

BUSINESS ETHICS POLICY AND CODE OF CONDUCT OF CLN GROUP

Business Ethics refers to anti-competitive practices, corruption and bribery, conflict of interest, fraud, money laundering and privacy. This Policy sets out the guidelines that CLN employees must follow when facing ethical dilemmas in the workplace, regulates risk and demonstrates the Group's commitment to operating in the public's interest.

This Business Ethics Policy and Code of Conduct is governed by the Board of Directors of the CLN Group, represented by the Chief Executive Officer.

INTERNATIONAL REFERENCES

This Policy supports principles set out in the following:

1. Principle 10 of the United Nations Global Compact
2. The United Nations Convention Against Corruption
3. OECD Guidelines for Multinational Enterprises
4. Transparency international
5. European Regulation 2016/679
6. Standard Global Reporting Initiative's ('GRI')

INTERNAL REFERENCES

This Policy supports the CLN Group Code of Ethics and sets out additional guidance to ensure compliance.

Additional guidance on Privacy issues is given in the CLN Group Data Protection Handbook.

OUR COMMITMENTS

CLN and all its employees commit to comply with all applicable laws, regulations and formal agreements in the countries in which we operate.

CLN commits to grant protection to employees from demotion, penalty or other adverse consequences for refusing to participate in activities which do not conform with this Policy, even if such refusal may result in the site losing business.

CLN commits to publish this Policy on its Corporate Website so that it is accessible to all its employees and is readily accessible to the public.

APPLICABILITY OF THIS POLICY

This Policy is applicable to all employees and companies within CLN Group.

CORRUPTION, BRIBERY, ILLICIT PAYMENTS AND TRANSPARENCY

CLN Group expects its employees to work against corruption in all its forms, including extortion and bribery. The offer or receipt of any gift, loan, fee, reward or other advantage to or from any person or any entity as an inducement to do something which is dishonest, illegal or a breach of trust in the conduct of CLN's business is strictly forbidden. In particular, CLN employees should be aware that:

- CLN expressly prohibits payments or in-kind contributions to political parties, politicians, public officers, government officials and other politically exposed persons. Gifts and entertainment (as defined below and where permitted by law) to political parties, politicians, public officers, government officials and other politically exposed persons must be modest and, in any case, authorized by the competent legal representative of the Group company involved and the Group CEO. In any case such gifts and entertainment shall not be aimed at obtaining or trying to obtain unfair advantage for CLN Group.
- CLN expressly prohibits facilitation payments or kickbacks, defined as bribes or fees made to secure or expedite the performance of a routine or necessary action to which the payer already has a legal or other entitlement.
- CLN expressly prohibits favoritism whereby an employee of CLN uses his/her position to get a favored treatment for a relative or friend.
- CLN expressly prohibits payments or in-kind contributions to directors, general managers, managers responsible for preparing corporate accounting documents, auditors and liquidators such that they may fulfil or omit acts in violation of transparent financial reporting.
- All payments or in-kind contributions to business associations, charitable contributions or think tanks require the prior approval of the CLN Group CEO.
- Payments in cash should be avoided where possible; payments must generally be made by bank transfer, taking care that the related transactions are documented in writing, in particular the services rendered, and payments made.

The Regional/Site Leadership are required to put in place effective procedures to combat corruption. These procedures must include a list of those parts of its operations and activities that pose high risks of participation in corruption and the corresponding specific procedures that are applicable to the high-risk areas that have been identified. Regional/Site leadership is required to investigate instances of corruption and suspected corruption and to impose sanctions on employees and contractors for corruption and attempted corruption. Every CLN site is required to have in place processes to verify the legitimacy of cash transactions, and to limit cash transactions to a maximum of Euro1.000 (or the approximate equivalent in local currency). Root causes of corruption incidents must be identified, and action to avoid recurrence must be defined and implemented. Confirmed incidents of corruption are required to be reported to Corporate CSR Department immediately.

In countries with a high corruption risk (meaning a country with a score below 50 on the most recent Transparency International Corruption Perceptions Index), the effectiveness of the site's anti-corruption procedures must be reviewed periodically by an independent and competent party.

CONFLICT OF INTEREST

A conflict of interest is defined as a situation where an individual or entity for which they work is confronted with choosing between the duties and demands of their position and their own private interests.

By way of example, the following may lead to a conflict of interest:

- Economic interests of the employee and/or collaborator and/or their family in the activities of suppliers, customers and competitors of CLN Group.
- Using one's position in the company or of information acquired in their work so as to create a conflict between their personal interests and those of CLN Group.
- Acceptance of gifts, entertainment, money, favours or benefits from persons, entrepreneurs or companies that have or intend to have business relations with CLN Group.
- The existence of stable work or collaboration between an employee and companies or other entities who have contractual relations with CLN Group.

All employees, in full compliance with their duties and responsibilities, are expected to act in the sole institutional interest of CLN Group so as to follow its social and economic objectives. Employees must avoid any conflict of interest, their own or third-party, with companies involved in any way in CLN's activities, and ensure they do not modify and/or favor their own interests or those of a third-party for personal gain.

There may be instances where even though CLN Group and third-party interests do not appear to be conflicting but there is ambiguity as to whether a conflict of interest exists. In such instances the relationship should be referred to the Regional CSR representative for validation and the nature, terms, origin and scope of those interests and the relationship between the third-party and CLN Group should be documented in the interests of full transparency.

ANTICOMPETITIVE PRACTICES

Anticompetitive practices refer to a wide range of business practices in which a firm or group of firms may engage in order to restrict inter-firm competition to maintain or increase their relative market position and profits without necessarily providing goods and services at a lower cost or of higher quality (OECD). Anticompetitive behaviors distort competition.

CLN Group employees are expected to acknowledge that activities must always be undertaken with an understanding of the importance of compliance with all applicable laws and regulations relating to antitrust and competition, and to preserve and promote free, fair and open competition. The following guidelines must be followed by all CLN Group employees:

- CLN Group employees must not become involved in any competitive business decisions with suppliers or customers of CLN Group that would attempt to restrain competition in the supply chain;
- CLN Group employees should not discuss, formally or informally, prices, market sharing, bid rigging, limiting production or supply, boycotting or unfair discrimination with its competitors or suppliers;
- CLN Group employees should not fix sale or purchase prices with competitors or customers, including maximum or minimum prices, discounts, rebates or credit terms;
- CLN Group employees should not act in any way to divide markets or customers;
- CLN Group employees should not exchange or collect or disseminate business secrets or other commercially sensitive information with its competitors, suppliers or customers;
- CLN Group employees must not participate in any discussion or action which might be construed as an agreement or understanding to prevent a business entity from gaining access to any market or to any customer;

Failure to comply with antitrust and competition laws and regulations can have extremely serious consequences for CLN Group, including heavy fines and in some jurisdiction's imprisonment for individuals. Therefore, any legal actions regarding anti-competitive behavior and violations of anti-trust in which a company in the region has been identified as a participant must be reported immediately to the Corporate Legal department. Any doubt whatsoever regarding an activity which could be construed as anticompetitive (including concern about the behavior of competitors), or doubt about the proper interpretation of the applicable law should be referred to Corporate Legal department for guidance.

MONEY LAUNDERING

The CLN Group companies and employees must not be engaged or involved in any activity which may imply money laundering. Money laundering refers to the acceptance or processing of proceeds of criminal activities in whatsoever form or mode.

Any employee who becomes aware of any such activity is required to report it immediately to the Group CEO.

PRIVACY AND CONFIDENTIAL INFORMATION

All CLN subsidiaries and employees are required to strictly observe existing laws on privacy.

CLN Group companies are expected to respect the privacy of customers and suppliers, and to take reasonable measures to ensure the security of personal data they collect, store, process or disseminate. Furthermore, CLN Group companies are expected to limit the collection of personal data and only to collect data by lawful means, and to be transparent about how data are gathered, used and secured.

In order to guide CLN Group Companies regarding best practice protection requirements, CLN Group has put in place a Data Protection Handbook based on the European Regulation on the Protection of Personal Data which entered into force on 25 May 2018. All the companies of the CLN Group are required to maintain technical and organizational measures for the personal data protection in accordance with the Data Protection Handbook.

Where such measures are not in place, CLN Group companies are expected to agree an implementation plan with the central Data Protection Team in order to align with the Data Protection Handbook.

CLN Group employees are expected to take the utmost care not to use, disclose or disseminate any industrial secrets, know-how, information related to research and development, product engineering or any related documents, codes, drawings, formulas, computer data or programs or ideas without the express permission of the CEO of the division involved.

LEGAL COMPLIANCE AND SIGNATORY OBLIGATIONS

The Regional/Site Leadership are required to put in place effective procedures to ensure that there is compliance with applicable law and that the operations are run consistently with formal commitments/agreements, and that legal developments are monitored in order to identify evolving areas of legal risk. In the case of potentially non-complying situations, the root causes must be identified, and action implemented to bring them into compliance. Each CLN site must maintain records to demonstrate regulatory compliance and consistence with agreements it has committed to meet.

Legal obligations include:

- Legislation, regulations and legally required codes or standards;
- Permits, licenses and other forms of authorization;
- Local government legislation;
- Decisions, directions, rulings or interpretations issues by relevant courts and tribunals.

Significant non-complying situations, including potentially non-complying situations, are required to be reported to Corporate Legal Department as soon as they are known. Significant fines and sanctions for non-compliance with laws and/or regulations must be reported immediately to the Corporate Legal department.

GIFTS AND ENTERTAINMENT

This Policy replaces the CLN Gifts and Entertainment Policy which was issued in March 2019. The main requirement of the March 2019 CLN Gifts and Entertainment Policy have been confirmed in this Policy.

Gifts and entertainment can be anything of value, including (but not limited to) gift items/certificates, meals, tickets/entertainment /events, loans, favorable terms or discounts on any products or services, services, prizes, transportation, use of vacation facilities, stocks or other securities, participation in stock offerings and home improvements.

Within the categories listed above, not all gifts or entertainment are unacceptable. Modest gift items/certificates, meals and tickets/entertainment/events are acceptable and do not need prior approval. However, such gifts and entertainment above the following thresholds always require a prior approval from the manager two levels above the recipient ('N+2').

Based on Western European purchasing power, the modest amounts are as follows - each region should set the amounts in local currency based on the equivalent purchasing power in their region, and seek approval for the limits from the Group CEO:

- A modest gift item/certificate is worth less than 50€
- A modest meal is worth less than a 100€ per person
- Modest tickets/entertainment/events are worth less than 150€ per person

All other gifts and entertainment are prohibited. If there is any doubt, the employee or staff member should consult his/her N+2.

Gifts and entertainment can be a normal part of business life. Some modest gifts and entertainment are acceptable business practices that foster goodwill and create lasting relationships. However, the exchange of gifts and entertainment in connection with a business transaction should never imply an intention to seek or receive favorable treatment. Even if there is no deliberate intention to influence the outcome, the perception of such an intention could damage personal and/or the Company image.

There are also other conditions to determine whether a gift or entertainment is appropriate:

- **Intent** – the gift or entertainment can only concern the promotion of products or services, or the building of a good business relationship. The gift or entertainment should not be perceived as a bribe, must not make the recipient feel obligated, or make it difficult for the recipient to make a fair decision;
- **Legality** – the gift or entertainment must respect local legal limitations, as well as international anti-corruption laws. Many laws, locally and internationally, prohibit corruption of government officials and private business partners, for example. That is why our employees should always be careful when accepting or offering gifts.
- **Materiality and frequency** – the gift or entertainment should be modest, reasonable and offered only for special occasions. In all of this, public disclosure of the gift or entertainment should not embarrass the Company.
- **Proportionality principle** – the gift or entertainment must be in line with the position of the recipient in the Company.

All employees and staff members are required to take these conditions into account before accepting any gift or entertainment.

Employees and staff members are not allowed to solicit or encourage a business partner to offer gifts or entertainment. Receiving such a gift or entertainment could be perceived as a bribe.

ACCOUNTABILITY, COMMUNICATION AND TRAINING

Regional CSR officers and the Regional/Site Leadership are jointly responsible in ensuring this Policy is translated into the local language and to make sure it is accessible, known, understood and effectively implemented at site level by circulating it to all employees. Training initiatives or other interactive communication sessions must be carried out locally in order to ensure that the Policy is properly understood. Local management should allow employees to communicate openly with them regarding the issues contained in this Policy without fear of reprisal.

Oversight of the implementation of the requirements of this Policy will be carried out the CLN Board Member responsible for Corporate Social Responsibility who will report annually to the CEO of CLN Group by way of a Group Business Ethics Report.

MONITORING AND MEASUREMENT

Where gaps become evident between this Policy and actual business practice and behavior, the Regional CSR officer and Regional/Site leadership are required to identify the root causes and to define and implement actions to address those concerns and to report to the relevant Group Corporate Department. In any case where serious concerns exist and it is not clear from this Policy who to refer to for reporting purposes, the issue should be reported to the Corporate CSR Officer immediately for guidance.

In order to monitor their business ethics efforts, CLN Group companies are encouraged to use GRI Standards relevant to ethics and compliance. As a minimum, the Regional CSR officer is required to report to the Corporate CSR Officer on an annual basis using the following metrics:

- Confirmed incidents of corruption and actions taken (guidance GRI Disclosure 205-3)
- Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which a company in the region has been identified as a participant and current status (guidance GRI Disclosure 206-1)
- Total monetary value of financial and in-kind political contributions made by a company in the region and the recipient/beneficiary (guidance GRI Disclosure 415-1)
- Significant fines and sanctions for non-compliance with laws and/or regulations (guidance GRI Disclosure 419-1)
- % of total workforce who received training on ethics issues (guidance GRI Disclosure 205-2)
- Number of information security breaches

POLICY APPLICATION

Regional CSR Officers are responsible for application of this Policy



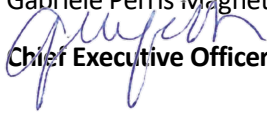
REPORTING CONCERNS

If you suspect any behavior which is inconsistent with this Policy, you can report it through the Whistleblowing Portal :
<https://leaks.gruppocln.com>

REVISION

This Policy will be revised periodically to ensure its adequacy and effective implementation. All revisions shall be subject to approval by the Chief Executive Officer of CLN Group.

Rivoli, 1 September 2020

Gabriele Perris Magnetto

Chief Executive Officer