



ISAGRO GROUP

ANTI-CORRUPTION CODE OF CONDUCT

*(Document approved by the
Board of Directors of Isagro S.p.A.
with resolution of February 28th, 2019)*

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DOCUMENT INFORMATION

VERSION	DATE OF BOARD APPROVAL	NOTES ON DOCUMENT AND BRIEF DESCRIPTION OF THE CHANGES
1	February 28 th , 2019	First adoption of the Isagro Group Anti-Corruption Code of Conduct

INTRODUCTION

The Isagro Group (hereinafter the “Group” or Isagro), mindful of the negative effects of corrupt practices on the economic and social development of the areas in which it operates, is committed to preventing and combating illegal activities in its business.

Prevention of corrupt practices is not just a legal obligation but also one of the guiding principles of the Group.

As part of its commitment in this area, the Isagro Group has already adopted the Code of Ethics, which - in conjunction with the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 (approved by the Board of Directors of Isagro S.p.A.) - sets out the values that inspire the Group in the pursuit of its objectives and the key principles underlying its management practices.

1. SCOPE AND AREA OF APPLICATION

As confirmation of its commitment to combating illegal conduct, by introducing this anti-corruption Code of Conduct (hereinafter “the Code of Conduct”), the Isagro Group intends to bring together and combine into a coherent whole the existing rules designed to prevent and combat any corruptive practice to allow compliance to anti-corruption Rules and Regulations.

Anti-bribery Rules and Regulations qualify as illegal the payment or acceptance, either directly or indirectly, of money or other benefits, for the purpose of obtaining or maintaining a business and securing an unfair advantage.

The Code of Conduct is approved by the Board of Directors of Isagro S.p.A. (hereinafter also the “Company”).

Its adoption and implementation is mandatory for each Group company and for all Recipients, as defined in paragraph 2.

2. DEFINITIONS

For the purposes of this Code of Conduct, the terms listed below will have the meaning specified:

Anti-corruption Rules and Regulations: national regulations applicable in the individual countries where the Isagro Group operates, the best practices and guidelines set out by international private organisations (ICC – International Chamber of Commerce, Transparency International, PACI – Partnering Against Corruption Initiative and the Global Compact of the United Nations, UNI ISO 37001), as well as all the international law Conventions, including but not limited to:

- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions;
- Criminal Law Convention on Corruption – Council of Europe (1999);
- United Nations Convention against Corruption (2004);
- US Foreign Corrupt Practises Act-FCPa;
- UK Bribery Act.

Code of Ethics: Code of Ethics of the Isagro Group;

Corruption: conduct whereby anybody who, acting directly or indirectly on behalf or in the interest of Group Companies, offers, promises, receives or provides undue rewards and/or compensation, directly or indirectly (thus through third parties), for personal benefit for the benefit of Group Companies or third parties;

Isagro Group Staff: the employees of Isagro and the Group companies;

231 Model: Organization, Management and Control Model of Isagro S.p.A., pursuant to Legislative Decree 8 June 2001, n. 231;

Person Performing Public Services: a person who performs a public service;

Public Official: a person that performs a legislative, administrative or judicial public function, regardless of whether the office is held by appointment, election or succession;

Recipients: the members of the Board of Directors of Isagro, the members of the Board of Statutory Auditors, the members of the Supervisory Body, the managers, all Isagro employees, partners and all third parties who have professional or business relations with the Company and the Group Companies.

3. GENERAL PRINCIPLES

To comply with this Code of Conduct, the Group shall adopt and follow the following general principles:

- **segregation of duties:** separation of the phases of proposal, decision / authorization and control, to be placed in the hands of different subjects;
- **signatory powers:** signatory powers must be adequately formalised and clearly defined and be attributed in close connection with the needs associated with the specific organisational and management responsibilities of the executive vested with them. Signatory powers must be exercised in accordance with the limits sets in terms of value and scope, the instructions received and company procedures and the applicable laws;
- **impartiality and lack of conflicts of interest:** the Recipients for the purposes of the Code of Conduct must operate with professionalism, transparency, impartiality and in accordance with anti-corruption Rules and Regulations and must report promptly any situation which might give rise to a conflict of interest refraining from any act or behavior that could harm Isagro's interests or reputation;
- **traceability and storage:** all the activities carried out and the relevant controls performed must be traceable and verifiable ex post; the documentation produced must be filed properly and be easily retrievable;
- **counterparty validation:** the Recipients, within the scope of their duties and responsibilities must: (i) check the reliability, reputation and adequacy of any third party with whom the Isagro Group is considering the establishment of a professional and business relationship; (ii) lay down specific contractual provisions that require third parties to comply with the principles contained in the Code of Ethics, in the 231 Model and in the procedures and protocols implemented to comply with anti-corruption Rules and Regulations; and (iii) check the

effectiveness of the services rendered by third parties in pursuance of the contracts; (iv) contracts stipulated with third parties must provide Isagro's right to terminate the relationship in case of violation of the applicable anti-corruption Rules and Regulations.

4. SENSITIVE AREAS

Regarding the types of activity of the Isagro Group, the following areas are most sensitive to the risk of Corruption:

- dealings with Public Authorities;
- gifts, donations and accommodation management;
- non-profit initiatives and sponsorships;
- facilitation payments;
- relationships with political and trade union organisations;
- consulting, specialist and professional engagements;
- acquisitions of equity stakes in other companies and joint ventures (M&A);
- staff selection and recruitment;
- bookkeeping entries.

In relation to current or potential Group business and otherwise in relation to all areas of interest of the Group, the Receipts must comply with the Code of Ethics, the 231 Model and the procedures and the protocols established to abide by Anti-corruption Rules and Regulations, as well as the following principles of conduct.

5. PRINCIPLES OF CONDUCT

5.1 Dealings with Public Authorities

The Group's dealings with the representatives of Public Authorities, must be strictly compliant with the Code of Ethics, the 231 Model and the procedures and the protocols established by anti-corruption Rules and Regulations and cannot in any way jeopardise the Group's integrity and reputation.

Only authorised Group officers and functions may enter into commitments, and manage dealings, with representatives of Public Authorities and/or quasipublic entities.

In these dealings, the Group must not try to influence improperly the decisions of the institution concerned. Regarding dealings with Regulatory, Supervisory and Control Authorities, the Group's employees shall comply with any request by such Authorities during their inspections, by cooperating in the relevant activities.

5.2 Gifts, donations and accommodation management

Occasional and modest gifts and gratuities are permitted as a common professional and commercial courtesy practice.

It is however forbidden to offer or receive gifts or gratuities that could influence or be perceived as such to influence the decision-making processes concerning the outcome of Isagro's transactions or negotiations to win or secure new positions.

The gifts and presents offered to (or received from) public or private subjects must, under any circumstances:

- appropriate, reasonable and in good faith;
- be such as not to compromise the integrity and reputation of any of the parties to the relationship or exercise an illicit and/or improper influence on the beneficiary's activities or decisions;
- be carried out in relation to actual business purposes;
- comply with the generally accepted professional and commercial courtesy practices;
- comply with the anti-corruption Legislation and with the applicable corporate procedures and protocols, as well as traced and accompanied by appropriate documentation;
- can never consist of sums of money.

Without prejudice to compliance with all the above mandatory criteria, the Recipients may, in compliance with the system of powers of attorney and powers in force, offer or accept gifts, presents or other benefits if of modest value, meaning an indicative value not above the threshold of 150 euros. In case of exceeding said threshold, with particular regard to cases of not easy quantification of the economic value, the express authorization must be previously requested from the Managing Director of each Group company¹.

Hospitality expenses (transportation, accommodation, meals, entertainment, etc.) are permitted for business purposes, for the promotion of the Group's activities and for the development of joint and partnership relationships.

5.3 Non-profit initiatives and sponsorships

Non-profit initiatives are permitted providing they have a humanitarian, charitable, cultural, artistic and scientific research nature and are considered legal and ethically correct (so-called liberal donations). Sponsorships consisting in Isagro's financial support of an event, an activity or organization or through the provision of products or services are also permitted.

Requests for sponsorships are allowed only if these can be functional to the development, innovation or marketing of the product, are intended for events that offer a guarantee of quality and seriousness or come from social/cultural and environmental promotion bodies.

It is therefore necessary to preliminarily verify the integrity of the subjects, bodies, associations, recipients of donations as well as of sponsors/sponsee, by collecting preliminary information and/or requesting documentation certifying the existence of the requisites of honorableness.

The aforementioned activities must in any case be traceable, duly documented in writing and carried out in compliance with the procedures and authorization procedures in force.

¹ For Isagro S.p.A. the authorization must be expressed by the Group Director Human Resources and/or President and CEO.

5.4 Facilitation payments

The Group prohibits expressly, in Italy and abroad, all so-called facilitation payments, that is any type of payment or payoff given directly or indirectly to Public Officials or to Persons performing a Public Service or to private parties, be they natural persons or entities, Italian or foreign, to expedite, facilitate or simply guarantee the performance of a routine activity or otherwise a lawful and proper activity falling within the scope of the duties of such parties.

5.5 Relationships with political and trade union organisations

The Group shall not provide contributions of any kind, directly or indirectly, to political parties, movements, committees or political and trade union organisations, or to their representatives or candidates, either in Italy or abroad.

5.6 Consulting, specialist and professional engagements

The procedure for selecting a consultant or professional, natural persons or entities, must be carried out according to the principles of transparency, traceability, free competition, non-discrimination, equal treatment on the basis of objective criteria, linked to professionalism, competitiveness and quality of the services requested.

The Group's procedures shall implement these criteria, governing in a detailed manner the relevant processes. The basic approach shall be as follows:

- where, in relation to the subject of the assignment, the prevalence of the identity of the person and his professional qualities as a criterion for selection is justified - after having given reasons for the necessity of assignment - without starting a selection process, the Company does the choice of a specific professional - consultant. The choice must be reasonably justified, also verifying the consistency and adequacy between the agreed payment and the agreed services. In any case, the reputation, reliability and skills of the professional - consultant must be verified;
- in the other cases, provided that the need for the relevant professional service is adequately explained, the professional shall be selected through a comparison among different candidates with the qualifications necessary to carry out the task at hand, acquiring the offers accompanied by a specific estimate. The choice must be properly motivated. In any case, the competent company functions ensure that the professional to be retained meets the integrity, standing, reputation, reliability, organisational profile, technical and professional qualification and skill requirements necessary to fulfil the engagement;
- in any case, the competent company functions must ensure that the country in which the professional (or the entity) is resident is not included in the list of countries with a privileged tax regime, if this country is different from that in which the professional service is to be delivered.

The contracts and/or agreements entered into with the selected professionals must indicate – in an exhaustive, clear and adequately detailed manner – the services required and how such professionals are entitled to earn their agreed-upon fees.

The procedure to select professionals, the contracts and agreements entered into with them and the services rendered must be documented and justified.

5.7 Acquisitions of equity stakes in other companies and joint ventures (M&A)

The Group's M&A initiatives (and in the case of access of a new partner to an existing vehicle) must entail (under the responsibility of the process owner, with the support of the Legal department and the other departments concerned) the adequate and reasonable verification of counterparties, particularly their identity, reputation and reliability, any pending proceedings or convictions for Corruption or for other offences against Public Administration or that would suggest questionable professional ethics for the counterparty or its representatives (e.g. partners, directors, senior managers, etc.).

Counterparty means the party to the M&A transaction (e.g. the seller of an equity interest in a company to a Group company), the target of the M&A transaction (e.g., the company in which the Group company acquires an equity interest).

Adequate due diligence relating to the target company must involve also the identification and evaluation of possible "legacy" risks, related to past instances of Corruption.

In its preliminary assessment, the Group must consider also the adoption of anti-corruption policies and procedures within the counterparty's organisation.

All shareholders' agreements must be negotiated, stipulated and managed in compliance with the anti-corruption Rules and Regulations and with this Code of Conduct.

5.8 Staff selection and recruitment

The Isagro Group's staff selection and recruitment shall be based on the principles of fairness and impartiality.

The Isagro Group shall recruit employees whose qualifications meet its staffing requirements, making choices (as with current employees) solely on the basis of professionalism and competence. Moreover, as they are selected, candidates must indicate, in accordance with the applicable laws, the existence of any situations and circumstances which the Group considers significant for the possible continuation of the selection process (e.g. kinship with civil servants, incompatibility, etc.).

The Human Resources department and the Managing Director of each Group company are responsible for ensuring that the selection and recruitment processes are without fail in line with the foregoing principles and criteria.

5.9 Bookkeeping entries

Every Group transaction or operation must be properly entered in the Group's accounting system, in accordance with the applicable laws and accounting standards.

Every Group transaction or operation must be authorised, verifiable, lawful, consistent and fair. For the accounts to be truthful, complete and transparent, the Group shall keep adequate and complete supporting documentation for every transaction in its records, so as to make it possible to:

- enter the amounts in the books accurately;
- easily trace back the transaction;
- check the decision-making, authorisation and implementation process, as well as the identification of the various levels of responsibility.

Therefore, all employees are required to cooperate – in keeping with their individual responsibilities – so that every Group transaction is recorded in a properly and timely manner.

Each accounting entry must reflect exactly what appears on the supporting documentation. Therefore, it shall be the duty of each employee to ensure that the supporting documentation is easily retrievable and ordered.

6. ADOPTION, MANAGEMENT AND APPLICATION OF THE CODE OF CONDUCT

6.1 Adoption and application of the Code of Conduct by Group Companies

As already reported in paragraph 1, this Code of Conduct is issued by Isagro S.p.A. and its adoption is mandatory for each Group company.

Should, in response to specific local requirements, a Group company need to adopt its own anti-corruption code, the code must in any event comply with this Code of Conduct, whose content must form the basis for the code.

Each Subsidiary should take any further steps necessary to prevent and control the specific risks to which it is exposed and to establish operational guidelines, with specific regard to the relevant legal and operating environment

Each Group company must publish this Code of Conduct on its website.

The Board of Directors of each Group company is responsible for ensuring the adequate understanding and monitoring of compliance with this Code of Conduct.

The Parent Company's Supervisory Board plays a supporting role in the verification of the correct application of the Code of Conduct and is also responsible for reviewing the same when necessary (and in any case at least every two years) in order to ensure its constant compliance with the relevant anti-corruption Rules and Regulations.

6.2 Reporting mechanisms and sanction systems

Compliance with the Code of Conduct must be considered an essential part of Recipients's obligations in relation to the individual Group company, in accordance with the applicable regulations.

The violation, or suspected violation, of the anti-corruption Rules and Regulations or of the present Code of Conduct must be reported in accordance with the [Group Reporting Procedure \(Whistleblowing\)](#) to which reference should be made in full.

Violations of the Code of Conduct constitute a breach of contract or disciplinary offence, in accordance with the specific contractual clauses included in each contract, with all the relevant legal consequences, also as regards termination of the contract and/or the engagement, and may give rise to claims of compensation for damages.

The Group undertakes to establish and impose penalties that are consistent, impartial, uniform and in proportion with the respective violations of the Code of Conduct according to the provisions of the [Group Code of Ethics](#) (Chapter 9).