment for the safety and health on the workplace, in compliance with L.D. 81/08 and with all the accidents prevention and

safety measures must be regularly performed, keeping into the due consideration any change in the production processes and in the organization of the work and/or the workplace;

- the risk prevention and protection measures, as identified by the risk assessment, must be adequately implemented and updated;
- the proper signals must be located in the workplace and adequate individual protection equipment must be provided to the employees;
- any specific risk (e.g. VTR, etc.) must be detected and the relevant protection measures adopted;
- the emergency squads must be adequately organized and prepared; the procedures and emergency management manuals must be formalized and the periodical tests provided for by the law must be carried out;
- the activities of maintenance of the workplace, of periodic control, maintenance and testing of the production plants and of the work equipment (including company cars), as well as controls on the conditions for the use of personal vehicles (i.e. private cars) in the conduct of working activities, must be adequately organized and in any case in a manner suitable to ensure the prevention of damage, accidents deriving from non-compliance, incorrect use of the equipment or other technical or safety issues, as provided for by the law;
- the workers must be consulted on issues regarding safety, so as provided for by the law;

- the proper coordination of the contracting companies or of the freelancers working by the Company must be ensured, also through periodical meetings between the MPPS and the freelancers or the persons in charge of safety for the contracting companies;

d) Principles of supervision, inspection and control

- the documentation related to the activities performed within safety management, as the above, must be properly prepared and archived;
- a proper registration, monitoring and analysis of industrial accidents and professional illnesses, and of their relevant causes, must be carried out also in order to reduce their incidence;
- each manager must continuously monitor the correct implementation of the preventive and protection measures provided for by the RAR for the area of his/her competence;
- the activities of maintenance of the workplace, of periodic control, maintenance and test of the production plants and of the work equipment (including company cars) must be adequately organized and in any case in a manner suitable to ensure the prevention of damage, accidents deriving from non-compliance, incorrect use of the equipment or other technical or safety issues, as provided for by the law The technical verifications and inspections must be planned, carried out, documented and registered on a continuative basis by the MPPS, the

competent doctor and any third party expert and any flaw detected must be corrected;

- the check of the actual implementation of the procedures provided on safety and of the respect of law provisions and regulations on the matter must be planned, carried out, documented and registered;

e) Conduct principles for all employees and workers by the Company

- the law provisions, the internal regulations and the instructions received on safety matters must be respected also with specific reference to the position covered and to the use of Individual Protection Equipment (hereinafter "**IPE**");
- the machines, tools, transportation means and any other working tool (including personal vehicles), as well as the existing safety measures including IPE, must be correctly utilized and according to the instructions received and to the existing procedures;
- any potentially or actually dangerous situation must be timely reported to the emergency squad. The responsible person must, within the scope of his/her competence and responsibility, implement any possible measure, in order to prevent any hazardous situation.

- **B.2 organizational elements introduced**

- a specific principle in the "Code of Conduct for the purposes of L.D. 231/01";
- periodical meetings, at least on a six-month basis, between the SB and the MPPS and those in charge of the compliance of the activities with the safety procedures;
- the following specific information flows:
  1. the employer communicates the proxies on safety and the appointment of the MPPS and the competent doctor to the SB, which shall verify the compliance with the applicable law;
  2. the MPPS, the WRS and the competent doctor communicate to the employer, to the directors in charge of safety and to the SB, the schedule of the yearly inspections, planned and mystery, and the control and technical inspection reports (specifying when scheduled and when mystery), highlighting any non-compliance;
  3. the MPPS, the WRS and the competent doctor communicate to the employer, to the directors in charge of safety and to the SB, any obstruction to their activity, in order for the subsequent measures to be adopted;
  4. the MPPS and the person in charge of training communicate to the SB the annual training and information activities schedule for employees and partners and report the activities carried out and the relevant results;

5. the MPPS and the person in charge of maintenance communicate to the SB the annual schedule of the programmed maintenance and report the activities carried out and the relevant results;
6. the MPPS must be timely informed of any subcontract with subcontractor companies and self-employed workers rendering their services at the Companies' offices and evaluates whether or not the Risk Assessment Report must be prepared and whether or not further cooperation and coordination activities on safety must be programmed. On the basis of such evaluation, the MPPS shall prepare all the relevant documentation. The MPPS provides the SB with a six-month report regarding the duties fulfilled with reference to the aforesaid and any further useful or necessary information on the coordination activities carried out;
7. the MPPS provides a copy of each RAR and relevant updates to the employer, to the SB of the Company and to the WRSs;
8. the employer, the MPPS and the competent doctor periodically (at least yearly) update the Board of Directors and the Company's SB on workplace safety issues; in particular, they provide the same with a copy of the annual meeting on safety, in compliance with the law;
9. in case of administrative inspections related to the duties under L.D. 81/08, the SB shall be timely informed about the beginning of any inspection, via the proper internal communication, sent by the person in charge of the interested area; all the inspection must be

reported and the minutes must be transmitted to the SB, which shall also receive the minutes and the reports of the inspecting authorities;

10. all employees, acknowledging facts, acts/omissions potentially dangerous for the protection of the workers' safety and for any other aspect related to industrial accidents prevention, potentially relevant for the purposes of article 25-*septies* of L.D. 231/2001, are required to notify the employer pursuant to Article 20 of Legislative Decree 81/2008 or to directly use the reporting system provided for in the Relevant Reports Procedure; in any case, the recipients of the notification shall promptly inform the Supervisory Body;
11. any violation by the staff of the applicable safety provisions of law, of the internal procedures and of the instructions received on IPE shall be communicated to the SB;
12. the MPPS takes care of a specific information flow of provisional update to those in charge of Company's safety;
13. the Company has ISO 45001 certification.

Moreover, further principles related to workplace safety are provided for by the following corporate documents:

a. The PMI Code of Conduct;
b. the Environment, Health and Safety Integrated Management System (UNI EN ISO 14001 certificate – ISO 45001);

c. PMI 08-C “PMI International Environment, Health, Safety and Security Policy ”;

d. the corporate Guidelines for the safe driving of corporate cars (P-EHS-01 “*Market Fleet Safety Policy*”);

e. PMIT 537-G6 Guidelines “Tool Car”;

f. the corporate Guidelines for the safe driving of private cars;

g. Employment contracts.

14. In connection with the activities performed by the Leaf Department, it is important to mention also the ALP Code and the Farm Monitoring Form and iLeaf mobile application.

The SB is entitled to change or update the organizational elements introduced, which might be necessary in order to maintain an effective management system of the provisions of law on industrial accidents prevention.

Finally, it is acknowledged that in cases of particular emergencies the Company adopts specific company protocols (such as the specific company protocol adopted during the period of the health emergencies Covid) and makes the relevant additions to the DVR.

SPECIAL PART

g) CRIMES OF RECEIVING, LAUNDERING AND USE OF MONEY, GOODS OR UTILITIES OF UNLAWFUL ORIGIN, SELF-LAUNDERING, AND FRAUDULENT TRANSFER OF VALUES

as provided for by L.D. 231/2001

1. CRIMES OF RECEIVING, LAUNDERING AND USE OF MONEY, GOODS OR UTILITIES OF UNLAWFUL ORIGIN, SELF-LAUNDERING, AND FRAUDULENT TRANSFER OF VALUES

Articles 25-*octies* and 25-*octies*.1 of Legislative Decree 231/2001 provide the administrative liability of entities, for the offences of receiving stolen goods, money laundering and use of money, goods or benefits of illegal origin - Articles 648, 648-*bis* and 648-*ter* of the Criminal Code, - and for the case of self-laundering, Article 648-*ter*.1 of the Criminal Code, and for offences relating to non-cash payment instruments and fraudulent transfer of valuables, Articles 493-*ter*, 493-*quater*, 640-*ter* and 512 of the Criminal Code.

Please find herewith below a brief description of the offences regulated by Article 25-*octies* (the "**Money Laundering Offences**") and those referred to in Article 25-*octies*.1 (offences relating to non-cash payment instruments and fraudulent transfer of valuables) considered to be abstractly relevant.

Receiving of money, goods or utilities of unlawful origin (art. 648 criminal code)

Article 648 criminal code punishes who "outside the cases of complicity, purchases, receives or hides money or goods deriving from a crime, or in any case plays a role in making them purchased, received or hidden".

As purchase it should be intended the effect of a trading activity, both in money and for free, through which the active subject enters in possession of the good.

As receiving it should be intended the possession at any title of the good deriving from a crime, even if only temporarily or as a mere favour.

As hiding it should be intended the hiding of the good of unlawful origin, after having received it.

The offence takes place also in case the subject plays any role in the purchase, receiving or hiding of the good.

The purpose of the incrimination for this offence is avoiding the enduring of the patrimonial damage, started with the execution of the main crime. A further purpose is preventing the main crimes from being perpetrated, by limiting the circulation of the goods of unlawful origin.

Money (or goods) laundering (art. 648-bis criminal code)

Article 648-*bis* criminal code punishes who "outside the cases of complicity, substitutes or transfers money, goods or other utilities deriving from a crime, or carries out any kind of transaction with reference to the same, in order to dissimulate their unlawful origin".

As substitution it is to be intended the replacement of money, goods or other utilities of unlawful origin with different values.

As transfer it is to be intended any trade activity aimed at laundering the money, goods or other utilities of unlawful origin.

The obstruction of the Authorities' investigating activity on the origin of the goods, could be considered an action suitable for dissimulating their unlawful origin.

The purpose of incrimination for laundering offences is preventing the offenders from exploiting the profits of unlawful origin, re-circulating them as "clean" profits, ready to be invested in lawful productive activities. In this way the provision achieves another goal, i.e. preventing the perpetration of the main offences, through the obstacles for the exploitation of profits of unlawful origin.

Use of money, goods or other utilities of unlawful origin (art. 648-ter criminal code)

The offence under exam satisfies two requirements: firstly it prevents the so-called "dirty money" of unlawful origin from being laundered; secondly it prevents the same money, even if "clean", from being lawfully employed.

The reserve clause under paragraph 1 of the provision in question provides for the incrimination of anyone not taking part to the main offence or not already incriminated for receiving or laundering of money, goods or other utilities of unlawful origin. As a consequence to the aforesaid, it can be stated that, in order to perpetrate the offence in question, it is necessary, as

qualifying element, the investment of profits of unlawful origin in economic or financial activities.

So the incriminated conduct consists in the investment of profits of unlawful origin in economic or financial activities.

Self-Laundering (Art. 648-ter. 1 Criminal Code)

This article punishes the conduct of anyone who, having perpetrated or participated in the perpetration of a crime, uses, replaces or transfers to economic, financial, entrepreneurial or speculation activities the money, goods or other utilities generated by the perpetration of said crime, thus preventing in practical terms the identification of their unlawful origin.

The law punishes the concealment of revenues of unlawful origin even if such action is not carried out by a third party – such as in case of money-laundering – but by the same subject. The aforesaid definition applies to any transactions that, in practical terms, hinder traceability and prevent the identification of the unlawful origin of money or goods. In the event of such conducts, the exclusion set forth by law ("when the money, goods or other utilities are used merely for personal use or enjoyment") is not applicable.

Fraudulent transfer of valuables (Article 512-bis of the Criminal Code)

The offence in question is committed by anyone who fictitiously attributes to others the ownership or availability of money, goods or other utilities in order to evade the provisions of the law on property or smuggling prevention measures, or to facilitate the commission of one of the offences referred to in Articles 648, 648-*bis* and 648-*ter* of the Criminal Code.

In addition, the provision punishes anyone who, in order to evade the provisions on anti-mafia documentation, fictitiously attributes to others the ownership of businesses, company shares or shares or corporate offices, if the entrepreneur or company takes part in procedures for the award or execution of contracts or concessions.

1.2 Sensitive activities

The sensitive activities indicated in connection with the Offence of Money Laundering described at art. 25-*octies* and the offences referred to in Article 25-*octies*.1 of L.D. 231/01 are the following:

a) management of financial flows;

b) purchase of assets;

c) resale of crude tobacco;

d) sensitive activity set forth in the Special Part o) Model concerning tax offences.

In connection with the activities under paragraph 4) above, referral is made to the preventive procedures previously indicated in the Special Part o)

concerning tax offences. With reference to all other sensitive activities, the provisions under paragraph 1.3 shall apply.

1.3 Offence perpetration methods and control procedures adopted to protect Sensitive Activities

In connection with each sensitive activity, specific offence perpetration methods and the relevant preventive control procedures have been identified. Notably:

1. Management of Financial Flows

Perpetration of the offence of concealment of the unlawful origin of financial flows through payments made in foreign accounts to the benefit of third parties not related to the Company's activity, or without an underlying economic reason, or with unspecific payment descriptions.

The preventive procedures adopted in connection with the sensitive activity at hand are the following:

- Code of Conduct for the purposes of L.D. 231/01;
- The PMI Code of Conduct;
- PMI 09-C "PMI Corporate Sanctions and Trade Compliance Policy" and related documents;
- PMI 10-C "PMI Corporate Know Your Customer & Anti-Diversion Policy" and related documents;

- PMI 11-C "PMI Corporate Handling Payments Policy" and related documents;
- PMI 29 "PMI Corporate Buying Goods and Services Policy";
- Multi Cross Border Target Balancing Agreement;
- Cash Pooling Contracts;
- Proxies and powers-of-attorney.

2. Purchase of Assets

The purchase of assets (crude tobacco or assets instrumental to the Company's activity) of unlawful origin.

The crime of illicit receiving might be committed in the event that a Company employee, with a view to ensuring an economic advantage for the Company, signs a supply agreement at a price considerably lower than the market price, in the awareness that the goods supplied have an unlawful origin.

The preventive procedures adopted in connection with the sensitive activity at hand are the following:

- Code of Conduct for the purposes of L.D. 231/01;
- The PMI Code of Conduct;
- PMI 09-C "PMI Corporate Sanctions and Trade Compliance Policy ";
- PMI 10-C "PMI Corporate Know Your Customer & Anti-Diversion Policy";

- PMI 11-C "PMI Corporate Handling Payments Policy";
- PMI 28 "PMI Corporate Contracts and Agreements Policy";
- PMI 29 "PMI Corporate Buying Goods and Services Policy";
- Multi Cross Border Target Balancing Agreement;
- Cash Pooling Contracts.

3. Purchase and resale of crude tobacco

The crime of receiving stolen goods might be committed in case of purchase of crude tobacco unlawfully obtained.

The preventive procedures adopted in connection with the sensitive activity at hand are the following:

- Code of Conduct for the purposes of L.D. 231/01;
- The PMI Code of Conduct;
- PMI 09-C "PMI Corporate Sanctions and Trade Compliance Policy ";
- PMI 10-C "PMI Corporate Know Your Customer & Anti-Diversion Policy";
- PMI 11-C "PMI Corporate Handling Payments Policy";
- PMI 28 "PMICorporate Contracts and Agreements Policy";
- PMI 29 "PMI Corporate Buying Goods and Services Policy";

- PMI 29-G2 “PMI Corporate Leaf and Clove Procurement Guideline”;
- Multi Cross Border Target Balancing Agreement; Cash Pooling Contracts.

SPECIAL PART

h) IT CRIMES
as provided for by L.D. 231/2001

1. IT CRIMES

Law no. 48 of 18 March 2008 ratified the Convention of the Council of Europe, concluded in Budapest on 23 November 2001, with the objective of promoting international cooperation between the signing States in order to counteract the proliferation of offences against the confidentiality, integrity and availability of computer systems, networks and computer data, specifically in consideration of the nature of said violations, as in their preparation or execution often involve several countries.

The discipline governing computer crime was reformed both by introducing new types of offences into the criminal code and by reformulating several previously existing incriminating legal provisions. Art. 7 of the law also added to L.D. no. 231/2001 art. 24 bis, which lists a series of IT crimes that can give rise to the administrative liability of entities.

However, the definitions of "computer system" and "computer data" included in the Budapest Convention were not implemented into Italian law. These definitions, which are set forth below, can be taken as reference from the case law on the matter:

- **"computer system":** any device or a group of interconnected or related devices, one or more of which, pursuant to a program, performs automatic processing of data;
- **"computer data":** any representation of facts, information or concepts in a form suitable for processing in a computer system, including a program suitable to cause a computer system to perform a function.

For a description of the offences described under art. 24-bis of L.D. 231/2001 see the List of Offences *(Annex no. 1)*.

1.2 Sensitive activities

The Company carried out an accurate survey of significant activities at risk of offences for the purposes of the crimes in question. The analysis regarded all activities which, to some extent, involve the use of a computer/electronic system. In consideration of the specific characteristics of the criminal offences in question, it was deemed suitable to identify two specific areas at risk of this offence:

1. Management and use of computer and electronic systems
2. Creation or use of a computer document
3. Use of Artificial Intelligence systems

For each of these areas, the individual methods of perpetrating the crimes and the related controls for oversight have been identified. In particular:

1) Management and use of computer and electronic systems

a) Illegal access to a computer or electronic system protected by security measures or operation within such system against the express or tacit will of the person who has the right to exclude users.

- Code of Conduct for the purposes of L.D. 231/01;

- Principles&Practices: PMI 18–C "PMI Corporate Information Security Policy ";
- Principles&Practices: PMI 21 "PMI Corporate Managing Computer Systems Policy".

b) Illegally obtaining, reproducing, disseminating, communicating or delivering codes, key words or other means suitable to access a computer or electronic system protected by security measures and/or providing indications or instructions suitable for such purpose.

- PMI IS Security Directives, Standard 11.03.01 001 Password Composition & Protection.

c) Obtaining, producing, reproducing, importing, disseminating, communicating or delivering equipment, devices or computer programs suitable to damage or, in any event, alter the operation of a computer or electronic system, the information, data or programs contained therein or pertaining thereto, also through total or partial interruption of the system.

- Principles&Practices: PMI 18–C "PMI Corporate Information Security Policy";
- Principles&Practices: PMI 21 "PMI Corporate Managing Computer Systems Policy".

d) Destroying, wearing down, cancelling or suppressing others' computer information, data or programs.

- Principles&Practices: PMI 18–C "PMI Corporate Information Security Policy".

e) Destroying, wearing down, cancelling, altering or suppressing computer information, data or programs used by the State or another public entity or pertaining thereto, or, in any event, used by the public.

- the "Code of Conduct for the purposes of L.D. 231/01".

f) Destroying, wearing down, cancelling, altering or suppressing others' computer information, data or programs or introducing or transmitting data, information or programs suitable to destroy, damage, or render partially unusable computer or electronic systems of others, or seriously obstructing the operations thereof

- the "Code of Conduct for the purposes of L.D. 231/01".

g) Destroying, wearing down, cancelling, altering or suppressing others' computer information, data or programs or introducing or transmitting data, information or programs suitable to destroy, damage, or render partially

unusable computer or electronic systems used by the public, or seriously obstructing the operations thereof

- the "Code of Conduct for the purposes of L.D. 231/01".

2) Creation or use of a computer document

Falsification of public or private computer documents which provide evidentiary proof. In particular:

- complete or partial creation of a false computer document or alteration of a real computer document;

- counterfeiting or alteration of computer documents;

- simulation of copies of a computer document or induction to issue a copy of a computer document that is different from the original;

- declaration of false information in a computer document;

- creation of a false private agreement in a computer document or alteration of a real public deed or private agreement in a computer document;

- abuse of blank signature contained in a computer document;

- use of a false computer document;

- destruction, cancellation or hiding of a real computer document.

- the "Code of Conduct for the purposes of L.D. 231/01".

3) Use of Artificial Intelligence systems

Use of artificial intelligence tools to carry out or facilitate behaviours that may constitute the predicate offences provided for by Legislative Decree 231/01 (and by this Model), through methods that make the action insidious, hinder its detection or public/private defence, or aggravate the effects of the offence.

- "Code of Conduct for the purposes of L.D. 231/01";
- PMI 44-C "PMI Corporate Artificial Intelligence Policy".

SPECIAL PART

i) OFFENCES OF ORGANISED CRIMINALITY
as provided for by L.D. 231/2001

1. OFFENCES OF ORGANISED CRIMINALITY

Law no. 94 of 15 July 2009, bearing provisions on the matter of public safety, introduced into L.D. 231/01 art. 24-*ter*: "Offences of organised criminality".

For a description of the offences described under art. 24-*ter* of L.D. 231/2001 see the List of Offences *(Annex no. 1)*.

Among the offences introduced pursuant to art. 24-*ter* it is worth taking an in-depth look at criminal association. In fact, the other offences set forth in this article are not applicable to the business of Philip Morris.

Criminal association (art. 416 of the criminal code) could abstractly have any illegal purpose, as any violation envisaged by the criminal code or by special laws could be relevant as the "criminal purpose" of such association. Nonetheless, a realistic, methodological approach suggests focusing on the structural elements of the criminal association and verifying that control over possible criminal purposes is as effective as possible.

The offence pursuant to art. 416 of the criminal code is characterised by the following fundamental elements:

a) association obligation which tends to be permanent or, in any event, stable, destined to last also beyond the perpetration of the concretely planned crimes;

b) organizational structure, even minimal, that is suitable and, above all, adequate to achieve the criminal purposes aimed for;

c) generality of the criminal plan, directed at the commission of an unspecific series of crimes.

d) existence of the *affectio societatis*, consisting in the awareness and intention of the participants to participating in the association for the purposes of implementing an unspecific criminal plan.

In light of that illustrated above, it is important to note that occasional relations with third party subjects cannot give rise to offences of association pursuant to art. 416 of the criminal code. These relations could possibly give rise to joint liability pursuant to articles 110 and subsequent of the criminal code.

According to consolidated case law, the "***distinctive criteria of the offence of criminal association as compared to the conspiracy of persons in a continuing offence essentially consists in the way in which the criminal agreement is carried out.*** *The conspiracy of persons in a continuing offence occurs occasionally and accidentally, as it is directed at the commission of one or more specific offences – inspired by the same criminal plan which every participant understands and implements – and said agreement is extinguished upon completion of said plan, thereby removing all reasons of danger and social warning.* ***On the contrary, in criminal association, the criminal agreement is directed at the implementation of a greater criminal plan, for the commission of an unspecific series of crimes, establishing an obligation of association between the participants****, each of which is constantly* ***aware that they are participating in the implementation of the criminal plan,***

also independently and outside the effective commission of the single crimes planned*, so that it is specifically the duration of the association obligation between several persons linked by joint criminal purposes that determines* ***danger for the public order*** *and is the specific reason that* ***the offence of criminal association*** *is considered an* ***autonomous type of crime.*** *Moreover, for the existence of this crime, the lack of participation of all or some of the members in the perpetration of the planned crimes is irrelevant*"[5]*.*

1.2 "Sensitive activities"

Controls were increased on potential offences that could be the purpose of any association obligation, as it is not possible to create specific controls for criminal association. In fact, for these controls to be effective, they should refer to the individual natural persons and not to the activity these persons carry out.

Nonetheless, Philip Morris has set forth as a method of control:

- in the "Code of Conduct for the purposes of L.D. 231/01", which is an essential part of this Model, ethical principles aimed at respecting and protecting the assets taken into consideration in the offence of criminal association;

[5] *Criminal Court of Cassation, Section V, 04 October 2004, no. 42635 in Riv. pen. 2005, 1387 (as amended). Similarly, see: Criminal Court of Cassation, Section I, 15 January 1997, no. 67 in Cass. pen. 1998, 803 (as amended), Studium Juris 1997, 847;* Cassazione penale, sez. I, 05 maggio 1995, no. 7063 *(Criminal Court of Cassation, Sect. 1, 5 May 1995, no. 7063) in Cass. pen. 1996, 3638 (as amended); Criminal Court of Cassation, Section I, 08 July 1991 in Cass. pen. 1992, 3027, Giust. pen. 1992, II, 38 (as amended), Codice Penale (Italian Criminal Code) Lattanzi-Lupo 2000, 44); Criminal Court of Cassation, Section I, 11 October 1991, in Cass. pen. 1994, 296 (as amended)*.

- Principles&Practices: PMI 10-C “PMI Corporate Know Your Customer & Anti-Diversion Policy”.

SPECIAL PART

l) OFFENSES AGAINST INDUSTRY AND TRADE
as provided for by L.D. 231/2001

1. OFFENSES AGAINST INDUSTRY AND TRADE

Law no. 99 of 23 July 2009, bearing provisions for the development and internationalisation of companies, introduced art. 25-*bis*.1: "Offences against industry and trade".

Among the offences indicated at art. 25-*bis*.1, the following are deemed abstractly applicable to the business conducted by Philip Morris:

Disruption of freedom of industry or commerce (Art. 513, criminal code)

The crime is committed by anyone who uses violence against property or fraudulent means to prevent or disrupt the operation of an industry or trade.

Fraud against domestic industries (art. 514 criminal code)

Frauds against domestic industries are perpetrated whenever, offering for sale or putting into circulation industrial products (on domestic or foreign markets) bearing counterfeit or altered brands, trademarks or distinction signs, prejudice is caused to domestic industries.

Fraud in the exercise of trade (art. 515 criminal code)

Such offence takes place when, in the performance of commercial activity, or the sale in shops open to the public, goods are delivered to the purchaser in place of others, i.e. goods that, due their origin, derivation, quality or quantity, differ from those declared or agreed.

Sale of industrial products with untruthful signs (art. 517 criminal code)

Such offence is perpetrated by anyone holding for sale, offering for sale or otherwise putting into circulation original works or industrial products under domestic or foreign brands, trademarks or distinctive signs apt to mislead the purchase as to the origin, derivation o quality of the work or product.

Production and trade of products created by infringing industrial property rights (art. 517-ter criminal code)

Without prejudice to art. 473 criminal code (counterfeiting, alteration or use of trademarks or distinctive signs or patents, models and graphics) and art. 474 criminal code (bringing into the country and trading products bearing false signs), the punishment indicated applies to anybody who, having become aware of the existence of industrial propriety rights, manufactures or uses objects or other assets created by infringing industrial propriety rights or in breach of the same.

Under said law the sanction applies also to those who, for the purpose of gaining a profit, introduce into the country, hold for sale, offer to consumers directly for sale, or in any case put into circulation the goods as indicated above.

1.2 Sensitive activities

The Company carried out a survey of significant risk activities for the purposes of the crimes in question. In consideration of the specific characteristics of the criminal offence in question, the Company has identified the following Sensitive Activities:

1. Purchase, development and trade of products
2. Distribution of material in the context of information and market research activities
3. Relations with ministries and public agencies (including local governments)
4. Relations with national and supranational governmental and legislative institutions and Administrative Authorities
5. Relations with Judicial Authorities
6. Relations with research institutes, universities and public health facilities
7. Communications to the public
8. Procurement management, with particular regard to the definition and subsequent fulfilment of contractual provisions
9. Relations with certifying bodies
10. Trade Engagement activities towards key account customers
11. Resale of raw tobacco

12. Management and use of computer and telematics systems / Training or use of computer document

For said sensitive activities, the individual methods of perpetrating the crimes and the related controls for oversight have been identified.

a) Counterfeiting or alteration of domestic or foreign trademarks or distinctive signs of industrial products, also in concert with others. Use of industrial products bearing counterfeit or altered domestic or foreign trademarks or distinctive signs.

b) Bringing into the country industrial products with counterfeit or altered domestic or foreign trademarks or distinctive signs in order to gain profit, also in concert with others. Storage, sale or circulation of industrial products bearing counterfeit or altered domestic or foreign trademarks or other distinctive signs.

c) Storage, sale through direct offer to consumers or circulation of industrial products created by infringing industrial property rights or in breach of the same, also in concert with others.

d) Dissemination to the public, through advertising campaigns, of false or untrue information (e.g., about the health effects of a competitor's product).

Presidium Controls:

- the "Code of Conduct for the purposes of L.D. 231/01";
- The PMI Code of Conduct;
- Procedure "Relations with the Customs and Monopolies Agency";

- General Conditions of Purchase of Goods and Services";
- PMI 01-C "PMI Corporate Managing Company Information Policy ";
- PMI 04-C "PMI International Design, Marketing and Sale of Combusted Products Policy" with related Guidelines;
- PMI 04A-C "PMI International Design, Marketing and Sale of Smoke-Free Products Policy" with related Guidelines;
- PMI 05-C "PMI InternationalCompetition Policy";
- PMI 05-CG1 "PMI International Interactions with Suppliers and Downstream Business Partners Standard"
- PMI 05-CS2 "PMI International Competitive Intelligence Standard ";
- PMI 06-CS1 "PMI Corporate Intellectual Property Rights Policy";
- PMI 07-C "PMI Corporate Product Quality and Compliance Policy".

On September 12, 2022, the Company, with the support of specialized external consultants, proceeded to carry out, as a precautionary activity, a risk assessment in relation to the offence set forth in the Article 513 of the Criminal Code. It was an activity carried out as a precautionary measure, as part of the constant effort to develop the Company's compliance system, taking into account (a) the difficult practical configurability of the case in point, as confirmed by the scarcity of case law precedents; and (b) the difficult identifiability of safeguards placed in place to specifically prevent the risk, given the extreme generality of the case. In this regard, in accordance with best practice, the abstract and hypothetical ways in which the crime

could be committed were identified (coordinating them with the sensitive activities already mapped in the Company's Risk Assessment), which were found to be guarded by appropriate corporate procedures and practices already existing within the Company's compliance system at least since 2017, systematized within this Special Section.

The mapping of offences pursuant to **articles 513-*bis*, 516 and 517-*quater* of the criminal code** was not carried out as, abstractly, these offences are not applicable to the business conducted by **Philip Morris.**

SPECIAL PART

m) OFFENSES REGARDING VIOLATION OF AUTHORS' RIGHTS
as provided for by L.D. 231/2001

1. OFFENSES REGARDING VIOLATION OF AUTHORS' RIGHTS

Law no. 99 of 23 July 2009, bearing provisions for the development and internationalisation of companies, introduced art. 25-*novies* of L.D. 231/01: "Offences regarding violation of authors' rights".

Among the offences indicated at art. 25-*novies*, the following are deemed abstractly applicable to the business conducted by Philip Morris:

Protection of author's rights and other rights related to their exercise (art. 171, 1st paragraph, letter 1 a bis and 3rd of Law no. 633 of 22 April 1941 "A.L.")

In connection with the offences described at art. 171 A.L., L.D. 231/01 takes into consideration only two kinds of offences, which are:

- the offer to the public, through IT network systems and connections of any kind, of protected original works or parts thereof;
- the offer to the public, through network systems and connections of any kind, of original works not meant for the public, or in infringement of the author's rights, or by deforming, mutilating or altering said works, whenever this is detrimental to the author's reputation or dignity.

Consequently, if what is protected in the first case is the author's economic interest, who could suffer a damage in terms of reduced expectations to gain a profit in the event that his/her work circulates freely on such network, what

is protected in the second case, clearly, are not the author's expectations to gain a profit, but his/her reputation and dignity.

Protection of the author's rights and other rights related to their exercise (art. 171-bis A.L.)

The law at hand is aimed at protecting the proper use of software and databanks.

As far as software is concerned, illicit reproduction, import, distribution, sale and storage for commercial or entrepreneurial purposes and rental of "pirate" programs are relevant for criminal purposes.

Such offence takes place in the event that anybody unlawfully reproduces, with the aim of gaining a profit, computer programs, or to the aforesaid aims imports, distributes, sells, stores for commercial and entrepreneurial purposes, or rents out programs on mediums not bearing the SIAE mark or mark by other collecting societies or by independent management entities.

The aforesaid conduct is punished even if it concerns means intended solely to enable or facilitate the arbitrary removal or functional elusion of devices used to protect computer programs.

The second paragraph of the above-mentioned law sets forth the punishment of those who, for the purpose of gaining a profit, on media lacking the SIAE mark or mark by other collecting societies or by independent management entities, reproduce, transfer onto another medium, distribute, disclose,

present or show in public the contents of a databank, or extract or re-use the databank in violation of the provisions under the Author's Rights Law.

From a subjective point of view, in order to have an offence, it is sufficient that this be done for the purpose of gaining a profit. Consequently, also any behavior not due to the specific end of achieving a profit in strictly economic terms is considered criminally relevant (like in case of the purpose of gaining a profit.)

Protection of the author's rights and other rights related to their exercise (art. 171-ter A.L.)

The provision at hand is aimed at protecting a large number of original works: works intended for radio, television and cinema broadcast, incorporated in means of any kind containing phonograms and videograms of music works, but also literary, scientific or didactic works.

However, two conditions restrict its scope of application.

The first is that a conduct indicative of a non-personal use of such original works is adopted, and the second is that the intended purpose is gaining a profit, a condition which is required in order to for the fact to constitute an offence.

1.2 Sensitive activities

Sensitive activities identified in connection with Offences Related to the Infringement of Author's Rights pursuant to art. 25-*novies* of L.D. 231/01 are the following:

1. **Use of software, IT databanks and other original work protected by authors' rights.**
2. **Circulation of images, videos and music.**

1.3 Offence perpetration methods and control procedures for the protection of sensitive activities

For each sensitive activity, the individual methods of perpetrating the crimes and the related controls for oversight have been identified. In particular:

1. **Use of software, IT databanks and other works protected by authors' rights**

   - Unlicensed use of applications, software, IT databanks and other works protected by author's rights.
   - Code of Conduct for the purposes of L.D. 231/01;
   - The PMI Code of Conduct;
   - Provisions included in the contracts entered into with suppliers;
   - PMI 06-C "PMI Corporate Intellectual Property Rights Policy";

2. Circulation of images, videos and music.

- Circulation, viewing or performance of images, videos or music protected by author's rights without the relevant user's licences or authorization.
- Code of Conduct for the purposes of L.D. 231/01;
- The PMI Code of Conduct;
- Clauses in the contracts signed with vendors;
- PMI 06-C "PMI Corporate Intellectual Property Rights Policy";

The mapping of offences pursuant to **articles 171-*septies* and 171-*octies* A.L.** was not carried out as, abstractly, these offences are not applicable to the business conducted by **Philip Morris.**

SPECIAL PART

n) ENVIRONMENTAL CRIMES
pursuant to Leg. Decree 231 /2001

1. ENVIRONMENTAL CRIMES

Legislative Decree no. 121 of 7 July 2011, implementing Directive 2008/99/EC on penal protection of the environment, as well as Directive 2009/123/EC, which modifies Directive 2005/35/EC, relating to pollution caused by ships and the introduction of sanctions for violations, introduced, in the *corpus* of Leg. Decree 231/01, art. 25-*undecies* "Environmental crimes", amended by Law No. 68 of 22 May 2015 and, most recently, by Law No. 147 of 3 October 2025, which introduced, within the same, additional types of environmental offences whose integration may determine the Company's liability pursuant to Legislative Decree 231/2001.

A description of the cases that are abstractly relevant for the Company is provided below.

Offences pursuant to Legislative Decree 152/2006 ('Environment Code')

Abandonment of non-hazardous waste in specific cases (Art. 255-*bis* of the Environmental Code)

This offence may be committed by anyone who, in violation of specific provisions of the Environmental Code, abandons or deposits non-hazardous waste or discharges it into surface water or groundwater, if: a) the act results in danger to the life or safety of persons or danger of compromise or deterioration: 1) water or air, or extensive or significant portions of the soil or subsoil; 2) an ecosystem, biodiversity, including agricultural biodiversity,

flora or fauna; b) the act is committed in contaminated or potentially contaminated sites within the meaning of Article 240 or in any case on the access roads to the aforementioned sites and related appurtenances.

The second paragraph punishes, in particular, business owners and managers of entities who, in any of the cases referred to in the paragraph above, abandon or deposit non-hazardous waste in an uncontrolled manner or discharge it into surface water or groundwater in violation of the prohibition referred to in Article 192, paragraphs 1 and 2, of the Environmental Code (which prohibits the abandonment of waste).

There is a mitigating circumstance where the offence is committed through negligence.

Abandonment of hazardous waste (Art. 255-*ter* of the Environmental Code)

This offence punishes anyone who, in violation of specific provisions of the Environmental Code, abandons or deposits hazardous waste or discharges it into surface or groundwater. The article in question provides for specific aggravating circumstances if: a) the offence results in danger to the life or safety of persons or danger of compromise or deterioration: 1) of water or air, or of extensive or significant portions of the soil or subsoil; 2) of an ecosystem, biodiversity, including agricultural biodiversity, flora or fauna; b) the act is committed in contaminated or potentially contaminated sites within the meaning of Article 240 or in any case on the access roads to the aforementioned sites and related appurtenances. Paragraph 3 provides that,

in particular, business owners and managers of entities who abandon or deposit hazardous waste in an uncontrolled manner or discharge it into surface water or groundwater in violation of the prohibition referred to in Article 192, paragraphs 1 and 2, of the Environmental Code shall be punished.

There is a mitigating circumstance where the offence is committed through negligence.

Unauthorised waste management activities (Art. 256 Environment Code)

Article 256 is the most important regulatory provision in the waste management sanctions system, as it establishes rules for a multiplicity of activities all related to the notion of waste management (*i.e.* collection, transport, recovery, disposal, trade and intermediation), whether hazardous or non-dangerous.

An aggravating circumstance is envisaged if the offence is committed in the context of a business or organised activity.

It should be noted that, with regard to the subjective element characterising the conduct, the contraventional structure of the offence makes the offences referred to in paragraph 1 of this Article punishable either by wilful misconduct or by gross negligence. There is a mitigating circumstance where the offence is committed through negligence.

To this end, it is appropriate to recall the rigour of case law in interpreting and applying the rule, since it has been held that all parties involved in the waste management cycle are responsible not only for the regularity of the

operations they carry out themselves, but also for those carried out by parties preceding or following their intervention, by verifying that the waste complies with the declarations made by the producer or transporter, including by checking the regularity of the relevant forms and verifying that the party to whom the waste is transferred for subsequent disposal possesses the required authorisations.

Illegal shipment of waste (Art. 259 Environment Code)

The offence of illegal shipment of waste under Article 259, paragraph 1, refers exclusively to transboundary shipments of waste; the provision in question, insofar as it refers to Regulation (EC) No 1013/2006 and Regulation (EU) No 2024/1157 for the definition of "illegal shipment", must be regarded as a blank criminal provision. Paragraph 2 provides that, in the event of conviction (also pursuant to Article 444 of the Italian Code of Criminal Procedure) pursuant to the first paragraph (*i.e.* for the offences referred to in Articles 256 and 258, paragraph 4 of the Italian Environmental Code), the confiscation of the means of transport is also mandatory.

There is a mitigating circumstance where the offence is committed through negligence. Furthermore, there is an aggravating circumstance if the offence is committed in the context of a business or organised activity.

Violation of obligations to communicate, keep mandatory records and forms (Art. 258 of the Environmental Code)

Article 258 establishes that companies shall be punished if they: fail to submit or submit incomplete or inaccurate annual waste reports (MUD), fail to keep

(or keep incomplete) waste loading and unloading records, transport waste without the form referred to in Article 193 or provide incomplete or inaccurate data in the form itself.

In particular, Article 25-*undecies* refers to the second sentence of paragraph 4 of the provision in question.

Therefore, liability under Article 231 may arise (and is punished in accordance with the regulations on ideological falsehood committed by private individuals in public documents) in the event of the preparation of a waste analysis certificate containing false information on the nature, composition and chemical-physical characteristics of the waste itself and to those who use a false certificate during transport.

Computerised waste traceability control system (Art. 260-*bis* Environmental Code)

Article 260-*bis* punishes the falsification, omission or fraudulent alteration of documentation that allows the traceability of waste, applying also in this case the extension of the regulations on ideological falsehood committed by private individuals in public documents. It should be noted, however, that the National Electronic Register for Waste Traceability ("RENTRI", introduced by Law No. 12 of 11 February 2019) has superseded SISTRI, which (although still referred to in the regulation in question) has been eliminated[6].

[6] Considering that the legislative provisions by which this replacement took place did not amend the article in question or introduce penalties referring to RENTRI, reference to this case has been included in this Model as a precautionary measure.

Offences under Book II, Title VI bis, Criminal Code

Environmental pollution (Article* 452-bis *of the Criminal Code)

Pursuant to Article *452-bis* of the criminal code, anyone who unlawfully causes significant and measurable impairment or deterioration shall be punished:

(1) water or air, or large or significant portions of the soil or subsoil;

2) of an ecosystem, biodiversity, including agricultural biodiversity, flora or fauna.

When the pollution is produced in a protected natural area or an area subject to landscape, environmental, historical, artistic, architectural or archaeological constraints, or to the detriment of protected animal or plant species, the penalty is increased.

The penalty is also increased if the pollution causes deterioration, damage or destruction of a habitat within a protected natural area or an area subject to landscape, environmental, historical, artistic, architectural or archaeological restrictions.

Culpable offences against the environment (Article* 452-quinquies *of the Criminal Code)

The provision provides that, where any of the acts referred to in Articles *452-bis* and *452-quater* is committed through negligence, the penalties therein are reduced by between one third and two thirds. The penalties are further

reduced if the commission of the acts gives rise to the danger of environmental pollution or environmental disaster.

Obstruction of inspections (Art. 452-*septies *of the Italian Criminal Code)

This offence punishes anyone who, by denying access, creating obstacles or artificially altering the state of the premises, prevents, hinders or evades environmental and occupational health and safety inspections and controls, or compromises their results.

Organised activities for the illegal trafficking of waste (Article* 452-quaterdecies *of the Criminal Code)

Anyone who, in order to obtain an unfair profit, with several operations and through the preparation of means and continuous organised activities, sells, receives, transports, exports, imports, or in any case illegally manages large quantities of waste shall be punished.

The penalty for the above conduct is increased when:

a) the act results in danger to the life or safety of persons or danger of compromise or deterioration: 1) of water or air, or of extensive or significant portions of the soil or subsoil; 2) of an ecosystem, biodiversity, including agricultural biodiversity, flora or fauna;

b) the act is committed in contaminated or potentially contaminated sites within the meaning of Article 240 of the Environmental Code, or in any case on the access roads to the aforementioned sites and related appurtenances.

In order to constitute this offence, therefore, a number of operations are required, including the preparation of means and organised ongoing activities, the conduct of transferring, receiving, transporting, exporting, importing or otherwise managing waste, the large quantity of waste, and the unlawful nature of the management activity.

This offence is (i) necessarily habitual, as it requires the commission of several acts of the same kind; (ii) purely behavioural, as it is on this that the entire criminal value is focused; (iii) specifically intentional, consisting in the pursuit of unjust profit.

1.2 Sensitive activities

The Company has surveyed the at-risk activities which are significant in terms of environmental crimes. In consideration of the particular nature of the crimes in question, the following areas at risk of crime have been identified:

1. Management of environmental impacts in general;
2. Management of waste, including the selection of Suppliers for collection, transport, recovery and disposal activities
3. Management of environmental inspections.

For each area at risk of crime the individual means of committing the crimes and the related controls put in place have been identified. In particular:

i) Management of environmental impacts in general

a) Environmental pollution - even manslaughter - resulting from the spillage in the soil used in diesel generating units.

- "Code of Conduct for the purposes of Leg. Decree 231/01";
- Environment, Health and Safety Integrated Management System (UNI EN ISO 14001 certificate – ISO 45001 certificate);
- Clauses in the contracts signed with vendors;
- Facility management contract;
- PMI 29 "PMI Corporate Buying Goods and Services Policy";
- Spill containment system;
- PMI IO 8.1.05 "Waste management activities";
- PMI PO 9.2 "Audit activities".

3. Management of waste, including the selection of Suppliers for collection, transport, recovery and disposal activities.

A. Competition in the activity of waste management unauthorized and omission Control of the existence of authorization for activities recovery or disposal on the provider to which you are delivering, for the transport and the disposal, the same waste.

B. Disposal of waste to the supplier / disposer without verifying previously the possession of the permits required for the activities of recovery or disposal.

- "Code of Conduct for the purposes of Leg. Decree 231/01";
- Environment, Health and Safety Integrated Management System (UNI EN ISO 14001 certificate – ISO 45001 certificate);
- Facility management contract;
- Clauses in the contracts signed with vendors;
- PMI 10 C "PMI Corporate Know Your Customer & Anti-Diversion Policy";
- Special waste management protocol;
- PMI 28 "PMI Corporate Contracts and Agreements Policy";
- PMI 29 "PMI Corporate Buying Goods and Services Policy";
- PMI 29-G2 "PMI Corporate Leaf and Clove Procurement Guideline" ·
  PMI IO 8.1.05 "Waste management activities";
- PMI PO 9.2 "Audit activities";
- *Intercompany agreement.*

3. Management of environmental inspections;

a) Conduct consisting of placing obstacles, denying or evading access, or artificially altering the conditions of the premises, in such a way as to prevent, hinder or compromise environmental monitoring and control

activities and occupational health and safety activities, or to invalidate their results.

- "Code of Conduct for the purposes of Legislative Decree 231/01";
- "Integrated Environment, Health and Safety Management System (UNI EN ISO 14001 – UNI EN ISO 45001 certified)";
- PMIT 514-01 Procedures "Inspections by Public Authorities".

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In view of the specific nature of Philip Morris Italia's business, the environmental offences covered by this Model may be committed independently and/or in conjunction with third parties pursuant to Article 110 of the Italian Criminal Code (provided that all legal requirements are met), depending on the specific type of offence.

It is considered opportune to highlight that environmental regulations does not provide any indication regarding the means of managing environmental risk that could exempt the organisation (differently from art. 30 of Leg. Decree 81/08 regarding workplace health and safety).

Nonetheless, Philip Morris Italia, in order to establish an efficient and adequate control structure in relation to environmental risk, has decided to implement the environmental management system UNI EN ISO 14001.

This management system is an integral part of the Organisation, management and control model under Leg. Decree 231/01, as a protection against the at risk activities identified, in relation to art. 25-*undecies*, in the risk analysis stage.

SPECIAL PART

o) TAX OFFENCES

As provided by the D.Lgs.231/2001

1. TAX OFFENCES

Decree Law no. 124 of 26 October 2019, containing "Urgent provisions on tax matters and unavoidable needs", converted with amendments by Law no. 157 of 19 December 2019 (which came into force on 25 December 2019) introduced art. 25-quinquiesdecies ("**Tax offences**") into Legislative Decree 231/2001. Article 25-*quinquiesdecies* of Legislative Decree no. 231/2001 was later supplemented by Legislative Decree no. 75 of 14 July 2020. In particular, this latter decree, which came into force on 30 July 2020, added paragraph 1-*bis* to Article 25-*quinquiesdecies*, pursuant to which further tax offences become relevant for the purposes of the administrative liability of legal entities, when they are committed for the purpose of avoiding VAT within the framework of cross-border fraudulent schemes connected to the territory of at least one other EU member state, from which a total loss of ten million euros or more results or is expected to result.

Lastly, Legislative Decree No. 173/2024 containing the 'Consolidated Text of Administrative and Criminal Tax Sanctions' carried out an organic reorganisation of the administrative and criminal sanctioning provisions on tax matters, also incorporating, as of 1 January 2026, the text of Legislative Decree No. 74 of 10 March 2000.

In order to ensure a correct understanding of this Special Part by all the Addressees of this Model, the offences provided for by Legislative Decree no. 173 of 5 November 2024 (and previously by Legislative Decree no. 74 of 10

March 2000), expressly referred to in Article 25-quinquiesdecies, are described below.

Fraudulent declaration through the use of invoices or other documents for non-existent transactions (Article 74 L.D. 173/2024 former Article 2 Legislative Decree 74/2000)

The offence under consideration is committed by anyone who, in order to evade income tax or value added tax, using invoices or other documents for non-existent transactions, indicates fictitious passive elements in one of the declarations relating to such taxes.

The offence is considered committed by using invoices or other documents for non-existent transactions when such invoices or documents are recorded in the obligatory accounting records,or are held for the purpose of proof against the tax authorities.

There is a lower penalty if the amount of the fictitious taxable items is less than one hundred thousand euros.

Fraudulent declaration by means of other devices (Article 75 L.D. 173/2024 former Article 3 of Legislative Decree 74/2000)

Except for the cases provided for in the previous article, the offence in question is committed by anyone who, in order to evade taxes on income or value added, by carrying out simulated transactions objectively or subjectively or by using false documents or other fraudulent means capable

of hindering the assessment and misleading the tax authorities, indicates in one of the declarations relating to such taxes, assets for a lower amount than the actual amount or fictitious passive elements or fictitious credits and withholdings, when, jointly:

a) the tax evaded is higher, with reference to any one of the individual taxes, than thirty thousand euros;

b) the total amount of the active elements subtracted from taxation, also by indicating fictitious passive elements, is higher than five per cent of the total amount of the active elements indicated in the declaration, or in any case, is higher than one million five hundred thousand euros, or if the total amount of the fictitious credits and withholdings lower than the tax, is higher than five per cent of the amount of the tax or in any case, thirty thousand euros.

Also in this case, it is specified that the fact is considered to have been committed by using false documents when such documents are recorded in the obligatory accounting records or are held for trial purposes with the tax authorities.

Furthermore, the mere violation of the obligations to invoice and record assets in the accounting records or the mere indication in invoices or notes of assets that are lower than the actual assets do not constitute fraudulent means.

Unfaithful tax declaration (Article 76 L.D. 173/2024 former Article 4 of Legislative Decree 74/2000)

This type of offence occurs when, in order to evade income taxes or value added tax, assets for an amount lower than their actual amount or non-existent liabilities are indicated in one of the annual declarations for such taxes, when, jointly: a) with reference to any one of these taxes, the tax evaded is higher than one hundred thousand Euro; b) the total amount of the assets subtracted from taxation, also by indicating non-existent liabilities, is higher than ten per cent of the total amount of the assets indicated in the tax declaration, or, in any case, is higher than two million Euros.

For this purpose, no account shall be taken of:

a) the incorrect classification;

b) the valuation of objectively existing assets or liabilities, in relation to which the applied criteria were indicated in the financial statements or in other documentation relevant for tax purposes;

c) the violation of the criteria for the determination of the reference accounting period;

d) the non-relevance and the non-deductibility of the real values of the liabilities. The valuations that, taken as a whole, differ by less than 10% from the correct ones do not result in an event/fact which might bring to a criminal liability.

This offence is relevant for the purposes of Legislative Decree 231/2001 only if committed within the framework of cross-border fraudulent systems and in order to evade value added tax for a total amount of not less than 10 million euros.

Failure to declare (Article 77 L.D. 173/2024 former Article 5 of Legislative Decree 74/2000)

This type of offence occurs when, in order to evade income taxes or value added tax, one of the declarations relating to such taxes is not submitted, although there is an obligation to do so, when the tax evaded is higher, with reference to any of these taxes, than fifty thousand euros.

This offence also occurs when a tax substitute's declaration is not submitted, although there is an obligation to do so, and the non-paid amount of withholding tax is higher than fifty thousand euros.

The declaration submitted a) no later than ninety days after the expiry of the term for submission of the declaration, b) without a signature, or c) not drawn up on a printed form conforming to the prescribed model shall not be considered a failure to declare.

This offence is relevant for the purposes of Legislative Decree 231/2001 only if committed within the framework of cross-border fraudulent systems and in order to evade value added tax for a total amount of not less than 10 million euros.

Issue of invoices or other documents for non-existent operations (Article 79 L.D. 173/2024 former Article 8 of Legislative Decree 74/2000)

The offence in question is committed by anyone who, in order to allow third parties to evade income or value added tax, issues or delivers invoices or other documents for non-existent transactions.

In paragraph 2, it is specified that the issue or release of more than one invoice or document for non-existent transactions during the same tax period is considered a single offence.

A lower penalty is envisaged if the amount not corresponding to the truth indicated in the invoices or documents, per tax period, is less than one hundred thousand euro.

Hiding or destruction of accounting documents (Article 81 L.D. 173/2024 former Article 10 of Legislative Decree 74/2000).

The offence in question is committed by anyone who, in order to evade taxes on income or value added, or to allow the evasion to third parties, conceals or destroys all or part of the accounting records or documents whose conservation is mandatory, so as not to allow the reconstruction of income or turnover.

Undue compensation (Article 84 L.D. 173/2024 former Article 10-quater of Legislative Decree 74/2000)

This offence is committed by anyone who does not pay the sums due, through the compensation, pursuant to Article 17 of Legislative Decree no. 241 of 9

July 1997, of credits not due, or even non-existent credits, for an annual amount higher than fifty thousand euros.

This offence is relevant under the Decree if committed within the framework of cross-border fraudulent systems and in order to evade value added tax for a total amount of not less than ten million euros.

The punishment of the agent for the offence referred to in paragraph 1 shall be excluded where, also due to the technical nature of the valuations, conditions of objective uncertainty exist as to the specific elements or the particular qualities underlying the entitlement to the claim.

Fraudulent deduction from the payment of taxes (Article 85 L.D. 173/2024 former Article 11 Legislative Decree 74/2000).

The offence in question is committed by anyone who, in order to evade the payment of income or value added tax or interest or administrative sanctions relating to such taxes and totalling more than fifty thousand euros, simultaneously disposes of or commits other fraudulent acts on his or her own or others' assets that render the compulsory collection procedure wholly or partially ineffective.

In this case, a higher penalty is envisaged if the amount of the taxes, penalties and interest is higher than two hundred thousand euros.

The offence in question is also committed by anyone who, in order to obtain for themselves or others a partial payment of the taxes and relative accessories, indicates in the documentation presented for the purposes of the

tax settlement procedure assets for an amount lower than the actual amount or fictitious liabilities for a total amount exceeding fifty thousand euros.

In this case, a higher penalty is envisaged if the amount referred to in the previous period is higher than two hundred thousand euros.

1.1 Sensitive Activities

The Sensitive Activities identified with reference to the Tax Offences referred to in Article 25-quinquiesdecies of Legislative Decree 231/01 are as follows:

1) Keeping of accounts and preservation of accounting records relevant for tax purposes
2) Management of taxation and preparation of tax returns
3) Intra-group relations and international ruling procedures
4) Company invoicing management
5) Sale of assets
6) Indication of data and information in the context of tax transaction procedures
7) Tax compensation

1.2 Methods of committing offences and controls to monitor Sensitive Activities

For the purposes of this Special Section, it should be noted that the Company considers as the first relevant safeguard against the commission of tax

offences, the adoption of a system of detection, measurement, management and control of Tax Risk (Tax Control Framework), with a view to adhering to the collaborative compliance regime.

For each Sensitive Activity, the following are examples of the ways in which offences may be committed and the relevant controls put in place to protect them.In particular:

1. Keeping of accounts and conservation of accounting records relevant for tax purposes

The offence of concealment or destruction of accounting documents could be committed if the Company, in order to evade income and value added tax, conceals accounting records in such a way as to make it impossible to reconstruct income or turnover.

The following are the safeguards adopted in relation to the Sensitive Activity under review:

- Code of Conduct for the purposes of D.Lgs. 231/01
- PMI Code of Conduct;
- Procedure 231 "Financial statements, accounting and relations with the Independent Auditors, Shareholders and the Board of Statutory Auditors
- Revision, Partners and Mayor";
- Service contract with "PMI Service Center Europe SP. ZO. O";

- Finance Standard in Annex 6;
- Procedure for the Substitute Preservation of Tax Documents;
- *Tax Control Framework.*

2. Management of taxation and preparation of tax returns

The offence of unfaithful tax declaration could be committed if the Company, in order to evade income taxes or value added tax, indicates in its tax returns, assets that are lower than those actually existing.

The offence of fraudulent declaration by means of other contrivances could arise when, for example, the assets have been partly concealed by means of contrivances such as the adoption of double accounting, the concealment of goods in premises other than warehouses and the "diversion" of the related payments to third party bank accounts.

The measures adopted in relation to the Sensitive Activity in question are as follows:

- Code of Conduct for the purposes of Legislative Decree 231/01
- PMI Code of Conduct;
- ASC 740 *Guidelines*;
- *Reporting Guidelines "Unrecognized Tax Benefit Narrative & Roll Forward";*
- Clauses included in contracts with the Company's external consultants (independent auditors);

- *OC Service Agreement signed with Philip Morris International Management S.A.;*
- *Finance Standard as per Annex 6;*
- *Preventive agreements in place between PM Italia and the Revenues Agency*
- *Procedure for the substitute storage of tax documentation*
- *Tax Control Framework*

3. Intra-group relations and international *ruling* procedures

The offence of fraudulent declaration by means of other artifices could be committed if the Company, in order to evade income or value added taxes, indicates in its tax return assets that are lower than those actually obtained, since the latter have partly been "hijacked" to a company specifically set up abroad and whose nature as a fictitiously interposed party has been concealed from the National Revenue Agency as part of the ruling procedure.

The controls adopted in relation to the Sensitive Activity in question are as follows:

- Code of Conduct for the purposes of Legislative Decree 231/01;
- PMI Code of Conduct;
- *OC Service Agreement* signed with Philip Morris International Management S.A.;

- *Finance Standard as per Annex 6;*
- *Preventive agreements in place between PM Italy and the National Revenues Agency;*
- *Procedure for the substitute storage of tax documentation*
- *Tax Control Framework.*

The definition of international ruling agreements is part of the tax compliance policy that aims to increase cooperation and dialogue between the Company and the Italian tax authorities, guaranteeing legal certainty in relations between the parties and significantly mitigating the risk of possible litigation.

The Company - in the definition of a larger tax compliance process - has decided to adopt as cooperative an approach as possible in this regard, having already defined prior agreements with the Agenzia delle Entrate, in accordance with Article 31-ter of Decree No. 600 of 29 September 1973.

At present, the majority of intra-group transactions are subject to this type of agreement, and it is therefore believed that this safeguard, if properly implemented, can significantly mitigate any possible risk related to the commission of tax offences.

4. Corporate billing management

The offence of fraudulent declaration could be committed through the use of invoices or other documents for non-existent transactions where the Company, in order to evade income and value added taxes, includes in its

tax return invoices payable for supplies never made, so as to artfully increase the value of the costs incurred in the reference period.

The measures adopted in relation to the Sensitive Activity in question are as follows:

- Code of Conduct for the purposes of Legislative Decree 231/01;
- *OC Service Agreement signed with Philip Morris International Management S.A.*
- *Mutual Service Agreement between PM Italia and PM MTB;*
- PMI 29 "Corporate Buying Goods and Services Policy".
- PMI 09-C "PMI Corporate Sanctions and Trade Compliance Policy ";
- PMI 10-C "Corporate Know Your Customer & Anti-Diversion Policy"
- Tax Control Framework.

5. **Disposal of *assets***

The offence of fraudulent evasion of tax payments could be committed where the Company, in order to avoid administrative sanctions relating to taxes on income or value added, simultaneously dispose of certain valuable assets so as to render the enforced collection procedure ineffective.

The following are the safeguards adopted in relation to the Sensitive Activity under review:

- Code of Conduct for the purposes of Legislative Decree 231/01.

6. Indication of data and information in the context procedures for fiscal transactions

The so-called offence of "false information in the tax transaction" could be committed if, in the documentation submitted as part of a tax settlement procedure established pursuant to Article 182-ter of Royal Decree no. 267 of 16 March 1942 ("Bankruptcy Law"), the Company, in order to obtain partial payment of tax payables, indicates assets for a lower amount than the actual amount or fictitious liabilities.

The measures adopted in relation to the Sensitive Activity in question are as follows:

- Code of Conduct for the purposes of Legislative Decree 231/01.

The "Code of Conduct for the purposes of Legislative Decree 231/01" provides for specific ethical principles relating to the management of tax issues.

In particular, in addition to the integration of already existing principles, the following principle has been added concerning the *"Management of relations with the tax administration (in particular, the National Revenue Agency)":*

"The Company is committed to ensuring maximum collaboration and transparency in relations with the tax administration.

In particular, the Company undertakes to ensure that:

- any communication of information/data/news to the National Revenues Agency is carried out in a correct and exhaustive manner;

- no action is taken to undermine in any way whatsoever the interests of the Treasury (including in relation to the satisfaction of any tax payments or interest or administrative penalties relating to such taxes)". (principle no. 59)".

7. Tax compensation

The offence of undue compensation (provided for and punished by Article of 84 DL 173/2024 former Article 10-quater of Legislative Decree no. 74/2000) could arise if the Company, in the context of cross-border transactions, does not pay the taxes due to the Treasury, through the compensation of credits not due, in order to evade value added tax for a total amount of no less than ten million euros.

The measures adopted in relation to the Sensitive Activity in question are as follows:

- Code of Conduct under Legislative Decree 231/01;
- Finance Standard set out in Annex 6 (in particular, standard A-143 Balance Sheet Accounts Reconciliation and related annexes);
- Tax Control Framework.

SPECIAL PART

p) SMUGGLING AND EXCISE OFFENCES

pursuant to Legislative Decree 231/2001

1. SMUGGLING AND EXICES OFFENCES

Legislative Decree no. 75 of 14 July 2020, which made several amendments to the Criminal Code, also made direct changes to the Decree,

including the introduction of Article 25-*sexiesdecies* (Offences of smuggling).

In addition, Legislative Decree 141/2024 extended the list of offences referred to in Article 25-sexiesdecies with the cases provided for in Legislative Decree 504/1995 (Consolidated Law on Excise Duties), concerning the evasion of payment or assessment of excise duty and other indirect taxes on production and consumption.

In order to ensure a correct understanding of this Special Section by all the Recipients of this Model, the types of offence that are abstractly relevant for the Company envisaged by LD 141/2024 and LD 504/1995, referred to in Article 25-*sexiesdecies*, are described below.

***Article 78, LD 141/2024* "Contraband for failure to declare".**

This offence punishes any person who, by failing to lodge a customs declaration: (a) introduces, circulates in the customs territory or removes from customs supervision, in any way and for any reason, non-Union goods; (b) removes Union goods from the customs territory for any reason

***Article 79, L.D. 141/2024* "Contraband for false declaration".**

This offence punishes any person who declares the quality, quantity, origin and value of goods, as well as any other element necessary for the application of the tariff and for the settlement of duties in a manner that does not correspond to the ascertained.

Article 80, LD 141/2024 **"Smuggling in the movement of goods by sea, air and border lakes".**

This offence punishes the commander of aircraft or the master of a ship who: (a) disembarks, embarks or transships, in the territory of the State, non-Union goods by failing to present them to the nearest office of the Agency; (b) at the time of departure, does not have on board non-Union goods or export goods with refund of duties, which should be there according to the manifest, summary declaration and other customs documents; (c) transports non-Union goods into the territory of the State without carrying the manifest, summary declaration and other customs documents when they are prescribed.

The following shall also be punished: (a) the captain of a ship who, in breach of the prohibition laid down in Article 60, while transporting non-Union goods, touches the national shores or casts anchor, stays at anchor or otherwise communicates with the territory of the State in such a way as to facilitate the landing or embarkation of such goods; (b) the captain of an aircraft who, while transporting non-Union goods, lands outside a customs airport and fails to report the landing to the authorities referred to in Article 65 by the following working day. In such cases, in addition to the cargo, the aircraft shall also be deemed to have been smuggled into the customs territory.

Article 81, L.D. 141/2024 **"Smuggling for undue use of imported goods with total or partial reduction of duties".**

This offence punishes any person who assigns, in whole or in part, to non-Union goods, imported free of duty or with a reduction of duty, a destination or use other than that for which the relief or reduction was granted.

Article 82, L.D. 141/2024 **"Contraband exportation of goods eligible for duty drawback"*.***

This offence punishes any person who uses fraudulent means in order to obtain undue restitution of import duties on raw materials used in the manufacture of goods that are exported.

Article 83, L.D. 141/2024 ***"*****Contraband in temporary export and special use and processing regimes*".***

This offence punishes anyone who, in temporary export transactions and in special use or processing arrangements, with the aim of evading the payment of border duties that would be due, subjects the goods to artificial manipulation or uses other fraudulent means.

Article 84 LD 141/2024 **"Contraband of manufactured tobacco*".***

The offence punishes anyone who introduces, sells, circulates, acquires or holds for any reason in the territory of the State a quantity of contraband processed tobacco exceeding 15 conventional kilograms, as defined in Article *39-quinquies* of the Consolidated Text referred to in LD No. 504 of 26 October 1995.

Article 85, LD 141/2024 **"Aggravating circumstances of the crime of smuggling manufactured tobacco".**

If the acts provided for in Article 84 are committed using means of transport belonging to persons not involved in the offence, the penalty is increased.

The penalty shall also be increased, in the cases provided for in Article 84, when a) in committing the offence or in the conduct aimed at securing the price, product, profit or impunity of the offence, the perpetrator makes use of weapons or is found to have possessed them in the commission of the offence; b) in committing the offence or immediately thereafter, the perpetrator is caught together with two or more persons in such a condition as to obstruct the police authorities; c) the offence is connected with another offence against public faith or against the public administration d) in committing the offence, the offender has used means of transport which, compared with the approved characteristics, have alterations or modifications likely to obstruct the intervention of the police organs or to cause danger to public safety e) in committing the offence, the perpetrator used partnerships or corporations, or made use of financial assets established in any manner in States that have not ratified the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime, done in Strasbourg on 8 November 1990, ratified and implemented pursuant to Law No. 328 of 9 August 1993, and

which, in any case, have not concluded and ratified judicial assistance conventions with Italy concerning the offence of smuggling.

***Article 86, LD 141/2024* "Criminal association for the purpose of smuggling manufactured tobacco".**

The offence punishes cases where three or more persons associate with a view to committing several offences among those set out in Article 84 or Article *40-bis* of the Consolidated Text of Legislative Provisions concerning Taxes on Production and Consumption and Related Criminal and Administrative Sanctions, set out in LD No. 504 of 26 October 1995, also with reference to the products set out in Articles *62-quater*, *62-quater*.1 *62-quater*.2 and *62-quinquies* of the aforementioned Consolidated Text, those who promote, constitute, direct, organise or finance the association.

The penalty is increased if the number of associates is ten or more.

In addition, the penalty is increased if the association is armed or if the circumstances provided for in Article 85(2)(d) or (e) or in Article *40-ter*(2)(d) or (e) of the Consolidated Text referred to in LD No. 504 of 1995 are applicable, also with reference to the products referred to in Articles 62-quater, *62-quater*.1, *62-quater*.2 and *62-quinquies* of the same Consolidated Text.

The association is considered armed when the participants have the availability, for the achievement of the purposes of the association, of

weapons or explosive materials, even if concealed or kept in a storage place.

In the cases provided for in Article 84 and in this Article, the penalties shall be reduced for the offender who, disassociating himself from the others, takes action to prevent the criminal activity from being taken to further consequences also by concretely assisting the police or the judicial authority in the collection of decisive elements for the reconstruction of the facts and for the identification or capture of the perpetrators of the offence or for the identification of resources relevant to the commission of the offences.

***Article* 40-bis*, LD 504/1995* "Subtraction from assessment or payment of excise duty on manufactured tobacco".**

The offence punishes, outside the cases referred to in Article 84 of the national provisions complementary to the Union Customs Code, referred to in the LD issued pursuant to Articles 11 and 20, paragraphs 2 and 3, of Law No 111 of 9 August 2023, anyone who, by any means and in any manner, evades the assessment or payment of excise duty on manufactured tobacco products referred to in Title I, Chapter *III-bis*, of this Consolidated Text. The attempt shall be punished with the same penalty as the offence committed.

***Article* 40-ter, *LD 504/1995* "Aggravating circumstances of the offence of evading assessment or payment of excise duty on tobacco".**

If the acts provided for in Article *40-bis* are committed using means of transport belonging to persons not involved in the offence, the penalty is increased.

The penalty shall also be increased in the cases provided for in Article *40-bis*, when a) in committing the offence or in the conduct aimed at securing the price, product, profit or impunity of the offence, the perpetrator makes use of weapons or is found to have possessed them in the commission of the offence; b) in committing the offence or immediately thereafter, the perpetrator is caught together with two or more persons in such a condition as to obstruct the police authorities; c) the offence is connected with another offence against public faith or against the public administration d) in committing the offence, the offender has used means of transport which, compared with the approved characteristics, have alterations or modifications likely to obstruct the intervention of the police organs or to cause danger to public safety e) nel commettere il reato l'autore ha utilizzato società di persone o di capitali ovvero si è avvalso di disponibilità finanziarie in qualsiasi modo costituite in Stati che non hanno ratificato la Convenzione sul riciclaggio, la ricerca, il sequestro e la confisca dei proventi di reato, fatta a Strasburgo l'8 novembre 1990, ratificata e resa esecutiva ai sensi della legge 9 agosto 1993, n. 328 of 9 August 1993, and which in any case have not concluded and ratified judicial assistance conventions with Italy concerning the crime of smuggling.

***Article* 40-quater*, LD 504/1995* "Attenuating Circumstances".**

The penalty is reduced if the offender takes action to prevent the criminal activity from being taken to further consequences also by concretely assisting the police or judicial authority in the collection of decisive elements for the reconstruction of the facts and for the identification or capture of the perpetrators or for the identification of resources relevant to the commission of the offences.

***Article* 40-quinquies*, LD 504/1995* "Sale of tobacco products without authorisation or purchase by persons not authorised to sell".**

The offence punishes anyone who, without authorisation from the Customs and Monopolies Agency, sells or offers processed tobacco for sale. The penalty is reduced if the quantity of processed tobacco does not exceed 250 grams.

The offence also punishes anyone who buys tobacco products from a person not authorised to sell.

1.1 Sensitive Activity

The Sensitive Activitiy identified with reference to the Offences referred to in Article 25-*sexiesdecies* of Legislative Decree 231/01 is as follows:

1) Activities of purchase and sale/put on the market of products subject to border/excise duties.

1.2 Methods of committing offences and controls to monitor Sensitive Activity

For the Sensitive Activity that has been identified, the following is an indication of the methods used to carry out the offences and the related controls. In particular:

1. Activities of purchase and sale/put on the market of products subject to border/excise duties

Offences referred to in Article 25-*sexiesdecies* of Legislative Decree 231/01 could be committed as follows:

- smuggling of finished products through the purchase of goods from Group companies and sale to parties not authorised to sell;
- smuggling of semi-finished products through the procurement of raw tobacco and sale to parties not authorised to sell;
- falsification of the documents accompanying the goods purchased and sold by making them appear to be of EU rather than non-EU origin, thus evading the duty;

- shipment to EU countries of goods declared for non-EU countries in suspension of duty, thus evading duty;
- sale of excise duty-free finished product actually intended for release for consumption/sale to unauthorised persons;
- commission of acts aimed at avoiding payment of excise duties by the Company or Suppliers;
- failure to request and obtain authorisation from ADM for the self-consumption of products subject to excise duty;
- introduction of goods into Italy by omitting to present them to the Customs or using them for purposes other than those for which customs relief is provided.

The following are the measures adopted in relation to the Sensitive Activity under examination:

- Code of Conduct for the purposes of Legislative Decree 231/01;
- PMI Code of Conduct;
- E.M.C.S. - Excise Movement Control System (system for the handling and control of products subject to excise duty)
- PMI 10-C "PMI Corporate Know Your Customer & Anti-Diversion Policy";
- PMI 09-C "PMI Corporate Sanctions and Trade Compliance Policy ".
- PMI 29 "PMI Corporate Buying Goods and Services Policy";

- Clauses included in contracts with Suppliers;
- Clauses included in contracts with Clients.

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SPECIAL SECTION

q) OFFENCES RELATING TO VIOLATIONS OF EUROPEAN UNION RESTRICTIVE MEASURES

pursuant to Legislative Decree 231/2001

1. OFFENCES RELATING TO VIOLATIONS OF EUROPEAN UNION RESTRICTIVE MEASURES

Legislative Decree No. 211 of 30 December 2025 extended the list of predicate offences by including the new Article 25-*octies*.2 in Decree 231, entitled "*Offences relating to the violation of European Union restrictive measures*"'.

In order to ensure that all Recipients of this Model correctly understand this Special Section, the cases expressly referred to in Article 25-*octies*.2 of the Decree, which appear to be potentially relevant to the Company's operations, are described below.

Violation of EU restrictive measures. (Article 275*-bis*, paragraphs 1, 2 and 5, Italian Criminal Code)

Paragraph 1 of the provision punishes anyone who, in violation of a prohibition, obligation or restriction deriving directly from a European Union restrictive measure or from national provisions implementing a European Union restrictive measure, carries out any of the following actions or omissions:

- makes funds or economic resources available, directly or indirectly, to a designated person, entity, body or group, or allocates funds or economic resources for their benefit;

- fails to take measures to freeze funds or economic resources belonging to, or owned, held or controlled by, a designated person, entity, body or group;
- engages in any economic, commercial or financial transactions, including the award or continuation of public procurement or concession contracts, with a third country or its bodies or with entities or bodies directly owned or controlled by that third country or its bodies;
- imports, exports, trades, sells, purchases, transfers, transits or transports goods, including intangible goods, or provides intermediation, technical assistance or other services related to such goods;
- provides services of any kind, including financial services, or carries out financial transactions.

Against the backdrop of the general prohibition of circumvention provided for in all EU sanctions programmes, paragraph 2 typifies two specific forms of circumvention, punishing those who "*circumvent the implementation*" of a restrictive measure of the European Union by:

- transactions involving funds or economic resources attributable to designated persons ("*the use, transfer to third parties or otherwise disposal of frozen funds or economic resources owned, held or controlled, directly or indirectly, by a designated person, entity, body or group*");

- the use of false statements or documents with the intent to "*obstruct the identification of the beneficial owner or final beneficiary of funds or economic resources to be frozen*".

However, the law introduces thresholds for punishment: the conduct outlined above (unless it concerns products included in the European Union's common list of military equipment or dual-use products) is only punishable by criminal law if the funds, economic resources, goods, services, transactions or activities have a value exceeding €10,000 at the time of the offence. If the value is lower, the conduct is classified as an administrative offence. Paragraph 5 specifies that cases of "*transactions carried out without the relevant authorisation, or with authorisation obtained by providing false* statements or documentation" also constitute an offence.

Violation of information obligations imposed by a restrictive measure of the European Union (Article 275-ter of the Criminal Code)

The law provides for punishment for the violation of obligations imposed by a restrictive measure of the European Union or by a provision of national law implementing a restrictive measure of the European Union, to provide the competent administrative authorities with information, of which they are aware by reason of their office or profession, concerning funds or economic resources present in the territory of the State that belong to designated persons or are owned, held or controlled by them.

In this case too, the law sets a threshold for punishment, stipulating that the aforementioned omissions are punishable provided that the funds or

economic resources have a value exceeding €10,000 at the time of the offence. If their value is lower, the conduct constitutes an administrative offence.

Conduct in violation of the conditions of authorisation to carry out activities (Article 275-*quater*, paragraph 1, of the Italian Criminal Code)

The provision punishes – with specific reference to cases in which, by virtue of a European restrictive measure for the performance of an activity, an "authorisation" is required – anyone who carries out operations or provides services or otherwise performs activities in breach of the obligations prescribed in the authorisation issued by the competent authority.

In this case too, a threshold of relevance similar to that provided for in Articles 275-*bis* and 275-*ter* of the Italian Criminal Code is introduced, providing that the conduct is punishable on condition that the activities subject to the violated authorisation regime concern funds, goods and services that, at the time of the offence, have a value exceeding €10,000. In the case of sub-threshold transactions, the conduct would constitute an administrative offence.

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Article 25-*octies*.2 refers, among the relevant cases in the field of violation of European Union restrictive measures, also to Article 12, paragraph 1, of Legislative Decree 286/1998 (which punishes anyone who, in violation of immigration regulations, promotes, directs, organises, finances or carries out

the transport of foreigners into the territory of the State, or performs acts aimed at procuring their illegal entry into Italy or another country where they are not citizens or permanent residents) where the conduct referred to therein is carried out – as provided for in the new paragraph 1-*bis* of the same Article 12 – in violation of a prohibition, obligation or restriction imposed by a restrictive measure of the European Union, or by provisions of national law implementing a restrictive measure of the European Union, allowing or otherwise facilitating the entry into the territory of the State of designated natural persons.

For Sensitive Activities relating to this case and related safeguards, please refer to the Special Section d) Offences committed for the purposes of terrorism or subversion of the democratic order, offences against the individual, employment of illegal immigrants and offences of racism and xenophobia.

1.1 Sensitive Activities

The Sensitive Activities identified with reference to the Offences referred to in Article 25-*octies*.2 of Legislative Decree 231/01 are as follows:

1) Establishment of relationships with counterparties;
2) Management of financial flows;
3) Management of relationships with the competent Authorities.

1.2 Methods of committing offences and controls to safeguard Sensitive Activities

For the Sensitive Activity that has been identified, the methods of committing offences and the related controls put in place to safeguard it are indicated below. In particular:

1. Establishing relationships with counterparties

The offences referred to in Article 25-*octies*.2 of Legislative Decree 231/01 may be committed through the following conduct:

- establishing or maintaining relationships with persons subject to EU restrictive measures, failing to carry out the necessary checks or knowingly evading checks on sanctions registers, in such a way as to facilitate prohibited transactions or compromise compliance with legal obligations regarding trade and financial restrictions.

The safeguards adopted in relation to the Sensitive Activity in question are as follows:

- Code of Conduct for the purposes of Legislative Decree 231/01;
- PMI Code of Conduct;
- PMI 09-C "Corporate Sanctions and Trade Compliance Policy" and related documents;
- PMI 10-C "Corporate Know Your Customer & Anti-Diversion Policy" and related documents;
- PMI 11-C "Corporate Handling Payments Policy" and related documents;
- Finance Manual;

- PMI 28 "Corporate Contracts and Agreements Policy";
- PMI 29 "Corporate Buying Goods and Services Policy".

2. Management of financial flows

The offences referred to in Article 25-*octies*.2 of Legislative Decree 231/01 may be committed through the following conduct:

- directly or indirectly making funds or economic resources available to persons subject to EU restrictive measures, or circumventing controls aimed at preventing their use, in such a way as to facilitate prohibited transactions or compromise compliance with the obligations imposed by European sanctions regimes.

The measures adopted in relation to the Sensitive Activity in question are as follows:

- Code of Conduct for the purposes of Legislative Decree 231/01;
- PMI Code of Conduct;
- PMI 09-C "Corporate on Sanctions and Trade Compliance Policy" and related documents;
- PMI 10-C "Corporate Know Your Customer & Anti-Diversion Policy" and related documents;
- PMI 11-C "Corporate Handling Payments Policy" and related documents;
- Finance Manual;

- PMI 28 "Corporate Contracts and Agreements Policy";
- PMI 29 "Corporate Buying Goods and Services Policy".

3. Management of relations with the competent authorities

The offences referred to in Article 25-*octies*.2 of Legislative Decree 231/01 may be committed through the following conduct:

- knowingly omitting required communications, or making misleading statements or obstructing the verification activities carried out by the competent authorities, in such a way as to prevent, hinder or compromise the proper exercise of supervisory powers, or to invalidate the results thereof.

The safeguards adopted in relation to the Sensitive Activity in question are as follows:

- Code of Conduct for the purposes of Legislative Decree 231/01;
- PMI Code of Conduct;
- PMI 09-C "Corporate on Sanctions and Trade Compliance Policy" and related documents;
- PMI 10-C "Corporate Know Your Customer & Anti-Diversion Policy" and related documents;
- PMI 11-C "Corporate Handling Payments Policy" and related documents;
- Finance Manual;
- PMI 28 "Corporate Contracts and Agreements Policy";

- PMI 29 “Corporate Buying Goods and Services Policy”.

ANNEXES

1) List of the offences provided for by the Legislative Decree 231/01;

2) Sensitive and instrumental activities matrix;

3) *Code of Conduct for the purposes of L.D. 231/01;*

4) Disciplinary System;

5) By-laws of the Supervisory Body;

6) Control system

Revision history

Starting on 28 March 2025, the Company began including a brief summary of the changes made from time to time at the end of the document.

- Update of 28 March 2025 following: i) entry into force of Legislative Decree No. 141/2024 and Legislative Decree No. 173/2024; ii) revision of the Special Section of the Model relating to environmental offences referred to in Article 25-undecies of Decree 231; iii) alignment with the Tax Control Framework.
- Update of 30 March 2026 following: (i) entry into force of Legislative Decree No. 211/2025; (ii) entry into force of Law No. 147 of 3 October 2025 on waste; (iii) entry into force of Law No. 132 of 2 September 2025 on artificial intelligence; (iv) issuance of the new ANAC guidelines on whistleblowing on internal reporting channels; (vi) issuance and updating of internal procedures.