

CODE OF CONDUCT

Lgs.D. No. 231/2001

Annex 1

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PHILIP MORRIS
MANUFACTURING & TECHNOLOGY
BOLOGNA S.p.A.

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1. FOREWORD

The Code of Conduct pursuant to Legislative Decree 231/2001 (hereinafter also the “**Code of Conduct 231**” or the “**Code**”) was approved by the Board of Directors of Philip Morris Manufacturing & Technology Bologna S.p.A. (hereinafter also the “**Company**”) on 28 March 2006, amended on 27 March 2008, on 29 September 2010, on 3 April 2012, on 30 April 2013, on 12 May 2015, on 25 September 2015, on 28 April 2017, on 28 March 2018, on 9 May 2019, on 30 March 2020, on 14 October 2020, on 29 March 2022 and last on 3 October 2023. This Code constitutes an **official document** of the Company. It is directed towards Managing Directors, managers, employees (workers and supervisors included), consultants, collaborators, suppliers, agents, proxies and third parties who operate on behalf of the Company or, in any case, perform activities in the interest and/or to the advantage of the Company (hereinafter also “**Recipient**”).

The purpose of the Code of Conduct 231 is to introduce the principles and rules of conduct to the Company and render these binding, in order to prevent the offences indicated in Legislative Decree no. 231/2001 (see also Chapter 8, The Offences). Consequently, it is not intended to replace the principles and rules of any corporate ethical code already adopted by Philip Morris International (“PMI”), its operations or affiliates, such as the Company, but rather to complete their contents.

Such codes include Philip Morris International’s *Code of Conduct PMI* and any policies and procedures issued by PMI in which fundamental principles and rules of conduct are established, designed to govern the daily actions of all the employees in the Company.

Therefore, this Code becomes an integral part of the Company’s existing “Ethics&Compliance” system.

2. VALUES

The Company aims to ensure that its employees, senior management and all those who act on its behalf do not commit specific offences that could not only discredit the Company itself, but could also lead to the application of sanctions provided for by Legislative Decree n. 231/2001, in the event of such offences being committed to the advantage or in the interest of the Company.

Consequently, the Company has decided to adopt the present Code of Conduct 231, aimed at introducing a system of principles which all parties who belong to the Company or who act on behalf of the Company must follow and respect.

This Code is therefore part of a more general project aimed at giving the Company an ethical identity by defining the values through which the Company wishes to be reflected. In this sense, the Code constitutes a further concrete step towards the creation of a moralisation process of the logic of profit, a direction which the Company is committed to pursuing.

In light of the growing need for honesty in business, which is a characteristic feature of the current climate and of which the Decree constitutes a clear example, the Company feels it is essential to send a clear message to this end to all individuals who work within and alongside it, and to all those with whom these individuals come into contact during the course of their work.

It is in virtue of this proposal that the Company now aims to strongly underline that **correctness** and **legitimacy** in work and business currently constitute, and shall always constitute its fundamental **values**. This requires the Company, from this day on, to prosecute, in any possible and legitimate way, even the slightest attitude which is perceived as a bad practice or habit in the network of this Company organisation.

3. WHAT DOES LGS.D. NO. 231/2001 PROVIDE FOR?

The Decree stipulates that the Company is liable for offences committed in its interest or to its advantage by: by persons holding representative, administrative or executive functions in the Company, or one of its organisational units (provided with financial and functional autonomy) and those persons who effectively carry out the management and control of the Organisation; persons under the management or supervision of one of aforementioned subjects.

The Company is not liable for offences committed by the aforementioned people if it can demonstrate (among other things) that it has:

- adopted and effectively implemented appropriate organisational and managerial models to prevent the type of offences committed;
- entrusted the task of supervising the functioning and observance of the aforementioned models to a special body of the organisation.

If the Company is unable to prove its adherence to these models, it shall be subject to the following sanctions:

- Fines: from a minimum of € 25,823 to a maximum of € 1,549,370.
- Prohibitory Sanctions:
 - prohibition from performing working activities, or alternatively the appointment of a Judicial Commissioner;
 - suspension or revocation of authorisations, licenses or concessions involved in the wrongdoing;
 - ban on establishing contracts with the P.A.;
 - exclusion from tax incentives, financing, contributions, and/or subsidies, and possible revocation of any already awarded;
 - ban on advertising its goods or services;
- Confiscation: of the value or proceeds of the offence. Confiscation is always ordered in cases where the Company is convicted
- Publication of the sentence.

The liability of the Company is added to the liability of individuals who have committed the offence. Whoever commits one of the offences cited in the Decree shall be personally and criminally liable for his/her unlawful conduct.

4. DEFINITIONS

4.1 WHAT IS AN ORGANISATION, MANAGEMENT AND CONTROL MODEL?

The Organisation, Management and Control Model is a set of rules, instruments and behaviours, developed for use in situations when an offence may have been committed. It serves to provide the Company with an effective organisational and management system that is able to identify and prevent criminally significant conduct on the part of the institution itself or by subjects under its management and/or supervision.

The Model is composed of some fundamental elements:

- Mapping of risk areas and relative checks;
- Code of Conduct 231;
- Disciplinary system;
- Operating and standard control procedures relative to the risk areas;
- Supervisory Board;

as well as the following elements, as described in the general section of the Model:

- Organisational system;
- Authorisation system;
- Managing system for financial resources;
- Managing control system;
- Control system for human resources;
- Information flow system to and from the Supervisory Board;
- Training program and communication of the Model.

4.2 WHAT IS THE CODE OF CONDUCT 231?

The Code of Conduct 231 is an official Company document containing the set of principles to which the Company's activity and that of subjects operating on its behalf conform. This Code seeks to advise, promote or prohibit given behaviours, beyond and independently of those provided for by the norms. The Code is a document commissioned and approved by the Company's top management (The Board of Directors).

4.3 WHO IS A PUBLIC OFFICIAL?

Art. 357 of the Penal Code defines a Public Official as someone who “exercises a public legislative, judiciary or administrative function”.

Administrative functions which are considered to be public are regulated by rules of public law and by enabling acts and are characterised by the formation and manifestation of the will of the Public Administration or by its performance by means of enabling or certificating powers”.

- *Rules of public law* are those oriented towards the pursuit of a public aim or the safeguarding of a public interest.
- *Enabling* power allows the P.A. to achieve its goals through veritable orders, to which the private party is subject. This is the activity in which the so-called *potere d'imperio* (ruling power) is expressed, including both powers of coercion (arrest, searches, etc.) and notification of law violations (investigation of transgressions, etc.) and powers of hierarchical supremacy within public Offices.
- *Certificating* power gives the certifier the power to certify for a fact as official evidence, unless subject to lawsuit for forgery.

By way of example, P.O.'s include:

- MPs;
- Magistrates;
- Members of Parliamentary investigative commissions as per Art, 82 Cost.;
- Members of Call for Tenders Commissions;
- Members of the Municipal Technical Department;
- University employees when exercising a certificating and/or authorising power;
- Notaries;
- Military in the Finance Police and those in the Carabinieri, Police and Fire Department;
- Sworn guards;
- Directors of public institutions (Ministries, Regions, Provinces, Municipalities, and independent administrative authorities, such as Consob, Antitrust, etc...)
- Directors of state economic bodies;
- Directors and managers of privatised state economic bodies (ENEL, National Railways, Alitalia, the Post Office); Managers of the National Institute for Social Insurance.

4.4 WHO IS A CIVIL SERVANT?

Art. 358 of the Penal Code defines a civil servant as someone who “offers a public service in any capacity”.

- “*in any capacity*” means that a subject who exercises a public function, including without formal or regular investiture (“*de facto*” civil servant). Indeed, the expression does not indicate the relationship between the P.A. and the subject performing the service.

- “Public Service” means an activity regulated by the rules of public law and by enabling acts, but characterised by the absence of enabling or certificating powers.

By way of example, the following are considered Civil Servants:

- Manager of a public dump;
- Director of the Trade Exhibition Agency;
- Public officials performing non-certificating or non-enabling activities

5. PRINCIPLES

5.1 GENERAL PRINCIPLES

PRINCIPLE 1: Observance of the Code of Conduct 231

The Company carries out its activities on the basis of the principles set out in this Code. The Code of Conduct 231 is applicable to all recipients.

PRINCIPLE 2: Observance of laws and regulations

Observance of the laws and regulations in force in all countries in which it operates is held by the Company to be an indispensable principle, which must be followed by all company bodies and their Members and by company employees, as well as by consultants, collaborators, agents, proxies and third parties acting on behalf of the Company.

PRINCIPLE 3: Observance of ethical code provisions

The Company carries out its activities on the basis of ethical rules, specifically those contained in Philip Morris International’s *Code of Conduct PMI* to which the Company itself formally adheres. The Code of Conduct PMI must be followed by all company bodies and their Members, by company employees, and by consultants, collaborators, suppliers, agents, proxies, and third parties acting on behalf of the Company.

PRINCIPLE 4: Compliance with the procedures

All recipients are required to follow the corporate operational procedures.

Company procedures shall, in any case, comply with the provisions of the Code of Conduct 231.

PRINCIPLE 5: Dignity and equality

The Recipients acknowledge and respect the personal dignity and the moral integrity, personal life and personality rights of every individual and work alongside men and women of different nationalities, cultures, religions and races.

No discriminations, harassment, sexual or personal offences or offences of any other nature, nor the creation of a threatening, hostile or isolating work environment for individuals or groups of people will be tolerated.

PRINCIPLE 6: Integrity

The Recipients' behaviour is influenced by transparency and moral integrity (keeping the different social, economic, political and cultural backgrounds into account) and, in particular, by the values of honesty, correctness and good faith.

In case of criminal proceedings it is strictly forbidden to:

- Influence, in any way, the will of the subjects called upon to answer to the Judicial Authority in an attempt to censor their statements or have them make false declarations;
- promise or offer money or any other benefit to subjects involved in the proceedings or to people close to them.

PRINCIPLE 7: Traceability

All Recipients must keep appropriate documentation, including via IT systems, relating to all key operations carried out in order to be able, at any time, to verify the reasons and characteristics of such operations during the different stages: authorisation, execution, registration and verification.

PRINCIPLE 8: Functional segregation and limitation of powers

Segregation of duties principles must be adhere to between persons responsible for making decisions, those who implement these, those who are called upon to give evidence with regard to the approved operations, those required to carry out legal checks on the latter, as well as those stipulated by the internal control system.

Operative limits must be established by determining the quantitative thresholds consistent with the management skills and organisational responsibilities assigned to individuals involved in the process or in any one of its various stages.

5.2 SPECIFIC CONDUCT RULES

PRINCIPLE 9: Respect for impartiality and correct performance of the P.A.

Recipients who act on behalf of the Company in its relations with the Public Administration - whether Italian or foreign, (including supranational institutions, such as, for example, the European Union) - are expected to behave in a manner which respects the impartiality and the good performance of the Public Administration in question.

Contacts with Italian or foreign Public Administration bodies is restricted to persons specifically and formally assigned by the Company to deal with and have contact with such administrations, public functionaries, bodies, and organisations and/or institutions.

PRINCIPLE 10: Offering or accepting money, gifts and other benefits

The Company condemns any behaviour instigated by the Recipients on its behalf, which involves promising, offering, giving or accepting, soliciting, receiving directly or indirectly, money, goods, work, or other benefits not due to/from Public Officials and/or Civil Servants, both Italian and foreign, or to/from any private individual from which the Company may obtain an undue or unlawful interest or advantage, except in the case of gifts and other benefits of modest value and in any case remaining within legitimate activities and standard business practices.

It is also strictly forbidden to cede to demands or pressure from the aforementioned public officials and/or civil servants, both Italian and foreign.

Donations must be made exclusively for purposes of social utility.

Donations - and, similarly, sponsorship agreements, the organisation of conferences and events and membership of professional associations - should be supported by a written document containing detailed terms of business.

In any case, the Company is committed to adequately verifying the purpose and nature of any benefit or donation, in order to ensure that the latter are not being used to disguise illegal activities.

PRINCIPLE 11: Influencing Public Administration decisions

People assigned by the Company for any reason (including suppliers, professionals, employees of affiliates, de facto representatives) to follow any business dealings, applications or relations with the Italian and/or foreign Public Administration, including the Judicial Authorities, must not, for any reason, seek to unlawfully influence the decisions of Public Officials or Civil Servants who they deal with and who make decisions on behalf of the Italian or foreign P.A.

In the course of business dealings, applications or commercial relations with Italian and/or foreign Public Officials or Civil Servants, the following actions may not be undertaken, either directly or indirectly:

- offer in any way work or commercial opportunities that can benefit the Public Officials and/or Civil Servants personally or through a third party;
- offer in any way money or other benefits, except in the case of gifts, free offers and other benefits of modest value and in any case remaining within legitimate customs and traditions;
- carry out any other act aimed at inducing Italian or foreign Public Officials or Civil Servants to do or not do something in violation of the laws of the regulatory system to which they belong.

Regarding any requests of any nature made by the Judicial Authority, the Company is committed to ensuring the utmost cooperation in making truthful statements, to accurately represent the facts, avoiding any behaviour that could represent an hindrance, with due regard to the laws and in compliance with its values of loyalty, correctness and transparency. In particular, Recipients must not give in to demands or pressures which lead them to avoid making statements or to making false statements to the Judicial Authorities, whether these be Italian, foreign or supranational.

PRINCIPLE 12: Applications to the P.A. for funding and grants

The Company condemns any and all conduct aimed at obtaining any type of grant, funding, facilitated loan or other disbursements of the same type from the State, European Union or other government bodies, by means of altered or falsified statements and/or documents, the omission of necessary information or, more in general, by means of artifice or deception, including that effected by means of information or computerised systems, aimed at leading the grantee institution into error.

In any case, Recipients must not engage in artifice or deception, especially against the State or other public body, in order to procure unjust benefit for him/herself or for others.

Therefore, as part of the process relating to the call for contributions, grants, loans or other funds of similar type, the Recipients must observe the principles of:

- fairness and veracity in the handling and processing of documentation for providing evidence against the eligibility requirements for participation in tenders related to government grants;
- fairness, transparency and completeness of information as provided to the competent Administrations, including those that are foreign and supranational;
- adequate documentation, including that which is based on IT systems, relating to the process regarding applications for funding and grants.

None of the Recipients involved within the said procedure should enjoy unlimited powers, free from the control of other persons/departments responsible for different stages of the same process.

PRINCIPLE 13: Management of P.A. funding and grants

The Company guarantees observance of the restriction on the destination of grants, subsidies or funds targeted at supporting initiatives to carry out works or activities of public interest, obtained from the State or from other public bodies or from the European Union, even when of modest value and/or amount.

No one is permitted to freely manage loans and government grants alone, without checks and verification carried out by another individual.

With regard to the management of loans and grants, specific activities to verify the regularity, in terms of both form and substance, of transactions made are provided for.

PRINCIPLE 14: Conflict of interest with the P.A.

Recipients in a position which represents a conflict of interest with the Public Administration must give notice of this to the Company, specifying the nature, terms, origin and extent of this.

The Company may not be represented in its relations with the Public Administration, Italian or foreign, by subjects for whom a conflict of interest has been established, unless the situation has been preliminarily evaluated in an appropriate manner by the Supervisory Board.

The provisions of this principle apply and are also binding for all those who, for any reason, act in the name or on behalf of the Company with Public Bodies such as, for example: suppliers, professionals, associates, de facto representatives.

PRINCIPLE 15: Relations with Government Supervisory Authorities

In the event of inspections by competent government authorities, the recipients of the inspection must collaborate with the inspection and control authorities, in line with the corporate procedures in force on the matter.

It is forbidden to present facts that are untrue, even if these are still under evaluation, on the economic or financial position or equity of the company, as well as concealing, by fraudulent means, facts - the disclosure of which is required by law - concerning the same situation.

It is forbidden to hinder the performance of the duties of the competent public authorities in any way. This includes the failure to provide communications required by law.

Relations with competent public authorities and certification bodies must be managed exclusively by the persons with the appropriate powers of representation.

The provisions of this principle apply and are also binding for all those who, for any reason, act in the name or on behalf of the Company with Public Bodies such as, for example: suppliers, professionals, associates, de facto representatives.

PRINCIPLE 16: Management of company data and accounting, assets or financial information

The Company condemns any behaviour by any person aimed at making alterations, however minor, to the accuracy and veracity of the data and information contained in the documents relevant for tax purposes, in financial statements, reports or other communications required by law, aimed at shareholders, the public and the company performing out the audit of the accounts.

Similarly, the Company condemns the omission, however slight, of relevant facts which must be disclosed by law, on the economic and financial position or equity of the company.

Recipients involved in accounting operations must guard according to the provisions of current legislation all the tax documents of which conservation is mandatory, taking the necessary measures to prevent their erasure or destruction.

The person in charge of drawing up the budget must clearly and precisely determine the data and information which each internal department must provide communicate. The aforementioned individual must also identify the criteria for processing accounting data, along with time-scales with regard to the issuance and formal delivery of this information, in a manner which allows for each step in the documentation to be traced, along with those responsible for these steps.

All subjects assigned to draw up the aforementioned documents are required to verify, with due diligence, the accuracy of the data and information. After this verification, the finalised documents will be drafted.

In addition, these individuals must ensure full cooperation both with those involved in the drawing up of the budget and with those charged with the auditing or certification of financial statements. They are also responsible for ensuring the accuracy of data and relative processes.

All balance sheet items, whose definition and quantification entail discretionary assessments by the relevant Departments, must be supported by legitimate choices and appropriate documentation.

The company cannot under any circumstances produce untruthful documentation to allow herself or third parties commit fiscal crimes.

PRINCIPLE 17: Management of financial resources

All financial transactions must be accurately documented by supporting documents proving their relevance and fairness, and that are approved by figures placed at an appropriate level in the hierarchy and properly stored.

Only invoices for clearly-identified good and services can be issued/accepted. These goods/services must be described in detail in a contract signed by the person or persons with the appropriate powers, and can only be approved on receipt of a prior declaration from the department responsible that the good or service was actually delivered.

No one may, freely and on their own, access financial resources and/or carry out financial operations without the monitoring and verification by another officer.

The system of delegation should ensure sufficient differentiation of thresholds for approval of financial transactions carried out by different parties, duly delegated parties or those authorized or provided with power of proxy, setting out the limits and constraints of operations, as well as of his/her own responsibilities.

Where possible, proceeds and payments should preferably be carried out via bank transfers and/or bank checks. Proceeds and payments made out in cash must always be documented.

Recipients must not use money which is suspected to be or certified as a forgery.

In all cases and without exception it is mandatory to ensure the traceability of financial flows and not to hinder in any way the activities of monitoring and identification of the same.

PRINCIPLE 18: Purchase of goods and services and the hiring of external consultants

Employees and subjects carrying out any purchase of goods and/or services on behalf of the Company, including hiring external consultants, shall act in compliance with the principles of transparency, proper conduct, economy, quality, relevance and lawfulness and operate with due diligence .

Suppliers of goods and/or services and External Consultants are identified and selected with objectivity and impartiality, in consideration of the principles of efficiency, competition and impartiality, as well as on the basis of cost estimates which respond to a series of precise and objective terms and conditions of supply.

It is absolutely forbidden to choose suppliers, for any reason, on the basis of favourable relations or relationships claimed by them in regards to public bodies., public officials, public service representatives. The performance, by third parties, of services that have an impact with public administration, public officials, public service appointees, must be constantly monitored, with particular reference to compliance with the principles and obligations set forth in Model 231. Monitoring tasks are assigned , formalized and traced.

Prior to the negotiation and signing of a contract, a documented investigation must be carried out, involving - and according to which deliberations will be made - the different subjects and departments within the Company, in order to glean adequate knowledge of the other party and of the subject of negotiations, as well to ascertain that there are no conflicts of interest.

Suppliers must commit themselves, by means of a contract, to complying with the law, with particular reference to the rules regarding predicate offences as set out in Legislative Decree no. 231/2001. In addition, self-protection measures for the Company must also be put in place, with reference to the potential failure of the Supplier to adhere to the aforementioned declarations and warranties.

The establishment of this contractual relationship must not represent undue compensation, whether direct or indirect, for the services received or to be received, nor the means to obtain undue interest or benefits.

PRINCIPLE 19: Operations and transactions

All operations and/or transactions, understood in the broadest sense, must be legitimate, authorised, sound, proper, documented, recorded and verifiable.

In particular:

- Procedures regulating operations shall allow the possibility of carrying out checks of the transaction's characteristics, the reasons behind its execution, its authorisations, and the execution of the operation itself;
- it must be checked that the counterparty is not, as far as can be ascertained, involved in activities prohibited by law;

- Each subject carrying out operations and/or transactions involving a sum of money, goods or other economically calculable benefits belonging to the Company shall act under authorisation and supply all valid evidence for inspection purposes upon request;
- Each company function is responsible for the accuracy, authenticity and validity of the documentation and information resulting from its activities.

PRINCIPLE 20: Anti-money Laundering

The Company performs its activities in compliance with anti-money laundering laws and regulations and with the instructions provided by the competent bodies. To this end, the Company commits to avoiding any suspect operations regarding correctness and transparency.

The Company only initiates relations with commercial counterparts, suppliers, partners, collaborators and consultants after having examined the information available in order to ascertain their respectability and the legitimacy of their activities, to avoid any potential involvement in operations which are even potentially involved in the laundering of money originating from illicit or criminal activities. The Company also acts in compliance with the internal controls procedures and anti-money laundering laws.

It is absolutely forbidden to bring to the company proceeds in cash, in goods or other benefits through the creation of illegal activities.

PRINCIPLE 21: Relations with the Company's control bodies

The Board of Directors and the Board of Statutory Auditors perform their duties with professionalism, autonomy and independence.

The Company requires all staff to act with propriety and transparency while performing their working activities, especially with regard to relationships with shareholders, members of the Board of Statutory Auditors, other company bodies or the auditing firm, and demands made by these, while exercising their respective institutional functions.

It is strictly forbidden to obstruct or hinder the development of the inspections or revisions which have been legally assigned to shareholders, the Board of Auditors and other social bodies or to the auditing firm, i.e. to influence the independent judgment of these subjects in order to misrepresent the Company's financial, economic and patrimonial situation.

Recipients must give notice of a conflict of interest with the Company, specifying the nature, terms, origin and extent of this.

PRINCIPLE 22: Safeguarding Company assets

Any behaviour aimed at causing damage to the integrity of corporate assets is strictly forbidden.

In particular, it is forbidden to return, or pretend to return, contributions to shareholders, or to release them from the obligation to carry these out.

Likewise, it is forbidden to distribute profits or advances on profits not actually realised or allocated by law to reserves, or to distribute reserves, even those which are not composed of profits, which cannot by law be distributed.

Similarly, it is prohibited to purchase or underwrite shares, or capital shares, causing damage to the integrity of the share capital or reserves that cannot be distributed by law, as well as creating or fictitiously increasing the share capital by allocating shares in excess of the amount of social capital.

Finally, transactions on contributions, profits and reserves and on share capital, must be conducted in respect of both the primary and secondary regulations applicable, as well as in compliance with corporate governance rules and with the processes/procedures designed for the analysis and evaluation of the above-mentioned transactions..

PRINCIPLE 23: Safeguarding Company creditors

Any behaviour aimed at reducing shared capital, merging with other companies or splitting, thus damaging creditors, is strictly forbidden.

PRINCIPLE 24: Influencing the Shareholders' Meeting

Any simulated or fraudulent act aimed at influencing the position of the members of the Shareholders' Meeting in order to achieve an irregular majority and/or a different decision than what would have otherwise been taken is strictly forbidden.

PRINCIPLE 25: Protection of privacy and confidential information

The Company protects the privacy and confidentiality of all information and data regarding Recipients and third parties gathered whilst carrying out working activities.

Data processing is carried out by identifying an individual to be in charge of this function, in accordance with the laws in force.

Information regarding the business is the property of the Company, and must be made available to the Company on request.

Recipients only have access to information for which they are authorised, and are required to use this in compliance with the obligations arising from his/her office. He/she must not copy, remove or destroy information

Recipients must preserve the confidentiality of the information they come into contact with whilst carrying out his/her office or professional duties, even after the termination of their relationship with the Company, unless disclosure of the above is necessary for the performance of their duties.

Corporate information must only be used for the purposes permitted for the purposes of his/her office or profession.

Use and disclosure of inside information relating to financial instruments is prohibited. In particular, it is forbidden to acquire or dispose of Group company securities - directly or through a third party -

where the recipient is aware of information that has not yet been made public. It is likewise forbidden to communicate such information to third parties.

PRINCIPLE 26: Diffusion of false information

All information supplied to external sources must be truthful, clear and transparent.

Communication and disclosure of news regarding the Company's actions is carried out solely by formally authorised Departments.

Diffusion of false information, in or outside of the Company, concerning the Company, its employees, collaborators or third parties operating on its behalf, is strictly forbidden.

It is forbidden to engage in sham transactions or other similar activities likely to trigger significant changes to the price of financial instruments.

PRINCIPLE 27: Management of People

The selection of candidates to be hired is carried out on the basis of the correspondence between the candidate profile and his/her specific expertise with that being sought and with the needs of the company as determined by the job posting and in compliance with principles of equal opportunity for all interested subjects, and in line with objective criteria relating to individual merit.

The information requested of the candidate will be strictly related to aspects pertaining to the professional and psychological profile required for the posting, while respecting the candidate's private life and opinions.

Working relationships are established on the basis of standard employment contracts. Any form of employment relationship that does not conform with legislative provisions in force is not allowed.

Furthermore, those involved in selecting and hiring staff on both short-term and fixed-term contracts must ensure that foreign people have a valid residence permit and must, as required by law, ascertain that it has been renewed.

Remuneration must be adequately justified in relation to the type of work to be performed and the practices defined by PMI, and in line with the laws of the country in question.

The candidate should be asked to declare the existence of any situation which could potentially lead to a conflict of interest.

The establishment of this working relationship must not represent undue compensation, whether direct or indirect, for the services received or to be received, nor the means to obtain undue interest or benefits.

Adequate documentation must be kept regarding the selection of an employee and the establishment of a working relationship, including through information systems.

A copy of the Code of Conduct and the Organisation, Management and Control Model, pursuant to Legislative Decree no. 231/2001, are provided to the employee.

Relationships with trade unions should be inspired by the principles of dialogue and of participation and collaboration. All forms of undue pressure are prohibited.

The Company does not tolerate attitudes or acts of a racist, denialist or xenophobic nature, as well as any attitudes that could favour or support social hatred.

Anyone who renders their services in any form and at any level to the Company has the right to report to the Supervisory Board any illegal acts or violations of ethical principles or conduct that violate this code of conduct. Confidentiality and protection are guaranteed to the reporting party, in any case the reporting party may not be subject to retaliation as a result of making the report. Any decision taken as a retaliation against a reporting party must be considered void and/or ineffective.

PRINCIPLE 28: Working relations with the P.A.

It is forbidden to maintain work relations with ex-personnel of the P.A., Italian or foreign, who, owing to their institutional functions, participate or have participated personally and actively in business dealings or endorsed applications made by the Company to the P.A., Italian or foreign, unless those relations have been declared in advance to the Human Resources Department in an appropriate manner and evaluated by the Supervisory Board before possible hiring.

PRINCIPLE 29: Evaluation of our people

The Company is committed to ensuring within its corporate organisation that the pre-established annual objectives established for employees, both on a general and individual level, are focused on realistic, specific, concrete, measurable targets that are appropriate for the amount of time set aside for their implementation, in order to discourage and avoid unlawful behaviour.

Career advancement is achieved on the basis of objective criteria and merit, avoiding any form of favouritism. Likewise, all forms of favouritism must be avoided when imposing disciplinary sanctions.

If the payment policy provides for the variable remuneration, a proper balance must be ensured between fixed and variable components.

The recognition of fringe benefits should occur in accordance with applicable laws and with Company policy.

Adequate documentation must be kept regarding the activities mentioned above, including through information systems.

Career advancements may not be disregarded simply because reports have been submitted, nor for ideological, philosophical, race, gender, ethnic or religious reasons.

PRINCIPLE 30: Financing of associations prohibited by law

It is forbidden to promote, organise, form, join, and direct financial associations prohibited by law, such as, but not limited to, subversive associations, with the purpose of terrorism or subversion of the democratic order, or, alternatively criminal or mafia-type organisations, whether domestic or foreign.

The Company condemns the use of its resources for the financing or execution of any activity linked to terrorism or sedition of democratic order.

This category includes all those racist, denialist, xenophobic associations or groups that incite social hatred.

PRINCIPLE 31: Safeguarding private individuals

The Company condemns any possible behaviour aimed at committing crimes against private individuals.

As such, the Company disavows any possible exploitation or subjugation of persons, and therefore establishes the measures necessary for ensuring that the working conditions, remuneration and working hours of the workforce directly or indirectly employed comply with the collective contracts of the sector or however are proportionate with the quality and quantity of the labour supplied, in agreement with the fair practices of the sector. In this sense, the Company carries out the due verifications on the companies to which an activity is outsourced, also through appropriate contractual provisions.

The Company disavows as well any activity that may lead to a violation of the same such as, for example, mutilation perpetrated against women and child pornography.

Recipients, therefore, must not acquire, use, disseminate, sell, possess or have access to child pornography. This includes child pornography shared via IT tools and virtual images.

The Company does not tolerate any form of violation of fundamental rights and the dignity of natural persons.

PRINCIPLE 32: Occupational health and safety

The Company recognises the importance of the rules and regulations that govern working activities in all their forms and applications.

The Company is dedicated to safeguarding the health and safety of its employees. The Company is fully compliant with the relevant legislation, and is also dedicated to the continuous improvement of workplace conditions.

The Company therefore ensures compliance with all current regulations on safety and hygiene in the workplace, condemning all violations of these, and is committed to:

- allocating all necessary resources for this purpose;

- assessing, preventing and mitigating risks to people, according to the highest standards available, and using the latest technology;
- organising working activities so as to safeguard the hygiene, health and safety of employees, which includes meeting with its people to discuss concerns;
- acquiring the documents and certificates required by law;
- ensuring that employees receive adequate and specific information and training on hygiene, health and safety at work;
- monitoring employee compliance with procedures and instructions for safe work, and the effectiveness of the procedures adopted, with a view to implementing any corrective actions that are deemed necessary as a result of the aforementioned supervisory activities, in a timely manner, or indeed meeting any needs that emerge during the course of working activities.
- The Company also ensures that the suppliers operate in conformity with the health, safety and hygiene at the workplace legislation, also through appropriate contractual provisions.

Each Recipient must pay attention in while carrying out his/her tasks, strictly following all the safety and prevention norms, not only in his/her own interest, but also in the interest of colleagues and co-workers' safety. Specifically, Recipients must:

- comply with the rules and procedures relating to the prevention of and protection from risk with regard to occupational health and safety;
- immediately report to a manager and/or any staff tasked with managing emergencies, on discovery of a dangerous situation, actual or potential, and in urgent cases, act directly within his/her skills and capabilities, to eliminate or reduce any danger;
- remain informed and up to date with regard to legislation, risks and business principals in the area of safety and health at work, in relation to his/her specific role, and actively participate in the Company training programs.

Each Recipient's responsibility towards colleagues and co-workers imposes the need for constant vigilance in order to prevent accidents. Each Recipient must follow the instructions and directives provided by the parties to which the Company has delegated the fulfilment of obligations regarding security.

PRINCIPLE 33: Environmental protection

The Company recognises the importance of the natural and environmental heritage.

The Company undertakes to respect all regulations and legal provisions in force regarding the conservation and protection of the environment, and environmental aspects connected to its activities, products, and services, taking into account the need for proper usage of natural resources.

Through its Environmental Management System, the Company recognises environmental management as one its most important priorities, attributing clear roles and responsibilities, and ensuring constant communication with all external and internal parties concerned.

In addition, the Company undertakes to raise employee, collaborator and third party awareness on issues regarding the conservation and protection of the environment in order to minimise or avoid any negative impacts on the environment.

In particular, provisions are aimed at guaranteeing appropriate management of wastewater and assuring appropriate identification, transportation, and disposal of waste.

The Company also implements rules regarding the proper usage of systems that create emissions, and the monitoring of these systems, paying particular attention to the management of any ozone-depleting substances.

PRINCIPLE 34: Intellectual and industrial property

The Company recognises the importance of private enterprise and economic order, using the principles of honesty and fairness as a foundation for its business relations.

The Company takes all necessary measures and promotes initiatives to protect its intellectual property and the intellectual property of others. In particular, the Company is committed to:

- only using inventions and creative works (such as, texts, images, drawings, etc.) of its exclusive property in addition to those for which it provides remuneration and/or reimbursements to third parties through contracts;
- use of trademarks of exclusive ownership and/or the use of which is available to the Company through a legitimate right of use.

It is therefore prohibited to publish, reproduce, transcribe, process, execute, communicate publicly, distribute, sell, rent or lend original works in a manner which does not comply with the laws in force.

Furthermore, in dealing with suppliers the Company requires that the latter guarantee that the goods and their use do not violate the rights of third parties concerning industrial and *intellectual* property (Copyrights, trademarks and patents).

In such relations the Company adopts indemnity measures against any legal action or claim, and reimbursement request filed by third parties in relation to acts of unfair competition, violation of patents or patent requests, trademarks or registered models and of rights and those regarding industrial and intellectual property rights of raw materials, semi-finished products, finished products and services purchased by third parties.

It is forbidden to:

- counterfeit or alter patents, trademarks and distinguishing features, national or international, of other people's industrial products;
- use, in any way, trademarks, patents, names and any other distinguishing features of which the Company is not the exclusive owner and/or does not have a legitimate right to use;
- sell intellectual works or industrial products with patents, trademarks or distinguishing features aimed at deceiving the buyer about the origin, source or quality of the work or product;

- disclose information designed to remain secret about scientific discoveries or inventions, or industrial applications.

PRINCIPLE 35: Information systems

The Company acts in full compliance with the legislation in force regarding the use and management of Information Systems. Consequently, this legislation must also be respected by the Recipients of this document.

In no event can computer and network resources be used for purposes which are against the law, mandatory rules regarding public order and good behaviour, or to commit or induce to commit crimes, to destruct, damage or to alter Information Systems and third party information (Private or Public Entities) or to illegally obtain confidential information.

No Recipient is allowed to install unlicensed software on Company computers and other electronic devices or to use and/or copy documents or any copyright-protected material (recorded, audio-visual, electronic, paper or photographic copies) without the approval of the owner, unless said activity is part of the regular functions the Recipient is assigned.

It is prohibited to falsify public or private computerized documents, in form and content. Any type of use of false computerized documents is also prohibited, as well as the cancellation, destruction or hiding of real documents.

“Computer document” is intended as any computerized representation of legally significant events, facts or data.

It is prohibited to illegally access a computer or electronic system protected by security measures or to operate within such system against the express or tacit will of the system’s owner.

It is prohibited to illegally obtain, possess, produce, reproduce, disseminate, import, deliver, communicate or, in any case, make available to others or install equipment, instruments, parts of equipment or instruments, codes key words or other means suitable to access a protected computer or electronic system, or even only to provide indications or instructions suitable for such purpose.

It is prohibited to illegally obtain, possess produce, disseminate, deliver or, in any event, make available to the Company or to third parties equipment, devices or programs suitable to damage others’ computer or electronic systems, the information contained therein or to alter the functioning of such systems in any way.

It is prohibited to intercept, impede or interrupt communications relating to one or more computer or electronic systems. It is also prohibited to reveal, in any way, even partially, the contents of the information intercepted to third parties. It is also prohibited to illegally possess, distribute or install equipment or other means for the purpose of impeding, intercepting or interrupting the above communications.

It is prohibited to destroy, wear down, cancel, alter or suppress computer or electronic systems, the information, data or programs contained therein, which are private property or used by the State, by another public entity or pertaining thereto, or, in any event, used by the public.

PRINCIPLE 36: Intragroup cooperation and communication

The Company handles its relations with its affiliates in compliance with the laws and the policies in force, as well as in compliance with the principles of the Code, with particular attention to the principles of transparency, correctness and propriety.

The diffusion of information inside the Group is carried out in compliance with principles of accuracy, integrity, clarity and congruity, respecting the independence of every company and its specific work environments.

Under no circumstance is it allowed to behave in a manner that could damage the integrity, independence or image of the Company or of its affiliates.

The constant tracking of the authorisation process and the management of intra-group transactions and related cash flows must be guaranteed.

Debits/credits to be paid by or to the Company for services received/rendered in relations with other Group companies or related to the Group, are to be subjected to periodic inspection in order to verify the performance of the service, the consistency of the methods used to implement the measures adopted under the regulatory requirements applicable at the time, and the compatibility of the conditions offered by the generally accepted criteria for determining the normal value of the transactions.

PRINCIPLE 37: Taxes

The Company undertakes to comply with current regulations concerning direct and indirect taxes and local taxes and to ensure the most scrupulous correctness, transparency and collaboration in its relations with the Financial Administration.

In particular, employees, collaborators, all those who operate in the name of or on behalf of the Company and, in particular, persons performing - even accidentally - tax-relevant functions are bound to the following requirements:

- ensure, before issuing invoices receivable, invoices or similar documents or the acceptance of invoices or similar documents, that they refer to goods and/or services clearly identified in a contract and that they are not under any circumstances operations which are totally or partially non-existent;
- check the correspondence between the persons indicated in the invoices or other relevant documents and the actual owners of the relationship described in them;
- correctly indicate the assets and liabilities in the tax declarations while checking, as far as possible, that they always refer to truthful accounts;
- adhere strictly to the terms of the law for the filing of tax returns;
- use in compensation only existing and due credits;

- perform exactly any obligations concerning administrative interests and penalties related to income tax or value added tax;
- guard according to the provisions of current legislation all the tax documents of which conservation is mandatory, taking the necessary measures to prevent their erasure or destruction;
- respect the agreements undertaken with the tax authorities, for example those with the rulings and the security measures for the management of the tax warehouse;
- abstain from implementing simulated deeds of disposal or other fraudulent deeds on its own or other assets that could make the forced collection procedure by the Authorities partially or fully ineffective;
- ascertain, in a fiscal transaction procedure, that documents presented do not indicate asset items for an amount that is lower than the effective one or fictitious liability items in order to obtain a partial payment of taxes and relative accessories for itself or others;
- comply with the legal obligation not to issue false tax declarations founded on false documentation in order to present false accounting for the Company's tax situation.
- comply with the standards adopted by the Company in relation to reconciliations of data relevant for tax purposes;
- verify the correspondence between the certificates issued as tax withholding agent, or otherwise due, and the actual payment of the relevant withholding taxes;
- ensure the implementation of the principle of segregation of roles in relation to the management of the Company's accounts and in the subsequent transposition in the tax declarations;
- comply with the prohibition to take any action aimed at undermining in any way the rights of the Treasury (also in relation to the satisfaction of any tax payments or interest or administrative sanctions related to such taxes).

The Company uses the support of consultants of primary standing.

With regard to infra-group relations, the Company undertakes to

- ensure that the services rendered between the companies belonging to its Group are governed by a written contract and rendered at market conditions;
- guarantee compliance with the principle of segregation of roles and the involvement of different parties in the performance of the main activities envisaged (definition of the intercompany contract, invoicing, payment, archiving of documentation);
- - guarantee the traceability of the flows and the identification of the subjects that transmit the accounting and financial data necessary for the preparation of the accounting records.

PRINCIPLE 38: Prohibition of the practice of smuggling

The Company undertakes to comply with current regulations concerning monopolies and repression of smuggling.

The Company shall take appropriate measures to ensure compliance with the provisions of the production process in the field of monopolies and repression of smuggling.

Imports and exports are regulated by internal procedures.

The Company, also because it is AEO certified (certificate of “Authorized Economic Operator”), is provides for a series of procedural controls and receives periodic audits by the Customs and Monopolies Agency office.

It is forbidden to:

- bring into the State any foreign goods in contravention of the regulations, prohibitions and limitations provided for in current legislation;
- introduce, sell, transport, buy or hold in the territory of the State smuggled foreign manufactured tobacco (in quantities exceeding ten kilograms) in violation of the prescriptions, prohibitions and limitations provided by the current legislation on smuggling;
- transport the goods within the country without the appropriate documentation;
- bring into the State any foreign goods in place of national or nationalised goods shipped in cabotage or in circulation;
- hold, within the privately owned bonded warehouse, any foreign goods for which the prescribed import declaration has not been made or which have not been covered by the warehouse records;
- constitute non-permitted stores of foreign goods subject to frontier customs duties or exceed the allowed quantity;
- remove goods from customs areas without having paid the duties due and without having guaranteed the payment or without the fulfilment of the required customs operations;
- assign foreign goods which were imported duty-free and/or with a reduction of border customs duties to a purpose or use other than that for which they were granted the relief or reduction;
- obtain undue restitution of rights established for the import of raw materials used in the manufacture of domestic goods that are exported;
- subjecting the goods, in import or temporary export or re-export or re-import operations, to artificial manipulation;
- altering of monopoly goods, mixing of qualities, selling of adulterated or mixed goods;
- steal products (including products not intended for sale) within the production cycle to be destined (directly or through third parties) to an illegal market.

The Company raises awareness among its employees, collaborators and all those operating in its name or on its behalf on issues related to compliance with the requirements, prohibitions and restrictions laid down by said legislation.

The Company guarantees that the persons responsible for relations with the Customs Authorities are identified in advance and that the conduct of such relations is based on maximum transparency and cooperation.

The Company guarantees - also in coordination with PMI - the carrying out of controls on the entire production chain and on the activity of transport to the external warehouse.

The responsibilities related to the circulation of products are expressly regulated at a contractual level with suppliers and customers.

The destruction of products not intended for sale (for example, waste, samples, expired products, off-specification products, etc.) is carried out by means of special machinery located in the Company's logistics area; the Company has also adopted special procedures for the disposal of such products.

Control over suppliers and customers as well as control over access to the company is guaranteed through the application of specific procedures.

PRINCIPLE 39: Non-cash payment instruments

It is prohibited to falsify, alter, misuse - not being the holder and in order to gain profit for oneself or others (such as the Company) - credit or payment cards, any document enabling the withdrawal of cash or the purchase of goods or services and any other non-cash payment instrument.

It is prohibited to possess or distribute equipment, devices or computer programs aimed at committing offences involving non-cash payment instruments.

It is prohibited to alter in any way the functioning of a computer or telematic system or to intervene on the contents of such systems in order to carry out a transfer of money, monetary value or virtual currency.

In case it is necessary to make use of non-cash payment instruments, the Company guarantees clear identification of the parties to whom the payment instruments are addressed and the methods of payment authorization.

6. CONTROL BODIES AND MECHANISMS

6.1 THE SUPERVISORY BOARD

The Supervisory Board is appointed to inspect and update the Organisational, Management and Control Model and the Code of Conduct 231.

- 1) In the exercise of its functions, the Supervisory Board shall have free access to all corporate data and information useful to carry out its tasks.
- 2) Company bodies and their members, employees, consultants, suppliers, collaborators, agents, proxies and third parties acting on behalf of the Company, are required to collaborate fully to assist in the performance of the Board's functions.

6.2 SANCTIONS

Failure to comply with the principles contained in this Code can lead to the application of sanctions, contained in the corporate Disciplinary System, within the limits and on the basis of the specific modalities foreseen therein.

The breach of the principles of this Code, by suppliers and - more generally - by third parties which are not part of the Company, will lead to the termination of the working relationship in accordance with articles. 1453 ss. Civil Code.

6.3. CONTROL MECHANISM

Compliance with the principles and rules guaranteeing compliance with Legislative Decree 231/2001 must be constantly monitored, starting from the operational levels, with a mechanism to scale up to the level of supervision.

Monitoring must measure the respect, effectiveness and efficiency of the rules adopted by the Company.

The tasks and responsibilities of monitoring must be assigned, formalized and tracked.

7. THE CODE WITHIN THE COMPANY

7.1 AWARENESS

This Code shall be brought to the attention of company bodies, their members and employees, as well as consultants, collaborators, suppliers, agents, proxies and any other third party that may have relations with the Public Administration or which carries out activities on behalf of or for the benefit

of the Company. All the aforementioned subjects are required to learn its contents and observe its precepts.

Any questions about the implementation of this Code shall be promptly presented to and discussed with the Supervisory Board.

7.2 INTERNAL REPORTING

Whoever becomes aware of violations of the principles of this Code and/or of the operational procedures that constitute the Model, or of other events that compromise their value and effectiveness, is required to report said violations either to the Supervisory Board (OrgVigilanza.PMMTB@pmi.com), or by any other method provided for by the Ethics&Compliance system adopted by PMI and its operations, which, however, shall timely notify the Supervisory Board.

Anyone is guaranteed the right to present, in order to protect the integrity of the Company, detailed reports of unlawful conduct, considered relevant pursuant to Legislative Decree 231/2001 and based on precise and concordant facts, or violations of the Model, which they have come to know because of the functions they perform. The Company guarantees the adoption of adequate organisational and technical measures to safeguard the confidentiality of the identity of the reporting party. It is expressly forbidden to carry out any acts of retaliation or discriminatory, whether direct or indirect, against the reporting party for reasons connected directly or indirectly to the report.

7.3 CONFLICT WITH THE CODE

In case of any provision of this Code of Conduct 231 conflicting with internal rules or procedures, the Code shall take precedence over any of the latter, except if provisions are more restrictive than those provided in this Code.

7.4 CHANGES TO THE CODE

Any change and/or addition to this Code must be approved by the Managing Director, in accordance with the power of attorney granted by the Board of Directors.

8. GLOSSARY

“The Decree”:

Legislative Decree no. 231 of 8 June 2001, containing the *Rules and regulations concerning the administrative liability of juridical persons, companies and association, including those not incorporated, in accordance with Art. 11 of Law no. 300 of 29 September 2000.*

“The Organisation and Management Model” (or also the “Model”):

the set of procedures and instruments adopted by the Company in its corporate organisation, suitable to ensure the prevention of offences as described in the Decree.

“The Company”:

Philip Morris Manufacturing & Technology Bologna S.p.A., with operative offices in Zola Predosa (Bologna), Via F.lli Rosselli n.4.

“The Code”:

the Code of Conduct pursuant to Lgs.D.no. 231/2001;

“P.A.”:

the Public Administration, Public Officials and Civil Servants, Italian and foreign, understood in the broadest sense.

“Public Official”:

the subject who exercises a legislative, judiciary or administrative public function. A public administrative function is one regulated by rules of public law and enabling acts and characterised by the manifestation of the Public Administration’s will through enabling or certificating powers.

“Civil Servant”:

a person who, in any capacity, performs a public service; that is, an activity regulated in the same way as a public function, but without the exercise of enabling or certificating powers.

“Foreign Public Officials”:

any subject who carries out a legislative, judiciary or administrative function on behalf of the country to which he/she belongs or who is considered a “public official” according to the rules of the system to which he/she belongs (for example: agents and employees of a foreign country, subjects belonging to an international organisation.)

“Internal disciplinary system”:

a description of the major disciplinary offences, with their relative sanctions.