



# **DAVIDE CAMPARI - MILANO S.P.A.**

## **ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL**

*(Translation from the Original issued in Italian)*

pursuant to  
Legislative Decree 231 of 8 June 2001

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## **PRELIMINARY REMARKS**

In adopting this model (hereinafter “the Model”), Davide Campari - Milano S.p.A. (hereinafter referred to as “DCM” or “the Company”) aims to strengthen its organisational management and internal control, with specific reference to the regulations laid down by Legislative Decree 231 of 8 June 2001 (hereinafter “the Decree”), and to increase the awareness of the Recipients of the Model of the importance of exemplary and transparent conduct, so as to minimise the risk of the offences set out in the Decree being committed.

However, this Model represents a formalisation of existing management structures, procedures and controls rather than the creation of a new system of organisation, management and control, and forms part of a wider organic system put in place by the Company in compliance with applicable regulations and legislation and consistent with best practice in corporate governance and the principles and rules of the Corporate Governance Code issued by Borsa Italiana S.p.A.

The Model, adopted by the Board of Directors of the Company on 11 November 2008, was prepared in accordance with the Confindustria guidelines on building organisational, management and control models pursuant to Legislative Decree 231/2001, which were last updated on 31 March 2008.

The Company, mainly through the work of the Watch Structure, will continually review the effectiveness and efficiency of the Model, for the purposes indicated in the Decree, and will, via resolutions of the Board of Directors and after receiving an opinion from the Watch Structure (Audit Committee), make any additions or amendments that it deems appropriate.

## **INTRODUCTION**

### **1. Legislative Decree 231 of 8 June 2001**

#### ***1.1. Corporate liability***

The Decree introduced into Italian law the principle of corporate criminal - administrative liability (i.e. the liability of entities, such as, in particular, companies limited by shares). Thus, companies, as well as individuals, the actual perpetrators of offences, can be held criminally liable.

Having partly abolished the traditional principle of *societas delinquere non potest* (i.e. a company cannot be held criminally liable), the legislation, while envisaging penalties of a necessarily administrative nature, being unable to impose on a company the personal penalties typical of the criminal justice system, has provided a robust framework for the prosecution of companies; for example, the general principles are those typical of criminal law (articles 2-4 of the Decree - hereinafter any articles mentioned without further identification refer to the Decree), and the procedural rules are very similar to those of criminal proceedings (articles 34 *et seq*), attributing criminal judges the authority to rule on a company's liability.

According to the Decree, companies are liable for offences committed in their interest or to their advantage:

- a) by persons holding representative, administrative or management functions at the company or one of its organisational units with financial and operating autonomy, and by individuals responsible for, including in a *de facto* capacity, management and control of the same;
- b) by persons subject to the management or supervision of one of the persons indicated above (art. 5, para. 1).

The company is also liable even if the perpetrator of the offence has not been identified or cannot be charged or the offence is struck off for a reason other than an amnesty.

Companies with their main headquarters in Italy are also liable for offences committed in other countries where such offences can be recognised by an Italian judge pursuant to articles 7-10 of the penal code and proceedings have not been instituted by the country in which the offence was committed (art. 4).

#### ***1.2. Offences***

The company is not liable for all offences committed by its employees in its interest or to its advantage, but only for the offences set out in articles 24

*et seq* of the Decree. The list of offences has been extended several times by the authorities, and now includes the following:

- Offences against the public administration
  - embezzlement of state funds or funds belonging to any other public entity (art. 316-*bis* of the Italian penal code);
  - improper appropriation of grants, funds or other monies provided by the state or another public entity (art. 316-*ter* of the Italian penal code);
  - extortion (art. 317 of the Italian penal code);
  - taking bribes to perform assigned duties (art. 318 of the Italian penal code);
  - taking bribes to perform actions contrary to assigned duties (art. 319 of the Italian penal code);
  - bribery in the context of judicial proceedings (art. 319-*ter* of the Italian penal code);
  - bribery of public officials (art. 320 of the Italian penal code);
  - attempted bribery (art. 322 of the Italian penal code);
  - extortion, bribery and attempted bribery of members of bodies of the European Union and of officials of the European Union or foreign countries (art. 322-*bis* of the Italian penal code);
  - bribery of public officials (art. 320 of the Italian penal code);
  - fraud against the state or any other public entity (art. 640, para. 2, point 1, of the Italian penal code);
  - aggravated fraud to obtain public funding (art. 640-*bis* of the Italian penal code);
  - computer fraud against the state or any other public entity (art. 640-*ter* of the Italian penal code).
  
- Corporate and financial offences
  - false corporate reporting (art. 2621 of the Italian civil code);
  - false corporate reporting to the detriment of shareholders or creditors (art. 2622 of the Italian civil code);
  - false reporting in prospectuses (art. 173-*bis* of Legislative Decree 58/1998)<sup>1</sup>.

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<sup>1</sup> This offence was previously governed by art. 2623 of the Italian civil code, and is mentioned in art. 25-*ter*, points d) and e) of the Decree; following the repeal of art. 2623 of the Italian civil code and the transposition of the regulation governing the offence in Legislative Decree 58/1998 it is doubtful whether the commission of this offence might still result in the liability of the company, or whether in virtue of the principle of the peremptory nature of criminal law, the reference to art. 2623 of the Italian civil code is no longer meaningful.

- false statements in the reports or communications of the auditing company (art. 2624 of the Italian civil code);
  - obstruction of audit (art. 2625, para. 2 of the Italian civil code);
  - improper reimbursement of capital contributions (art. 2626 of the Italian civil code);
  - illegal allocation of profits or reserves (art. 2627 of the Italian civil code);
  - illegal transactions involving the shares or units of the company or the holding company (art. 2628 of the Italian civil code);
  - transactions to the detriment of creditors (art. 2629 of the Italian civil code);
  - non-disclosure of a conflict of interest (art. 2629-*bis* of the Italian civil code);
  - fictitious capital formation (art. 2632 of the Italian civil code);
  - improper distribution of company assets by liquidators (art. 2633 of the Italian civil code);
  - unlawful influence on the shareholders' meeting (art. 2636 of the Italian civil code);
  - market-rigging (art. 2637 of the Italian civil code);
  - obstructing supervisory authorities in the exercise of their duties (art. 2638 of the Italian civil code);
  - misuse of confidential information (articles 184 and 187-*bis* (administrative penalty) of Legislative Decree 58 of 24 February 1998);
  - market manipulation (articles 185 and 187-*ter* (administrative penalty) of Legislative Decree 58 of 24 February 1998).
- Offences committed in breach of regulations on health and safety at work
    - culpable homicide (art. 589 of the Italian penal code) committed in breach of art. 55, para. 2, of Legislative Decree 81 of 9 April 2008, or in general, of the regulations on health and safety at work;
    - Serious or critical accidental injury committed in breach of the regulations on health and safety at work (art. 590, para. 3, of the Italian penal code).
  - Other offences (summary)
    - computer offences and unlawful handling of data (articles 491-*bis*, 615-*ter*, 615-*quater*, 615-*quinquies*, 617-*quater* 617-*quinquies*, 635-

*bis*, 635-*ter*, 635-*quater*, 635-*quinquies* and 640-*quinquies* of the Italian penal code;

- offences involving counterfeit money, government bonds and certificates and official stamps (articles 453, 454, 455, 457, 459, 460, 461 and 464 of the Italian penal code);
- terrorist activities or anti-democratic activities prohibited by the Italian penal code and special laws;
- female genital mutilation (art. 583-*bis* of the Italian penal code);
- human rights violations - slavery, child prostitution and child pornography (articles 600, 600-*bis*, 600-*ter*, 600-*quater*, 600-*quinquies*, 601 and 602 of the Italian penal code);
- receiving, laundering and using money, assets or profits obtained illegally (articles 648, 648-*bis* and 648-*ter* of the Italian penal code).

### **1.3. Penalties**

The penalties for administrative offences resulting from criminal activity are:

- a) fines;
- b) disqualification;
- c) confiscation;
- d) publication of judgement.

More specifically, disqualification penalties include:

- a) prohibition from exercising business activities;
- b) suspension or cancellation of authorisations, licences or concessions relating to the offence committed;
- c) illegibility for contracts with the public administration, unless a public service is sought;
- d) exclusion from public aid, funding, grants or subsidies and the possible withdrawal of the same if already provided;
- e) a ban on advertising goods or services.

The criteria for deciding the type and extent of the penalty are described in articles 10 *et seq* of the Decree.

### **1.4. The organisational and management model and exemptions from corporate liability**

The Decree exempts companies from liability if they can prove, in court, that they have adopted and efficiently implemented organisational and

management models aimed at preventing the commission of the offences set out in the Decree, and that they have set up a Watch Structure to monitor the functioning and effectiveness of the model.

In particular, art. 6 of the Decree states that:

“If the offence has been committed by the persons indicated in art. 5, para. 1, point a), of the Decree [*editor’s note*: senior managers], the company shall not be liable if it can demonstrate that:

- a) the company’s senior management body has adopted and efficiently implemented, prior to the offence being committed, organisational and management models suitable for preventing the commission of the types of offence in question;
- b) responsibility for supervising the functioning of the models and compliance therewith, and for updating the models, has been given to a company body with autonomous operational and control powers;
- c) the persons who have committed the offence have acted with fraudulent intent in failing to comply with the organisational and management models;
- d) the supervision carried out by the body referred to in point b) above was adequate.

In relation to the granting of delegated powers and the risk of offences being committed, the models referred to in point a) of para. 1 must:

- a) identify the activities in relation to which offences could be committed;
- b) contain specific procedures for making and implementing the company’s decisions in relation to the offences to be prevented;
- c) define procedures for managing financial resources, which are aimed at preventing the commission of offences;
- d) include disclosure obligations to the body responsible for supervising the functioning of the models and compliance therewith;
- e) introduce a disciplinary system to impose appropriate penalties for non-compliance with the model's procedures.

Art. 7 of the Decree also states that:

“In the circumstances described in art. 5, para. 1, point b) [*editor’s note*: persons subject to the management or supervision of a senior manager], the company is liable if non-compliance with management or supervisory obligations made it possible for the offence to be committed.

However, such non-compliance with management or supervisory obligations does not entail liability if the company, prior to the commission of the offence, adopted and efficiently implemented an appropriate organisational, management and control model to prevent the commission of the type of offences set out in the Decree.

The model must contain procedures aimed at ensuring activities are carried out in compliance with the law and identifying and eliminating risk situations at an early stage, in relation to the particular nature and size of the organisation and the type of activity performed.

The efficient implementation of the model requires:

- a) periodic checks, with amendments to the model if significant breaches are discovered or if there are major changes in the organisation or its activities;
- b) a disciplinary system to impose appropriate penalties in the event of non-compliance with the model's procedures."

The Decree states that the organisational and management models may, provided that the requirements set out above are met, be based on codes of conduct prepared by trade associations, if they are notified to the Ministry of Justice, which, in conjunction with other competent ministries, may, within thirty days, comment on the adequacy of the models to prevent the commission of offences.

DCM, in drawing up the Model described in this document, referred to the Confindustria guidelines for establishing organisational, management and control models pursuant to Legislative Decree 231/2001, which were last updated on 31 March 2008 and subsequently approved by the Ministry of Justice on 2 April 2008.

These guidelines recommend the following steps for constructing an appropriate model:

- risk analysis: identifying the departments and sections of the company in which the offences set out in the Decree could be committed and considering the possible ways in which such offences might be committed in the areas at risk;
- preparation of a system of controls able to prevent or reduce to an acceptable level the risks of the above-mentioned offences being committed, via the adoption of appropriate procedures or following an evaluation of the company's existing control system and its adequacy. In this regard, Confindustria has suggested the following additions or amendments to the existing control system, which DCM has adopted:
  - code of ethics;
  - a transparent organisational system, formalised as necessary, especially in terms of the allocation of responsibilities, reporting lines and job descriptions;
  - manual and IT procedures to regulate activities by providing appropriate control tools;
  - powers of authorisation and signature assigned in accordance with organisational and management responsibilities;

- a management control system able to provide early warning of the existence or emergence of serious problems of a general and/or specific nature;
- information and training programmes for staff;
- provision of an adequate disciplinary system to punish breaches of the model's procedures;
- drafting of the requirements of the Watch Structure, summarised as autonomy, independence, professionalism and full-time availability;

In addition, as regards offences committed in breach of health and safety regulations, Confindustria has made the following suggestions:

- an organisational structure with formal definitions of tasks and responsibilities in the area of health and safety at work that must be consistent with the company's organisation chart and system of responsibilities;
- staff training;
- keeping staff informed and involved;
- operational management of the control system in relation to risks to health and safety integrated with the overall management of company processes;
- a safety monitoring system.

The entire internal control system should also follow these general principles:

- all transactions must be verifiable, documented, compliant and appropriate. Adequate supporting documentation showing the details of and reasons for a transaction must be kept for all operations, including the names of the persons who authorised, carried out, recorded and checked the transaction;
- according to the principle of the separation of duties, under which no company process should be managed in its entirety by a single person, processes must instead be managed in their various phases by different people, and the related powers and responsibilities must be clearly defined and consistent;
- controls must be documented.

- Disclosure obligations to the Watch Structure

The objective of the procedures included in the model can be summarised as "tracing" or the ability to find, at a later date, information on how and why company decisions were made, in order to ensure that:

- (i) transactions are transparent;

- (ii) the persons responsible for making/implementing decisions are different from those who record transactions in the company's accounts, and from those required to carry out the controls required by law on the transactions performed;
- (iii) the system for archiving documents prevents their subsequent alternation;
- (iv) reasons for accessing archived documents are always given and access is approved only by authorised persons;
- (v) no payments of any kind are made to any person unless they are appropriate and made in respect of work actually carried out;
- (vi) any bonuses are consistent with the duties and activities performed and linked to the achievement of realistic targets;
- (vii) cases in which exemptions to procedures are allowed are expressly provided for.

Lastly, it is worth pointing out that the non-adoption of specific points of the Confindustria guidelines does not in itself invalidate the Model, since the Model must correspond to the particular situation of the company to which it refers, and it may therefore deviate significantly from these guidelines, which are general in nature.

# **THE MODEL OF** **DAVIDE CAMPARI - MILANO S.P.A.**

## **GENERAL SECTION**

### **I - THE STRUCTURE OF THE MODEL AND THE COMPANY**

DCM, in keeping with the ethical and corporate governance principles on which its own code of conduct is based, has duly adopted the Model set out in this document in accordance with the resolution of the Board of Directors mentioned in the preliminary comments (in compliance with the provisions of art. 6, para. 1, point a), of Legislative Decree 231/2001), and has established a Watch Structure.

The adoption and effective implementation of the Model allow the Company to benefit from an exemption from corporate liability. In addition, the Model represents a natural addition to the corporate governance rules adopted and adhered to by the Company.

In order to prevent the commission of offences, and to obtain exemption from liability for all Campari Group companies, the resolution approving the Model requires each Group company to also adopt the Model, according to the guidelines set out in section 5 below.

Pending the approval of the related resolutions, the Chairman of the Board of Directors will provide formal notification of the Model adopted by the Parent Company to the chairmen of the boards of directors of its subsidiaries, who in turn will notify their respective companies.

DCM's Audit Committee and Board of Statutory Auditors have examined the Model and will formalise their own commitment to adhering to it in their meeting minutes, as it concerns them, at the first opportunity.

#### **1. The structure of the Model**

The Model, drawn up in compliance with the Confindustria guidelines, is an extensive system that may be described, in brief, as follows.

- Code of Ethics. The Code of Ethics, referred to below, was approved by the Board of Directors of the Company on 26 February 2004 and forms an integral part of the Model. Compliance with the rules contained in the Code of Ethics is mandatory for all of DCM's representatives, employees and partners.

- Internal audit system. This consists of a range of “tools” aimed at providing a reasonable guarantee of achieving objectives for operating efficiency and effectiveness, reliability of financial and management information, compliance with laws and regulations, and safeguarding of company assets against possible fraud. The internal audit system is based on certain general principles, which are duly defined in the context of the Organisational Model, and it applies at all levels of the Company.
- Rules and specific procedures relating to conduct. After identifying the specific areas at risk, the rules and procedures intended to minimise the risk of the commission of offences contained in the Decree were drawn up.
- Watch Structure. The Watch Structure is responsible for the functioning of the models, as well as compliance and updates. To this end, it has autonomous powers to take action and carry out controls, and appropriate financial autonomy.
- Disciplinary system. DCM has put in place an appropriate disciplinary system to punish any failure to comply with the measures included in the Model.

## **2. Recipients of the Model**

The persons to whom the Model applies are all representatives of DCM, in particular, the directors, auditors, general managers and management staff. More specifically, persons covered by the Model are senior managers and staff reporting to them who operate in areas or activities at risk, those who carry out, including in a *de facto* capacity, management, administration, senior management or control functions at the Company, Company employees, and those who, while not being employed directly by the Company, have received mandates from it or are linked to the Company by relationships of the type described in the Decree (hereinafter “the **Recipients**”).

## **3. The Company’s organisational structure**

The Company is the Parent Company of the Campari Group, which operates in the drinks sector, and has a presence in 190 countries. It holds a leading position in several markets. The main areas of operation for the Company are the spirits, wine and soft drinks segments.

The Company’s shares are listed on Italy’s electronic share market (MTA), which is managed by Borsa Italiana S.p.A.

DCM carries out its activities, at Company and Group level, in an organised and efficient manner, via appropriate operating units structured as follows:

- Corporate Departments
  - Legal Affairs and Business Development
  - Investor Relations
  - Finance, Audit and Treasury Management
  - IT
  - Human Resources
  - Marketing
  - Product Supply Chain
- Business Area Italy
  - Human Resources
  - IT
  - Administration
  - Audit
  - Marketing
  - Quality
  - Sales
  - Real Estate & Facility Management
  - Product Supply Chain
- Business Area Germany/Switzerland/Austria
- Business Area Brazil
- Business Area USA
- Business Area International
- Business Area Wines
  - Human Resources
  - Sales Italy
  - Sales International
  - Marketing and Public Relations
  - Audit
  - Plants and Production

#### **4. Powers and authorities**

DCM takes the utmost care in granting powers to represent the Company, having set up a system of authorities based on the criteria of efficiency and need. The Board of Directors, or the Managing Directors, in accordance with the powers delegated to them, grant representative powers to employees of the Company in order to improve the performance of company activities, via notarised documents that specify the scope and limits of such powers.

It also delegates powers to members of the board, in accordance with the law and the content of the report on corporate governance attached to the annual report each year.

#### **5. Application of the Model at Group companies**

Each company that is directly or indirectly controlled by DCM, and which has its registered office in Italy, is required to adopt, by 31 December 2008, following a resolution of the Board of Directors, the “Organisational, Management and Control Model”, adapting it to its individual circumstances, with particular reference to specific areas/activities at risk.

The Watch Structure of each subsidiary should preferably be the DCM Watch Structure, unless a company decides that it is necessary to set up its own Watch Structure, or to give the responsibilities of the Watch Structure directly to the senior management body, as expressly provided for in art. 6, para. 4 of the Decree. In the latter cases, the supervisory bodies or senior management bodies of the subsidiaries, where it is necessary to use external resources to carry out audits, require the prior support of the members of the Watch Structure of the Parent Company and must work with them effectively and efficiently, for example through the exchange of information and reciprocal meeting attendance.

## **II - CODE OF ETHICS**

Please visit [www.camparigroup.com](http://www.camparigroup.com)

### **III - GENERAL PRINCIPLES OF INTERNAL CONTROL**

The internal control system is defined as the process overseen by the Board of Directors, the management and other members of the Company. The objective is to arrive at a reasonable certainty as regards the achievement of the following objectives:

- effective and efficient use of resources in operating activities;
- reliability of information and business/financial reporting, while maintaining the confidentiality of company information and intellectual property;
- compliance with laws, regulations and internal procedures;
- safeguarding of company property, with a particular focus on ensuring that staff work towards achieving company objectives and put the interests of the Company first.

The internal control system is governed by general principles that apply in the same way to all organisational levels and operating units.

#### **Key principles**

- The limits of representative powers granted must be defined in terms of the normal size of transactions and the scope of operation, which must be strictly linked to the duties assigned and to the organisational structure.
- Responsibilities must be defined and duly distributed in a way that avoids the overlapping of functions and the allocation of operating responsibilities whereby a single person is in charge of too many important activities.
- No significant transaction for the operating units can be originated/implemented without adequate authorisation.
- The operating systems (procedures, organisation, processes, and IT systems) must be consistent with the Group's policies and Code of Ethics.

In particular, the Company's financial information must:

- comply with laws and regulations, accounting principles and international best practice;
- be consistent with administrative procedures;
- form part of a complete and up-to-date picture of the accounting situation.

### Risk analysis

- The objectives of each operating unit must be adequately defined and communicated to all interested parties, so that the Company's goals and general strategy can be clearly understood and pursued by all.
- The risks related to achieving these objectives must be identified, and monitored and updated on a regular basis.
- Negative events that may threaten the continued existence of the Company must be subject to an appropriate risk assessment and adequate protection must be put in place.
- Before new processes relating to products/services, organisations and systems are introduced, they must be subject to adequate evaluation of the implementation risks.

### Control activities

- Operating processes must be defined in appropriate documentation (policies, operating rules, internal procedures, etc.) available in hard copy and/or on Company systems to ensure that checks can be carried out at any time as regards appropriateness, compliance and responsibilities.
- Operating decisions must be traceable in terms of the details of and reasons for such decisions, and the persons who authorised, carried out and checked each activity must be identifiable.
- Mechanisms (reconciliations, balancing the books, etc.) must be in place for the exchange of information between adjacent phases/processes to ensure the integrity and completeness of data.
- Staff must be recruited and managed using transparent criteria consistent with the ethical principles and objectives defined by the Company.
- The professional knowledge and skills available in each operating unit must be reviewed from time to time to ensure that they are appropriate to the objectives assigned.
- Staff must receive appropriate training for the duties assigned to them.
- The purchase of goods and services for company operations must be based on an analysis of requirements and acquired from sources that are carefully selected and monitored.

### Information and communications

- An appropriate system of indicators for processes/activities must be set up, with reporting to the management and Watch Structure on a regular basis.
- IT, administrative and management systems must be integrated and standardised as much as possible.
- Safety mechanisms must provide appropriate protection of/access to data and operating equipment, according to the “need to know-need to do” principle.

### Monitoring

- The control system is subject to ongoing supervision for periodic reviews and continual updating.

## **IV - WATCH STRUCTURE**

### **1. Characteristics of the Watch Structure**

According to the provisions of the Decree (articles 6 and 7), as generally interpreted, the Watch Structure must be:

- autonomous and independent;
- professional;
- available full-time.

#### **Autonomy and independence**

The requirements of autonomy and independence make it essential for the Watch Structure's members to have no direct involvement in the management activities subject to its supervision.

These requirements can be met by placing the Watch Structure at the top of the organisational structure and ensuring that information flows directly to the Board of Directors.

#### **Professional competence**

Members of the Watch Structure must have the technical and professional skills needed to perform their duties, to ensure that supervisory activities are carried out efficiently and effectively.

#### **Full-time availability**

The Watch Structure must:

- work full-time on supervision of the Model using the appropriate investigatory powers;
- form an organic part of the Company's structure, to ensure that supervision is ongoing and integrated;
- oversee the implementation of the Model and update it on a continual basis;
- not perform operational tasks that might influence their overall view of the activities they are required to carry out.

The Audit Committee has been selected to act as the Company's Watch Structure - and delegated, in compliance with the provisions of the Decree

(art. 6 point b), to monitor the effectiveness and functioning of the Model, and compliance therewith, and to update the Model on an ongoing basis.

In consideration of the particular nature of the tasks assigned to the Watch Structure and the skills required to carry these out, the Watch Structure may be supported in the performance of its supervisory and control duties by dedicated staff from relevant company departments and by external professionals where necessary.

## **2. Appointments to the Watch Structure and its functions and powers**

The Watch Structure is appointed by resolution of the Board of Directors and remains in post for the period fixed at the time of its appointment. The Board of Directors appoints the members of the Watch Structure based on the requirements of professionalism, trustworthiness, competence, independence and operational autonomy.

The appointment ends on the date of the shareholders' meeting held to approve the accounts for the last financial year of the appointment; however, the Watch Structure continues to carry out its duties on an *ad interim* basis until it is effectively replaced.

The Watch Structure appoints a Chairman from among its members, to whom it may delegate specific functions.

The Watch Structure is required to monitor:

- compliance with the Model by Recipients of the Model;
- the adequacy and effectiveness of the Model, in relation to the company structure and in terms of its effective ability to prevent the commission of the offences contained in the Decree;
- the implementation of the Model, in relation to the procedures and practices that the Company has adopted or intends to adopt;
- the updating of the Model, when it becomes necessary to amend it as circumstances change.

In a more operational sense, the Watch Structure is also responsible for:

- a) implementing the control procedures included in the Model - although control activities remain the responsibility of the person in charge of each aspect of operational management ("line management system") and are considered an integral part of all company processes;
- b) analysing company activities for the purposes of mapping areas of risk and updates;
- c) co-operating with other company functions to monitor activities in areas at risk and identifying any unsatisfactory conduct that may

emerge in the course of analysing information flows, including the reports that the heads of the various departments are required to submit;

- d) working in conjunction with department heads on the formulation and implementation of information and training programmes for staff on the aims and requirements of the Model;
- e) co-ordinating with the supervisory bodies of the Group's subsidiaries, where appointed, or carrying out supervisory activities on behalf of subsidiaries;
- f) ascertaining whether the Model needs to be updated;
- g) carrying out regular checks to ensure that the Model's procedures are being complied with, especially in relation to specific operations and actions put in place in areas/activities at risk;
- h) collating, processing and storing information required by the Model, and updating the list of mandatory information to be submitted to the Watch Structure or made available to it in accordance with section 5 below;
- i) checking that the documentation required by the Model in respect of the different types of offence has been obtained and kept up-to-date ;
- j) working together with the various company business areas and departments to identify further areas at risk to be mapped and to draft additional procedures and measures aimed at preventing the commission of the offences contained in the Decree;
- k) in the event that a breach of the Model is identified, notifying this to the Chairman of the Board of Directors and/or a Managing Director as soon as possible, so that the appropriate disciplinary measures can be applied, and if the breach concerns a senior manager and/or a board member of the Company, informing the Board of Directors and Board of Statutory Auditors immediately.

In order to carry out the above-mentioned duties, the Watch Structure:

- has extensive investigatory powers and access to company documents;
- is provided with adequate funding and suitably qualified personnel;
- receives support and co-operation from the various company structures affected by or involved in control activities.

The members of the Supervisory Board are required to keep confidential all information that they acquire while carrying out their duties or activities.

### **3. Activities and reporting of the Watch Structure**

- The Supervisory Board reports directly to the Chairman of the Board of Directors on an ongoing basis.

Minutes are taken of these meetings, which are kept by the Chairman.

The Supervisory Board also submits regular written reports on the implementation, updating and effectiveness of the Model to the Board of Directors, the Audit Committee and the Board of Statutory Auditors.

The Supervisory Board also works closely with the relevant company departments on the various aspects of its activities, and in particular, but not exclusively, with the Internal Audit and Legal Affairs departments.

### **4. Periodic checks**

The Watch Structure is responsible for making regular checks on the Model, by carrying out specific research, analysis and controls of existing procedures, company dealings and major agreements/contracts relating to the activities in areas at risk.

It also formulates and updates the programme of checks (or supervision programme) on a systematic basis.

### **5. Collating and storing information**

The company departments concerned must make available to the Watch Structure all information, including from third parties, that relates to the implementation of the Model, as well as the documentation required to comply with its individual sections.

In particular, the Watch Structure must be notified promptly of:

- a) decisions relating to applications for, receipt of, and use of public funds;
- b) requests for legal assistance from senior managers, employees or any other person entitled to legal assistance who is being prosecuted for an offence contained in the Decree;
- c) measures and/or communications issued by any criminal investigation office, or by any other authority, from which it can be inferred that an investigation is under way, even if the parties involved are unknown, in respect of an offence contained in the Decree;
- d) communications relating to compliance with the Model at all levels of the Company that mention any disciplinary procedures launched and penalties imposed, or announce that such procedures have been abandoned, stating the reasons;

- e) reports prepared by the heads of other company departments as part of their control activities, from which significant facts, actions, events or omissions relating to compliance with the provisions of the Decree may emerge;
- f) the Company's system of powers and authorities;
- g) From time to time, the Watch Structure may supplement and/or amend this list as it deems necessary.

In addition, any information or report, including of an informal nature, relating to the provisions of the Company's Model and the Decree, must be communicated to the Watch Structure, which, in receiving it, must, where necessary, ensure the anonymity of the reporting person(s), notwithstanding legal obligations and the protection of the rights of the Company or individuals implicated erroneously or unfairly.

A dedicated email address ([organismo231@campari.com](mailto:organismo231@campari.com)) has been set up to receive such communications, which can only be accessed by members of the Watch Structure.

## **V - DISSEMINATION OF THE MODEL**

### **1. Communication and information**

In order to ensure that the Company's Model is effective, DCM aims to ensure that all existing and future employees are aware of the rules of conduct contained therein, to different levels of detail depending on the degree of involvement in sensitive processes.

The adoption of the Model will be communicated to all existing staff, which will be able to download it from the Company's website [www.camparigroup.com](http://www.camparigroup.com).

New employees, however, will be given a set of documents, including, for example, the Code of Ethics, the national collective labour agreement and the Model, so that they can familiarise themselves with this important information.

Information and training programmes are implemented by the Human Resources department in conjunction with the Watch Structure and the heads of the other departments who, from time to time, are involved in the application of the Model.

The content and delivery of training activities aimed at raising awareness of the regulations contained in the Decree are tailored to the different levels of employment and the related level of risk, taking into account whether or not employees act as representatives of the Company.

The Watch Structure is required to carry out quality controls on the content of training programmes, which, as a minimum, will have an explanation of the principles of the Decree, the elements making up the Model, the individual offences contained in the Decree and the type of conduct that may potentially lead to the commission of the above-mentioned offences.

DCM promotes awareness of the Model and compliance therewith among its commercial and financial partners, advisors, staff, clients, suppliers and other partners, to the extent that they may contribute to compliance with the Model and its effectiveness.

## **VI - DISCIPLINARY SYSTEM**

### **1. General principles**

The effectiveness of the Model also depends on the adequacy of the disciplinary system for breaches of the rules of conduct, and more generally, of procedures and internal regulations.

The application of disciplinary measures for breaching the rules of conduct and failing to comply with company procedures is separate from any criminal proceedings and the outcome thereof, in that these rules have been adopted independently by the Company, regardless of the fact that such conduct may also be of a criminal nature.

The penalties imposed are commensurate with the seriousness of the breach and whether or not it is the first occurrence; any repeated breaches may lead to the employee's dismissal.

An incorrect interpretation of the principles and rules set out in the Model may be considered in mitigation only if the employee has acted in good faith, and where comprehension of the Model's procedures exceeds the limits of the level of knowledge required of a conscientious person.

### **2. Penalties for employees**

Except where provided for in law, the penalties laid down in the applicable national collective labour agreement (CCNL) are applied to employees in accordance with the procedures set out in art. 7 of the *Statuto dei lavoratori* (charter of workers' rights).

The following factors will be taken into account when imposing penalties:

- the extent to which the conduct was intentional and the degree of negligence, carelessness or inexperience, with further reference to the predictability of the event;
- the employee's overall conduct, and especially, whether or not previous breaches have been committed;
- the employee's duties;
- the position and level of responsibility and autonomy of the persons involved in the offence;
- any other particular circumstances in which the offence was committed.

Notification of an offence, and the related disciplinary proceedings and imposition of penalties, are the responsibility of those given the relevant powers by the Company's management, within the limits of these powers.

### **3. Measures in respect of senior managers**

Any breach of the Model by a senior manager constitutes non-compliance with the obligations of the working relationship pursuant to art. 2104 of the Italian civil code (employee's duty of care).

Given that, unlike the provisions for other employees, the applicable national collective labour agreement does not indicate specific penalties for non-compliance with the Model by senior managers or inappropriate conduct while carrying out activities in the context of sensitive company processes, the Company will apply the measures it deems appropriate, which will be consistent with the guidelines set out in the applicable national collective labour agreement.

### **4. Measures in respect of members of the Board of Directors**

In the event of a breach of the Model by a member of the Board of Directors, the Supervisory Board will report this immediately to the Board of Directors and Board of Statutory Auditors, who will take action within the limit of their powers, including, for example, calling a shareholders' meeting, in order to take the most appropriate measures provided for in law.

### **5. Measures in respect of auditors**

Upon notification of a breach of the provisions and rules of conduct of the Model by one or more auditors, the Supervisory Board must inform all members of the Board of Statutory Auditors and the Board of Directors as soon as possible.

The recipients of the Watch Structure's report may take action, in accordance with the Company's Articles of Association, including, for example, calling a shareholders' meeting, with the aim of imposing the most appropriate measures provided for in law.

### **6. Measures in respect of associates and partners**

The commission of the offences contained in the Decree or any breach of the Model by associates, partners or suppliers shall entail, for the company departments that have dealings with the above-mentioned parties, the obligation to take action under the agreements held with such parties and the laws protecting the Company's rights.

# **SPECIAL SECTION - RULES AND SPECIFIC PROCEDURES FOR SENSITIVE PROCESSES AND AREAS AT RISK**

## **I - DCM'S SENSITIVE PROCESSES**

DCM conducted an in-depth analysis to identify the sensitive processes and areas where there is a risk of the offences contained in the Decree being committed. In light of this, it emerged that the offences at risk of being committed, taking into account the specific nature of corporate activity, are currently, in roughly descending order of risk, the following:

- market abuse;
- corporate offences;
- culpable homicide and serious or critical accidental injury committed in breach of the regulations on health and safety at work;
- computer offences and the unlawful handling of data;
- offences against the public administration;
- receiving, laundering and using money, assets or profits obtained illegally;
- transnational offences.

Risks relating to other types of offence included in Legislative Decree 231/2001 appear fairly negligible.

The classification of risks relating to the various types of offence can be explained by the specific nature of DCM. For example, as it is a company listed on regulated markets, it is subject to strict legislative and regulatory control, as stipulated by law for this type of company. As a result, there is a greater a priori risk of market abuse offences, clearly followed by corporate offences, which are a risk in all limited liability companies, especially listed companies.

Similarly, the high risk of committing offences in breach of health and safety regulations - albeit that this risk is present in any company - stems in particular from the industrial nature of the company's activity. The risk of offences relating to work accidents increases considerably in the Company's production facilities, owing partly to the dangerous substances (alcohol and derivatives) used in the production processes.

However, the risk of an offence being committed against the public administration is not particularly high inasmuch as the Company's dealings with the public administration are the same as those of any company (permits, health certificates, disputes, inspections, etc.). It does not have

significant contact or relationships directly connected with its specific corporate activity.

In any case, all company procedures must be carried out in compliance with existing legislation, the Code of Ethics and the regulations set out in this Model and relevant implementing procedures.

As a general rule, the company's organisational structure must comply with the basic requirements of formalisation, transparency, communication and separation of duties, especially regarding the allocation of responsibilities and representative powers, and the definition of reporting lines and operational activities.

Indictable offences for each category of offence are summarised in the following paragraphs along with the general principles and the specific procedural rules adopted by DCM to prevent such offences being committed.

## **II - MARKET ABUSE (ART. 25-SEXIES OF THE DECREE AND 187-QUINQUIES OF LEGISLATIVE DECREE 58/1998)**

### **1. Relevant legislation**

Art. 25-*sexies* of the Decree establishes corporate criminal - administrative liability for offences relating to the misuse of confidential information and market manipulation set out in articles 184 and 185 of Legislative Decree 58/1998.

Art. 187-*quinquies* of Legislative Decree 58/1998 also provides for the organisation's liability for the administrative penalties set out in articles 187-*bis* (misuse of confidential information) and 187-*ter* (market manipulation).

The legislation relating to indictable offences is described briefly below.

#### **Misuse of confidential information (art. 184 of Legislative Decree 58/1998)**

This offence is committed by anyone who, being in possession of confidential information obtained as a result of his/her membership of the management boards of a company that issues financial instruments listed on the regulated markets, or during the exercise of his/her duties, profession, role or office, whether public or not:

- buys or sells financial instruments or undertakes other transactions on them, directly or indirectly, on his/her own account or on behalf of third parties, using the confidential information acquired by the above means;
- communicates such information to another person, other than in the exercise of his/her normal duties, profession, role or office;
- advises or induces others, based on the confidential information in his/her possession, to execute transactions listed under the first point above.

The misuse of confidential information offence is also committed by anyone who, being in possession of confidential information obtained while planning or committing an offence, undertakes one of the above-mentioned actions (this is the case for example with a hacker, who after illegally accessing a company's IT system, obtains price-sensitive confidential information).

#### **Misuse of confidential information (art. 187-*bis* of Legislative Decree 58/1998)**

Conduct punishable by administrative law is the same as that subject to criminal penalties with the main difference that intent is not a necessary condition for the penalty to be applied.

#### Market manipulation (art. 185 of Legislative Decree 58/1998)

This offence is committed by anyone who spreads false information ("manipulation of information") or carries out fake transactions or other acts of deception directly aimed at causing a considerable change in the price of financial instruments ("manipulation of trading").

#### Market manipulation (art. 187-ter of Legislative Decree 58/1998)

This administrative offence is committed by anyone who, notwithstanding the provisions of art. 185, spreads information, rumours, or fictitious or misleading news via the media, including the internet or by other means, that provides or is likely to give rise to false or misleading views on financial instruments.

The inclusion of this administrative offence takes no account of whether the conduct is in fact able to significantly change the price of the financial instruments.

Art. 187-ter, para. 3 of Legislative Decree 58/1998 also stipulates sanctions for anyone who carries out:

- transactions or orders to trade, which give or are likely to give false or misleading information on the supply of, demand for or price of financial instruments;
- transactions or orders to trade, which secure by the conduct of one or more persons acting in collaboration, the market price of one or more financial instruments at an abnormal or artificial level;
- transactions or orders to trade, which employ stratagems or any other form of deception;
- other actions to provide false or misleading information on the supply of, demand for or price of financial instruments.

## **2. Sensitive processes**

The areas considered to contain a higher risk of the above-mentioned offences being committed appear to be those connected with the handling of confidential information, that is, concrete information that is not in the public domain and that directly or indirectly concerns one or more issuers of financial instruments, or one or more financial instruments which, if made public, could have a considerable influence on the price of such financial instruments.

### **3. General principles of conduct**

DCM adopts corporate policies in line with the regulations and principles of the legislation on market abuse.

Individuals recorded in the register of persons with access to confidential information, in accordance with art. 115-*bis* of Legislative Decree 58/1998, are prohibited from initiating, collaborating in, or causing behaviour that individually or collectively, directly or indirectly, amounts to the penal or administrative offence listed above.

Specifically, these individuals are expressly prohibited from:

- using confidential information gained as a result of their role in the Company or by dint of being in business relationships with the Company, to directly or indirectly trade shares of the Company or Group companies or any other listed company for personal gain, or for the benefit of third parties, the Company or other Group companies;
- disclosing to third parties confidential information relating to the Company or the Group, except in cases where such disclosure is required or permitted;
- disseminating false or misleading market information on the Company or Group via the media, including the internet or any other means;
- undertaking transactions which have the effect of fixing, directly or indirectly, the sale or purchase price of financial instruments at an abnormal or artificial level, or which cause other irregular trading conditions;
- publishing a valuation of a financial instrument (or indirectly of its issuer) after having previously taken a position on the financial instrument, thereby benefitting from the effect of the publicised valuation on the price of the instrument, without notifying the public of this conflict of interest;
- creating, in collaboration with other parties, unusual concentrations of transactions on a particular financial instrument.

### **4. Specific procedures**

In accordance with the corporate governance system and the principles of the Code of Ethics, the handling of confidential information must comply with the procedure for the handling of confidential information and the procedure for the maintenance and update of the register of persons with access to confidential information, approved by DCM, which set out, in general terms:

- the duties and roles of the individuals responsible for handling such information;
- the regulations governing the dissemination of such information, together with the procedures that those responsible are required to follow for handling and publishing it;
- the criteria for determining whether the information is “confidential” or likely to become so;
- measures to protect, maintain and update the information, and to prevent its improper and unauthorised disclosure within or outside the company;
- the individuals who, as a result of their working or professional activity, or in the fulfilment of their role, have access to confidential information or information likely to become confidential;
- regulations on the maintenance and update of the register of persons with access to confidential information, pursuant to art. 115-*bis* of Legislative Decree 58/1998 and articles 152-*bis et seq* of Consob Regulation 11971/1999. The procedures set out in particular the criteria for updating the register and restrictions on access to the same.

Transactions to purchase own shares must take place in compliance with internal procedures, where they exist, and in any case, with applicable legislation and regulations.

In the event of doubt, before undertaking any transaction on one of the Company’s listed financial instruments, it is advisable to request a prior opinion from the head of Corporate Affairs.

The Company has a periodic information programme for persons on the register pursuant to art. 115-*bis* on the penal and administrative offences of market abuse and on the Company’s relevant procedures.

The Company’s procedures for the prevention of market abuse may also be updated at the request or recommendation of the Watch Structure.

Exceptions to these procedures may be permitted, on the responsibility of the person who implements them, only in cases where a decision is required to be made or implemented with particular urgency, or in cases where it is temporarily impossible to comply with the procedures. The employee departing from these procedures is required to seek prior approval and subsequent ratification from his/her line manager. In addition, he/she must notify the Watch Structure immediately.

### **III - CORPORATE OFFENCES (ART. 25-TER OF THE DECREE)**

#### **1. Relevant legislation**

Art. 25-ter establishes an organisation's liability in respect of the commission of several corporate offences. A brief description of each offence is given below.

##### False corporate reporting (art. 2621 of the Italian civil code)

The offence is committed when a company's directors, general managers, directors responsible for preparing the company accounts, auditors and liquidators, with the intention of deceiving shareholders or the public and for the purpose of procuring for themselves or third parties an undue gain, misstate material facts, including valuations, in the accounts, reports or other corporate communication legally required to be disclosed to shareholders or the public, or omit information legally required to be disclosed on the financial situation of the company or group to which it belongs, in such a manner as to mislead recipients on the company or group's position.

The offence is also punishable if it relates to information on assets held or managed by the company on behalf of third parties.

If the misstatements or omissions do not significantly misrepresent the financial situation of the company or group to which it belongs, the offence is not punishable by law. It is not therefore punishable if the misstatements or omissions lead to a variation in the pre-tax annual result of not more than 5% or a variation in shareholders' equity not exceeding 1%.

In any event, the act is not punishable if it is the result of using estimated figures which, when considered individually, do not differ by more than 10% from the correct figures.

##### False corporate reporting to the detriment of the company, its shareholders or creditors (art. 2622 of the Italian civil code)

This offence, described at art. 2622 of the Italian civil code, occurs if one of the actions under art. 2621 causes pecuniary loss to the company, shareholders or creditors.

This offence may be prosecuted if the injured party brings an action; except where it concerns listed companies, in which case it will be prosecuted directly by the state.

### False reporting in prospectuses (art. 173-bis of Legislative Decree 58/98)<sup>2</sup>

Art. 34 of Law. 262/2005 introduced a new article, 173-*bis*, in Legislative Decree 58/1998, following on from the repealed art. 2623 of the Italian civil code. This describes the offence, punishable by one to five years' imprisonment, whereby an individual, for the purpose of procuring undue gain for himself/herself or for third parties, and with the intent to deceive, misstates facts or withholds information and news in prospectuses aimed at soliciting investment or admission to listing on regulated markets, or in documents to be published in connection with IPOs or securities exchange offers in ways intended to mislead the recipients.

It stipulates that:

- there must be an awareness of the misstatement and an intent to deceive the recipients of the prospectus (wilful deceit);
- the conduct must be likely to mislead the recipients of the prospectus;
- the conduct must be aimed at securing an undue gain for the perpetrator or third parties (specific intent).

### False statements in the reports or communications of the auditing company (art. 2624 of the Italian civil code)

The individuals liable for this offence are external auditors, who, for the purpose of securing undue gain for themselves or third parties, knowingly and with the intent to deceive, misstate or withhold information on the financial situation of the company, organisation or audited body in reports or other communications in ways likely to mislead the recipients of said communications.

The perpetrators of this offence by its nature necessarily belong to the auditing firm. However, members of the management boards of the Company and its employees may also be involved in the offence as accessories.

### Obstruction of audit (art. 2625 of the Italian civil code)

The individuals liable for this offence are directors who by preventing or obstructing the statutory auditing or monitoring activities legally attributed to the company's shareholders, corporate bodies or external auditors, by withholding documents or by other stratagems, cause loss or damage to shareholders.

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<sup>2</sup> See note 1.

Improper reimbursement of capital contributions (art. 2626 of the Italian civil code)

The individuals liable for this offence are directors who, except in the case of the legitimate reduction of share capital, refund, or fictitiously refund, capital to shareholders or release them from the obligation to contribute capital.

Illegal allocation of profits or reserves (art. 2627 of the Italian civil code)

This offence, for which directors are liable, consists of the distribution or advance payment of profits that the company did not actually earn or which are statutorily earmarked for reserves, or the distribution of statutorily non-distributable reserves.

Note also that the return of profits or the re-creation of reserves before the statutory deadline for the approval of the financial statements cancels the offence.

Illegal transactions involving the shares or units of the company or holding company (art. 2628 of the Italian civil code)

This offence, for which directors are liable, entails the purchase or subscription of shares or units of the company or holding company, which reduces the company's share capital or statutorily non-distributable reserves.

If the company's share capital or reserves are re-created before the statutory deadline for the approval of the financial statements for the year in which the action occurred, the offence is cancelled.

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

Directors who, in breach of the legislation on the protection of creditors, undertake share capital reductions or mergers with other companies, or de-mergers, which cause loss or damage to creditors.

Compensation paid to creditors for the losses caused before the verdict is announced cancels the offence.

Failure to disclose a conflict of interest (art. 2629-bis of the Italian civil code)

This offence is committed when a director or member of the management board of a company with shares listed on Italian or other EU member countries' regulated markets, or with a significant portion held by public investors, pursuant to art. 116 of Legislative Decree 58 of 24 February 1998 as amended, or of a body subject to supervision pursuant to

Legislative Decree 385 of 1 September 1993, the above-mentioned Legislative Decree 58 of 1998, Law 576 of 12 August 1982 or Legislative Decree 124 of 21 April 1993, fails to inform the other directors and the Board of Statutory Auditors of any personal interest or interest on behalf of a third party in a particular company transaction, giving details of the nature, terms, origin and amount.

If the conflict of interest relates to the chief executive officer, he/she must also refrain from undertaking the transaction, but must refer it to the collective body.

#### Fictitious capital formation (art. 2632 of the Italian civil code)

The offence is committed when the directors or contributing shareholders fictitiously form or increase the company's capital by allocating shares or units in excess of the company's share capital, reciprocally subscribe to shares or units, or significantly overvalue the contribution of assets in kind, receivables or corporate assets in the case of their transformation.

#### Improper distribution of company assets by liquidators (art. 2633 of the Italian civil code)

The offence, for which the liquidators are liable, is committed when the company's assets are distributed among the shareholders before its creditors are paid or appropriate funds earmarked to discharge this liability, causing loss or damage to creditors. Compensation paid to creditors for the losses caused before the verdict is announced cancels the offence.

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

This conduct typically consists of determining a majority at the shareholders' meeting by engaging in fake or fraudulent actions, aimed at obtaining undue profit for oneself or others.

#### Market-rigging (art. 2637 of the Italian civil code)

This offence is committed by anyone who spreads false information or carries out fake transactions or other stratagems specifically intended to cause a considerable change in the price of unlisted financial instruments or securities for which no application has been made for admission for trading in a regulated market, or which significantly affects the public's confidence in the financial stability of banks or banking groups.

### Obstructing the public supervisory authorities in the exercise of their duties (art. 2638 of the Italian civil code)

Those liable for this offence are directors, general managers and directors responsible for preparing the company accounts, auditors and liquidators of the company or other bodies subject by law to monitoring by public supervisory authorities, or with obligations to these authorities who, with the intent to obstruct the supervisory authorities in the exercise of their duties, misstate material information, including valuations, on the financial position of the companies under supervision, in legally required communications to the above-mentioned statutory authorities, or, for the same ends, and using other fraudulent means, withhold in whole or in part, information that should have been communicated on their financial situation.

Directors of the board, general managers and directors responsible for preparing the company accounts, auditors, company liquidators, or bodies and organisations subject by law to monitoring by public supervisory bodies or with obligations to the same, who wilfully obstruct the exercise of the duties of the supervisory authorities in any way, including by withholding communications they are required to submit to them, are also liable to penalties.

## **2. Sensitive processes**

The activities carried out by DCM in the areas where potentially there is a risk of corporate offences being committed are generally governed by internal written procedures that comply with the criteria stipulated by the Decree.

The areas deemed to contain a higher risk of the above-mentioned offences being committed (sensitive processes) are the following:

1. activities relating to the recognition, recording and representation of the company's operations in the accounting records, reports and other company documents (i.e. the preparation of the financial statements, reports on operations, consolidated accounts and other corporate communications such as analysis and research on financial instruments);
2. corporate transactions that could reduce the share capital;
3. corporate information and relationships with supervisory bodies, the press and the media (management of company information; communication of key information to the market);
4. activities or conduct engaged in when carrying out the controls stipulated by law, the internal control system, the Model or its implementing procedures, that might obstruct the audit of operations or the company's accounts;

5. activities involving a potential conflict of interest and especially those which could be prejudicial to shareholders, creditors and third parties;
6. buying and selling shares and bonds that are not traded on the Italian or European regulated markets; concluding derivatives contracts that are not traded on the Italian or regulated markets;
7. managing audits;
8. documenting, archiving and storing information on corporate activity;
9. managing financial resources.

In addition to the specific principles of conduct relating to the above-mentioned risk areas, this section reflects the general principles of conduct contained in the Company's Code of Ethics.

### **3. General principles of conduct**

In addition to the regulations contained in this Model - especially those set out in subsequent paragraphs - Recipients of the Model must, in the exercise of their duties relating to corporate management, according to their degree of involvement in the above-mentioned sensitive processes, be aware of and comply with:

- the principles of corporate governance approved by DCM, which reflect applicable regulations and international best practice;
- the internal control system, company procedures and the documentation and provisions relating to the Company's organisational and administrative structure and management control system;
- the Code of Ethics;
- regulations on the administrative, accounting, financial and reporting system.

In addition, it is expressly prohibited for Recipients of the Model involved in highly sensitive processes to;

- engage in, collaborate in or cause any conduct that, individually or collectively, directly or indirectly, amounts to one or more of the above-mentioned offences (art. 25-ter of Legislative Decree 231/2001);
- breach the corporate principles and procedures in this section.

Consequently, the above-mentioned individuals are expressly required to:

1. adopt proper, transparent and co-operative conduct that complies with legislation and internal company procedures in all activities relating to the preparation of the financial statements and other corporate communications, in order to provide shareholders and third parties with true and fair information on the financial position of the Company and its subsidiaries;
2. rigorously observe all laws aimed at safeguarding the integrity and existence of the Company's share capital, in order not to invalidate the guarantees provided by creditors and third parties in general;
3. behave in such a way as to facilitate the proper functioning of the board of directors and Board of Statutory Auditors and the Company's administrative, accounting and organisational system, thereby allowing and facilitating all internal control measures relating to corporate management as required by law, as well as ensuring that decisions taken by the shareholders' meeting are made freely and properly;
4. send all communications required by law and regulations to the supervisory authorities promptly, correctly and in good faith, without obstructing in any way the exercise of said authorities' duties.

With reference to the above-mentioned conduct, it is prohibited, in particular, to:

(relating to point 1 of the previous section):

- present or convey for use in the financial statements, reports, prospectuses or other corporate communications, false, incomplete or otherwise untrue information on the financial situation of the Company and its subsidiaries;
- omit facts and information required by law on the financial position of the Company and its subsidiaries;

(relating to point 2 of the previous section):

- refund capital to shareholders or release them from the obligation to contribute capital, except in the case of the legitimate reduction of share capital;
- distribute or make advance payments of profits that the company did not actually earn or which are statutorily earmarked for reserves;
- purchase or subscribe to shares of the Company or its subsidiaries except in cases permissible by law, causing a reduction to the Company's share capital
- undertake share capital reductions, mergers or de-mergers, in breach of the legal provisions aimed at safeguarding creditors, thereby causing loss or damage to the said creditors;

- fictitiously create or increase the Company's share capital, by allocating shares at below par value in a share capital increase;

(relating to point 3 of the previous section):

- engage in conduct that materially prevents or obstructs the Board of Statutory Auditors or external auditors from carrying out their audit activities, by withholding documents or other fraudulent means;
- determine or influence the passing of resolutions by the shareholders' meeting, by engaging in false or fraudulent actions intended to interfere with the procedure for ensuring that shareholder decisions are made properly;

(relating to point 4 of the previous section):

- fail to submit complete, accurate and timely reports as required by law and applicable regulations to the supervisory authorities that monitor the Company's business, or provide the information and documents required by the regulations and/or specifically requested by the above-mentioned authorities;
- disclose untrue facts, or withhold significant facts on the Company's financial position, in the above-mentioned communications and reports;
- engage in any conduct that obstructs supervisory bodies (including during inspections by the public supervisory authorities) from exercising their duties (express opposition, spurious refusals, obstructive behaviour or failure to co-operate, such as delays in communication or providing documents).

#### **4. Specific procedures**

For the purposes of implementing the rules listed in the previous paragraphs, in addition to the general procedures contained in this Model, the specific procedures for individual sensitive processes described below must also be complied with.

##### **4.1. Preparation of reports to shareholders and/or third parties on the Company's financial position**

Documents relating to the Company's financial situation (**annual results and consolidated financial statements accompanied by the relevant statutory reports, etc.**) must be prepared on the basis of specific company procedures that:

- define clearly and comprehensively the information and facts that each department must provide, the accounting criteria for analysing the data, and the deadline for their delivery to those responsible for preparing the accounts;

- require the submission of data and information to those responsible by means of an IT or other system that enables individual entries to be traced and the people entering the data in the system to be identified;
- stipulate the criteria and procedures for analysing and submitting figures for the consolidated financial statements by the companies included in the basis of consolidation.

#### **4.2. Managing relationships with the auditing company**

DCM's relationship with the external auditors should operate in complete compliance with applicable regulations. Specifically, the external auditors and companies and professional bodies from the same networks as the external auditors must not provide consultancy on activities that are separate from and incompatible with financial auditing. Any exceptions must be promptly brought to the attention of the director responsible for preparing the Company's financial statements and may only be authorised by the Board of Directors, after consulting the Board of Statutory Auditors and subject to the reasoned opinion of the Internal Audit Committee.

#### **4.3. Preparing reports to the supervisory authorities and managing relationships with them**

In order to prevent the commission of the offences of false reporting to the supervisory authorities and obstructing the supervisory authorities in the exercise of their duties, DCM's activities that are subject to monitoring by the public authorities in accordance with specific regulations must be carried out in accordance with the existing internal procedures as regards:

- periodic reporting to the authorities as required by law and the appropriate regulations;
- submission to the authorities of the documents required by law and the appropriate regulations (e.g. company results and the minutes of the meetings of the Board of Directors and the Board of Statutory Auditors);
- submission of information and documents specifically requested by the supervisory authorities;
- conduct to be maintained during audits.

## **5. Other regulations aimed at preventing corporate offences generally**

In addition to the existing corporate governance rules and procedures, the Company offers the following supplementary safeguards:

- a regular information programme on corporate governance regulations and corporate offences for the relevant employees;
- regular meetings between the Board of Statutory Auditors and the Watch Structure to verify compliance with company and corporate governance law;
- the formalisation and/or update of internal regulations and procedures on compliance with company law.

## **IV - OFFENCES COMMITTED IN BREACH OF THE LAW ON HEALTH AND SAFETY IN THE WORKPLACE (ART. 25-SEPTIES OF THE DECREE)**

### **1. Relevant legislation**

Art. 9 of Law 123 of 3 August 2007 amended the Decree, with the introduction of art. 25-septies, subsequently amended by art. 300 of Legislative Decree 81 of 9 April 2008. This made companies liable in cases of culpable homicide or serious or critical injury in breach of the law on health and safety in the workplace.

#### **Culpable homicide (art. 589 of the Italian penal code)**

The offence is committed when a person through negligence causes the death of another individual.

However, the criminal offence covered by Legislative Decree 231/2001 solely concerns hypothetical situations in which death was not caused by general negligence, that is by inexperience, carelessness or negligence, but rather by specific negligence consisting of a breach of health and safety regulations at work.

The penalty for the Company is significantly greater in the cases covered by art. 55, para. 2 of Legislative Decree 81/2008, that is if the offence is committed in companies that carry out dangerous activities in their broadest sense.

#### **Serious or critical accidental injury (art. 590, para. 3, of the Italian penal code)**

Under the Decree, the offence is committed when a person causes serious or critical injury to another individual in breach of regulations on health and safety at work.

Pursuant to art. 583, para. 1 of the Italian penal code, injury is considered to be serious in the following cases:

*"1) if the event causes an illness that puts the life of the injured person in danger, or an illness or incapacity that makes it impossible for the individual to carry out ordinary occupations for a period of greater than forty days;*

*2) if the event causes permanent damage to one of the senses or an organ".*

Pursuant to art. 583, para. 2 of the Italian penal code, the following injuries are considered to be critical:

*"an illness that is definitely or probably incurable;*

*the loss of one of the senses;*

*the loss of a limb, or mutilation that makes a limb unusable, or the loss of the use of an organ or the capacity to procreate, or permanent or serious speech difficulties;*

*deformity or permanent disfigurement of the face".*

## **2. Sensitive processes**

The risks of these offences being committed affect all company processes and activities. All processes relating to compliance with and implementation of the provisions and procedures set out in Legislative Decree 81/2008 seem particularly at risk.

## **3. General principles of conduct and specific procedures - compliance with Legislative Decree 81 of 9 April 2008**

Regarding the offences in question, the Model is effectively implemented through careful compliance with Legislative Decree 81/2008. It is not possible in this Model to refer to all the provisions contained in the Decree, which therefore constitutes in its entirety an integral part of the Model, in relation to which the Watch Structure may exercise all its prerogatives, with the assistance of specialised personnel if necessary.

This Model focuses solely on the general principles and areas of greatest interest, so that, to the extent to which they are involved in carrying out activities at risk, its Recipients may comply with the rules of conduct as set out by the laws in question, in order to prevent offences under art. 25-*septies* of Legislative Decree 231/2001 from being committed. The Model, however, also takes into account the variety of positions held by its Recipients, and therefore their different obligations pursuant to Legislative Decree 81/2008.

Generally, DCM implements the criteria and general measures set out below in all activities regarding health and safety at work. The Company:

- assesses all health and safety risks;
- plans preventative measures, aimed at integrating technical production conditions and the influence of environmental factors and work organisation into a coherent whole;
- eliminates risks, and where this is not possible, reduces them to a minimum by using the expertise it has acquired through technological progress;
- complies with ergonomic principles in the organisation of work, the planning of work stations, the choice of equipment and the definition of work and production methods, particularly in order to reduce the effects on health of monotonous or repetitive work;
- reduces risks at source;

- replaces dangerous elements with those that are not dangerous or less dangerous;
- limits to a minimum the number of workers who are, or may be, exposed to risk;
- limits the use of chemical, physical and biological agents in the workplace;
- gives priority to collective protection measures rather than those relating to individual protection;
- carries out health checks on workers;
- moves workers away from exposure to health risks relating to their person and where possible, assigns them to other duties;
- provides appropriate information and training for workers, directors, managers and workers' health and safety representatives;
- prepares appropriate instructions for workers;
- involves and consults workers and workers' health and safety representatives;
- plans measures considered appropriate to ensure improved safety levels over time, including through the adoption of codes of conduct and best practice;
- prepares emergency measures to be implemented in the event of injury, fire, evacuation of workers and serious and immediate danger;
- uses warning and safety signs;
- carries out regular maintenance of premises, plant and equipment, particularly in relation to safety equipment, in compliance with the manufacturers' instructions.

Furthermore, the Company does its utmost to ensure that it is in full compliance with all the requirements laid down in Legislative Decree 81/2008 in relation to the following:

- obligations of the employer, directors and managers;
- obligations of the workers;
- allocation of responsibilities in compliance with the requirements of professionalism imposed by Legislative Decree 81/2008 and art. 16 of the above-mentioned Decree regarding the delegation of functions;
- assessment of risks and drafting of the document pursuant to art. 17, para. 1, point a of Legislative Decree 81/2008;
- prevention and protection measures and the monitoring of their effectiveness;

- provision of staff training and information;
- health controls;
- management of emergencies;
- consultation and involvement of workers' representatives;
- creation, updating and maintenance of documentation and records required by applicable regulations;
- definition of internal procedures for effective compliance with applicable regulations;
- tenders, works or supply contracts.

## **V - INFORMATION TECHNOLOGY OFFENCES (ART. 24-BIS OF THE DECREE)**

### **1. Relevant legislation**

Law 48 of 18 March 2008, which introduced art. 24-*bis* of the Decree, established the liability of companies in the event that certain information technology offences are committed. A brief description of these is provided below.

#### **Unlawful access to an IT system (art. 615-*ter* of the Italian penal code)**

This offence is committed when a person gains unlawful access to an IT system protected by security measures or does so against the explicit or tacit wishes of those with the right to exclude him/her.

#### **Unlawful holding and communication of access codes to IT systems (art. 615-*quater* of the Italian penal code)**

This offence is committed when, in order to obtain a profit for himself or others, or to cause damage to others, a person procures, reproduces, spreads, communicates or delivers codes, passwords or other access details to an IT system protected by security measures, or provides suggestions or instructions to this end.

#### **Distribution of information equipment, devices or programs with intent to damage or suspend the functioning an IT system (art. 615-*quinquies* of the Italian penal code)**

This offence is committed when a person procures, produces, reproduces, imports, distributes, communicates, delivers or in any way makes available to others IT equipment, devices or programs with intent to unlawfully damage an IT system, the information, data or programs contained therein or relating thereto, or to totally or partially interrupt or change the way it functions.

#### **Interception, impeding or unlawful interruption of IT communications (art. 617-*quater* of the Italian penal code)**

This offence is committed when a person fraudulently intercepts, blocks or interrupts communications on an IT system or those between several systems.

#### **Installation of devices aimed at intercepting, blocking or interrupting IT communications (art. 617-*quinquies* of the Italian penal code)**

This offence is committed when, except in cases allowed by law, a person installs equipment with intent to intercept, block or interrupt communications relating on an IT system or those between several systems.

Damage to computer information, data and programs (art. 635-*bis* of the Italian penal code)

This offence is committed when, except where the fact constitutes a more serious offence, a person destroys, damages, deletes, alters or suppresses the computer information, data or programs of others.

Damage to computer information, data and programs used by the state or other public authorities or others providing public services (art. 635-*ter* of the Italian penal code)

This offence is committed when, except where the fact constitutes a more serious offence, a person performs actions with intent to destroy, damage, delete, alter or suppress computer information, data or programs used by the state or another public authority or pertaining to them, or others providing public services.

Damage to IT systems (articles 635-*quater* and-*quinquies* of the Italian penal code)

This offence is committed when, except where the fact constitutes a more serious offence, a person, through the conduct stated in art. 635-*bis*, or by introducing or transmitting data, information or programs, destroys, damages or makes unusable in full or in part the IT systems of others or seriously hinders their functioning.

The offence carries stronger penalties if the conduct is intended to destroy, damage or make unusable in full or in part the IT systems used in public service or seriously hinder their functioning.

Fraudulent misrepresentation in computer documents (art. 491-*bis* of the Italian penal code)

The Company is also responsible for any fraudulent misrepresentation in documents (articles 476 et seq. of the Italian penal code) if this relates to a public or private document that can be used as evidence.

Computer fraud by the person that certifies electronic signatures (art. 640-*quinquies* of the Italian penal code)

This offence is committed by a person providing electronic signature certifying services, who, in order to procure for himself/herself or others an

undue profit or to cause damage to others, infringes the obligations set out in law relating to the issuing of qualified certificates.

## **2. Sensitive processes**

With reference to DCM, the sensitive processes at risk of the offences set out in this section appear to be those relating to the management and use of computer systems.

## **3. General principles of conduct and specific procedures**

All Recipients are prohibited from engaging in, collaborating in or giving rise to conduct, which, individually or collectively, directly or indirectly, constitutes one of the offences described above.

The Company produces internal procedures, with which the Recipients of the Model must comply, concerning the use of computer systems, and provides appropriate measures in order to ensure that security is always safeguarded, attributing appropriate powers of management and control to the Head of IT Systems.

Specifically, the Company:

- regulates access to resources and IT systems by employees and other Recipients of the Model based on the criteria of proportionality, necessity and efficiency;
- organises computer systems in such a way that it is possible, when required, to “trace” every operation carried out;
- prepares appropriate security measures to protect and preserve data and avoid unlawful access to the Company’s computer systems;
- governs access and handling of personal data pursuant to Legislative Decree 196/2003;
- prepares appropriate measures to manage access codes to computer systems in order to safeguard confidentiality.

## **VI - OFFENCES AGAINST THE PUBLIC ADMINISTRATION (ARTICLES 24 AND 25 OF THE DECREE)**

### **1. Relevant legislation**

Articles 24 and 25 of the Decree describe numerous offences against and to the detriment of the public administration, a brief description of which is provided below.

#### **Embezzlement of state or European Union funds (art. 316-*bis* of the Italian penal code)**

This offence is committed when, after receiving funding or subsidies from the Italian state or the European Union, the funds are not employed for the purposes for which they were granted. This happens when the funding obtained is diverted, even partially, and whether or not the planned activity is carried out. Given that the offence is deemed to have been committed regardless of when the funds were released, it may also relate to funding obtained in the past and not used for the purposes for which it was originally granted.

#### **Improper appropriation of state or European Union funds (art. 316-*ter* of the Italian penal code)**

This offence is committed whenever - through the use or presentation of false statements or documents or the omission of required information - contributions, funds, subsidised loans or other similar monies allocated or paid by the state, other public entities or the European Union are obtained illegitimately. In this instance, unlike in cases set out under the previous point (art. 316-*bis*), the use made of the funding allocated is not relevant, as the offence lies purely in their appropriation. Lastly, note that this provision only applies when the conduct in question does not fall under the more serious offence of fraud against the state.

#### **Extortion (art. 317 of the Italian penal code)**

This offence is committed when a public official or a person charged with performing a public service abuses his/her position and compels another person to pay money or other benefits not due, to himself or others. It is applied on a purely residual basis to the range of offences covered by Legislative Decree 231/2001; in particular, this offence could apply, pursuant to the application of Legislative Decree 231/2001 itself, when a company employee or representative is party to the offence committed by a public official, who, by taking advantage of his/her position, demands benefits not due from third parties (but only if the offence results in some advantage for the Company).

Taking bribes to perform assigned duties or to perform actions contrary to assigned duties (articles 318-319-319-bis-320 of the Italian penal code)

This offence is committed when a public official receives, for himself/herself or for third parties, money or other benefits to carry out, delay or not perform duties relating to his/her office, for the benefit of the person offering the bribe. The offence may occur either when a public official performs an action as part of his/her assigned duties (for example: speeds up a process for which he/she is responsible), or performs an action contrary to his/her duties (for example: accepts money to award a contract).

In the case of actions contrary to his/her duties, there are steeper penalties if the offence involves the transfer of public funds, wages or pensions or the awarding of contracts relating to the administration to which the public official belongs. The penalties envisaged in cases of bribery to perform assigned duties are also applied in the event that they are committed by a person charged with performing a public service when they have the status of public official. The penalties envisaged in case of actions contrary to a public official's duties also apply in the event that they are committed by a person charged with performing a public service. The offence of bribery differs from that of extortion, in that in cases of bribery, an agreement exists between the parties aimed at generating a mutual advantage, while in the case of extortion, the public official or person charged with performing a public service imposes his/her conduct on the other parties.

Persons offering bribes are also subject to penalties (art. 321 of the Italian penal code).

Attempted bribery (art. 322 of the Italian penal code)

This offence is committed when a person seeks to bribe a public official, even though the public official refuses the unlawful offer made to him/her.

Corruption in judicial proceedings (art. 319-ter)

This offence is committed when a company is a party in judicial proceedings, and in order to gain an advantage therein, bribes a public official; this need not be a magistrate, but could also be a registrar or other court officer.

Fraud against the state, other public bodies or the European Union (art. 640, para. 2, point 1, of the Italian penal code)

This offence is committed when a person uses trickery or deception in order to gain undue profit to the detriment of the state, another public entity or the European Union. For example, this offence may be committed if, in documents or data to be submitted in tenders, false information (for example, supported by fake documentation) is provided to the public administration in order to obtain the contract.

Aggravated fraud to obtain public funding (art. 640-bis of the Italian penal code)

This offence is committed when the fraud is perpetrated in order to obtain public funding illegitimately. This offence may be committed when trickery or deception is used, such as providing untrue data or preparing a false document, in order to obtain funding.

Computer fraud against the state or another public entity (art. 640-ter of the Italian penal code)

This offence takes place when a person obtains undue profit to the detriment of third parties by altering the functioning of an IT system or by manipulating data contained therein. In practice, this offence may take place when, after funding has been obtained, the IT system is hacked and a higher funding amount entered than that obtained legitimately.

Notion of the public official and person charged with performing a public service

Some of the offences set out in articles 24 and 25 of the Decree assume the involvement of public officials and persons charged with performing a public service. It therefore seems appropriate to identify the persons belonging to these categories.

For the purposes of criminal law, art. 357 of the Italian penal code defines public officials as *“those who perform a public legislative, judicial or administrative function.*

*For these purposes, an administrative function is public when it is governed by provisions of public law and provisions laid down by authorities. It is reflected in the forming and manifestation of the will of the public administration or by the fact that it is carried out through authoritative or certification powers”.*

Similarly, art. 358 of the Italian penal code states that *“for the purposes of criminal law, persons charged with performing a public service are those who, whatever their function, perform a public service. Public service means an activity regulated by the same forms as the public function, but characterised by the absence of the powers typical thereof, and does not include routine tasks and purely manual work”.*

The status of public official is therefore reserved to those who implement (or help to implement) the will of the public administration or those who perform public functions through authoritative or certification powers, while the status of being charged with performing a public service is assigned by law (art. 358 of the Italian penal code) to other persons who perform public functions in the sense specified herein, but not those who perform routine duties or purely manual work (see, for example, Supreme Court sentence 11417/2003 dated 21 February 2003).

Furthermore, note that for the purposes of determining whether a person has the necessary pre-requisites for attaining the status of public official or person charged with performing a public service, the following do not have any relevance: the legal form of the organisation and its constitution according to public or private law; whether or not its activity constitutes a monopoly; whether or not the person whose status is to be established has a contract of work with the employing organisation. Only the nature of the functions performed, which must be classifiable among those of the public administration, is of relevance. A function is public when it is governed by public law or the provisions of authorities. (See, among others, Supreme Court sentence 11417/2003 cit.; Supreme Court sentence dated 13 July 1998).

Lastly, note that, pursuant to art. 322-*bis* of the Italian penal code, *"public official"* and *"person charged with a public service"* also mean, depending on the functions performed, the following:

- members of the European Commission, European Parliament, the European Court of Justice and the European Court of Auditors;
- officers and agents employed on a contract basis pursuant to the staff regulations of officials of the European Union or the regulations applicable to agents of the European Union;
- persons instructed by member states or by any public or private institution of the European Union, who carry out functions corresponding to those of the officers or agents of the European Union;
- members and persons attached to bodies created on the basis of Treaties of the European Union;
- persons who, for other EU member states, carry out functions and activities corresponding to those of public officials and persons charged with performing a public service.

In order to determine the responsibility of the person offering the bribe, the following people, in addition to those indicated above, are also considered "public officials" or "persons charged with performing a public service": persons who carry out functions or activities corresponding to those of public officials or persons charged with performing a public service for other foreign countries or international public organisations, when the

offence is committed in order to procure for oneself or others an undue advantage in international financial transactions.

## **2. Sensitive processes**

Given the relationships that DCM has with the public administration or with persons with the status of public official or persons charged with performing a public service, the following table shows the activities more specifically considered at risk in relation to the commission of the above-mentioned offences:

<b><i>SENSITIVE PROCESS</i></b>	<b><i>ADMINISTRATION OR PRIVATE ENTITIES INVOLVED</i></b>	<b><i>COMPANY DEPARTMENT CONCERNED</i></b>
Lobbying on behalf of company and sector interests.	National and EU public authorities	Management and Institutional Affairs
Legal disputes.	Legal authorities and boards of arbitrators	Legal Affairs - Disputes
Administrative procedures during inspections and approvals.	public administration in general (including independent authorities)	Legal Affairs - Disputes
Registration and deposit of company deeds and documents at the Companies' Register.	Companies' registers at chambers of commerce	Legal Affairs - Corporate
Company information.	Consob - Borsa Italiana SpA	Legal Affairs - Corporate; Investor Relations
Registration of intellectual property rights	Italian Office of Trademarks and Patents - UAMI	Legal Affairs - Trademarks
Applications relating to company activity, such as licences, approvals and various authorisations.	Central and local administrations and EU authorities	Product Supply Chain
Purchase of tax labels.	Customs agency	Customer Management

Tax inspections.	Italian finance police	Administration
Payment of excise duty.	Customs' agency	Administration
Tax inspections, requests for information and opinions.	Tax authorities	Administration
Monthly reporting on shareholdings, funding, current accounts and credit lines.	Bank of Italy	Administration
Organisation of competitions.	Industry ministry	Sales - Trade Marketing
Organisation of events and promotions.	Local authorities	Sales - Trade Marketing
Release of permits, authorisations and building licences.	Local authorities	Real Estate
Applications and management of public finances.	Ministry of Economic Development and Regions	Real Estate
Applications for authorisations and certifications.	Fire service, local health units, Environmental Protection Agency (Arpa)	Real Estate and Product Supply Chain
Conclusion and management of contracts.	Utility companies (Enel, Italgas, etc.)	Real Estate
Product quality controls and inspections; inspections at premises.	Health ministry, local health units, Arpa, Public analysis laboratories	Quality Control
Personal data management.	Data protection authority	IT systems
Conclusion and management of contracts.	Telecoms companies	IT systems
Inspections and controls, and issuing of authorisations and certifications regarding environmental and health safety and fire prevention.	Local health units, Arpa, fire service, local authorities, police forces (NAS)	Plant managers

	and NOE), notified bodies, Prefecture, National Institute for Occupational Safety and Prevention (ISPESL)	
Management of staff salaries and contributions.	National insurance bodies INPS and INAIL	Human Resources
Welfare payments and other provisions.	Ministry of Work	Human Resources
Safety inspections and prevention of accidents at work.	Department of Labour	Human Resources and Product Supply Chain

### **3. General principles of conduct**

The prohibitions of a general nature set out below apply to the Recipients of the Model, and in any event, members of the management boards, employees and agents of DCM as well as external staff, consultants and partners, in accordance with specific contractual clauses.

It is prohibited to:

- engage in, collaborate in or give rise to, individually or collectively, directly or indirectly, any conduct that constitutes any of the above-mentioned offences (articles 24 and 25 of the Decree);
- infringe the company principles and procedures set out in this section.

### **4. Specific prohibitions**

Specifically, it is prohibited to:

- give cash gifts to Italian or foreign public officials;
- give gifts over and above that allowed by company practice, i.e. any form of gift that goes beyond normal commercial practice or courtesy or is in any way aimed at securing preferential treatment in the conduct of any company activity. Specifically, it is prohibited to make any gift to Italian or foreign public officials (even in countries where giving gifts is a widespread practice), or to their relatives, which may

influence their independence of judgement or persuade the official to ensure any advantage for the Company. Low-value gifts or those intended to promote charitable or cultural initiatives, or the group's brand image are the only exception. Gifts offered - except those of low-value - must be suitably documented to enable the required checks to be undertaken by the Watch Structure;

- grant advantages, of any type (promises of work, etc.) to representatives of Italian or foreign public administrations that could give rise to the consequences set out in the previous point;
- request services from consultants, suppliers and partners in general that go beyond the boundaries of the working relationship with these partners;
- give payments or provide services to consultants, suppliers and partners in general that are not due in respect of the specific contractual relationship, type of service to be carried out or existing local practice;
- submit false declarations to Italian or EU public entities to obtain public funding, grants or subsidised loans;
- use funding, grants or loans from Italian or EU public entities for purposes other than those for which such monies were allocated.

## **5. Specific procedures**

In order to comply with the regulations and prohibitions listed in the previous sections, Recipients of the Model must conform, both in Italy and abroad, to the procedures set out below, and to the rules and general principles contained in the general section of this Model.

- Recipients who have significant dealings with the public administration on behalf of DCM must be officially conferred powers in relation thereto by the Company through an appropriate internal written mandate.
- The Watch Structure must be informed in writing of any problem or conflict of interest arising in relations with the public administration.
- The contracts between DCM and consultants, suppliers and partners in general who have dealings with the public administration on behalf of DCM, must:
  - be established fully in writing;
  - include clauses that take into account the points set out in this section in order to comply with the Decree;
  - expressly specify any mandates to deal with the public administration.

- Consultants and partners must be selected in a transparent manner that allows the steps of the decision-making process in appointing them to be traced.
- Consultants, suppliers and partners in general, must state in contracts that they are aware of the regulations pursuant to the Decree, their implications for the Company, the Code of Ethics and the Model, and that they will undertake to comply with them, refraining from any activity that could constitute any of the offences set out in the Decree or which would be in conflict therewith.
- Statements made to Italian or EU public entities for the purposes of obtaining funding, grants or loans must only contain facts that are completely true and, where such funding is obtained, a report on the actual use of the funds must be issued.
- Heads of departments must take part in legal, tax and administrative inspections and controls (e.g. in relation to tax, employment or safety and the prevention of accidents at work). The inspection process must be fully documented and the reports filed. If the concluding reports highlight problems, the head of the department concerned must inform the Watch Structure of this in writing.

### **5.1 Specific procedures in the management of financial resources**

In order that the Model can correctly perform its function of preventing the offences set out by the Decree, and in particular in articles 24 and 25, the Company must adopt especially prudent procedures for the management of financial resources. This area is noted for its particular exposure to the risk of offences being committed. For this reason, as part of its payments system, the Company has identified the most appropriate procedures and measures to prevent offences from being committed internally, with specific reference to authorisation and payment methods.

In particular:

- payments in cash with a value of more than EUR 1,000.00 are generally prohibited, except in cases that are fully justified and documented.
- specific computer-based authorisation and control procedures relating to payment management have been established, governing the process from the issue of the order to the actual payment.

- known expenditure must be signed off by the direct line managers of the person making the request in accordance with the appropriate procedure in force. Exceptions are made for more specific procedures or procedures offering greater protection that are either in force now or will be adopted in the future for activities relating to specific sensitive processes.
- persons controlling or monitoring the regulations relating to the management of financial resources must pay close attention to ensure that these regulations are complied with, and must report any irregularities or anomalies immediately to the Watch Structure.

## **VII - RECEIVING, LAUNDERING AND USING MONEY, GOODS OR PROFITS OF ILLEGAL ORIGIN (ART. 25-OCTIES)**

### **1. Relevant legislation**

Legislative Decree 231 of 21 November 2007, also known as the "Prevention of money laundering decree" (which incorporated directive 2005/60/EC aimed at preventing the use of the financial system for the purposes of laundering the proceeds from criminal activities and the financing of terrorism, as well as directive 2006/70/EC which sets out implementation measures), included in the corpus of the Decree the new art. 25-*octies*, which extends the liability of legal entities to the offences of receiving, laundering and using money, goods and profits of illegal origin (articles 648, 648-*bis* and 648-*ter* of the Italian penal code) in Italy.

Law 146/2006 (art. 10, paragraphs 5 and 6, now annulled by the Prevention of money laundering decree) already stated that companies were liable for the offences of laundering and using money, goods and profits of illegal origin, when these offences are committed across borders.

The offences in question are described briefly below.

#### **Receiving (art. 648 of the Italian penal code)**

This offence is committed when in order to procure a profit for himself/herself or others, a person buys, receives or hides money or goods resulting from any offence, or acts as an intermediary in acquiring, receiving or hiding money or goods.

#### **Money laundering (art. 648-*bis* of the Italian penal code)**

This offence is committed when, excluding cases of complicity in the offence, a person replaces or transfers money, goods or other profits resulting from a premeditated offence, or carries out other transactions on them, in order to prevent their criminal origin from being identified.

#### **Use of money, goods or profits of illegal origin (art. 648-*ter* of the Italian penal code)**

This offence is committed when, excluding cases of complicity in the offence and the cases provided for by articles 648 and 648-*bis*, a person uses money, goods or other profits resulting from an offence for economic or financial activities.

### **2. Sensitive processes**

The main internal sensitive processes that DCM has specifically identified are the following:

- management of financial resources in general;

- management of dealings with suppliers/clients/partners, with particular reference to financial transactions carried out through current accounts in favour of suppliers/clients/partners.

### **3. General principles of conduct and specific procedures**

Recipients of the Model are expressly prohibited from engaging in, collaborating in or giving rise to conduct that leads to, individually or collectively, directly or indirectly, the offences of receiving, laundering or using money, goods or profits of illegal origin. To the extent to which they are involved in carrying out activities in which committing one of the above offences is possible, the Recipients of the Model must comply with the rules of conduct as set out by the regulations on the prevention of money laundering and internal procedures.

In particular, Recipients must:

- check that sales/purchase offers match technical specifications;
- check that the services and/or products supplied/acquired correspond to those contractually agreed;
- refrain from using anonymous instruments to carry out transfers of significant amounts;
- refrain from transferring money and bearer securities (cheques, postal orders, deposit certificates, etc.) for total amounts of more than EUR 5,000, except through qualified intermediaries such as banks, electronic payment companies and Poste Italiane S.p.A.; keep evidence of transactions totalling more than EUR 10,000.00 on current accounts opened in countries where lenient transparency regulations are in place.

## **VIII - TRANSNATIONAL OFFENCES (ART. 10 OF LAW 146/2006)**

### **1. Relevant legislation**

Law 146 of 16 March 2006 ratified and implemented the Convention and Protocols of the United Nations against transnational organised crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001, and extended, pursuant to art. 10, the operational scope of the Decree: the provisions of the Decree apply to the transnational offences indicated in the above-mentioned law.

The law defines transnational offences (punishable by a minimum of four years' imprisonment) as those that involve an organised criminal group, and that:

- are committed in more than one state; or
- are committed in one state, but for which a substantial amount of preparation, planning, management or control was carried out in a different state; or
- are committed in one state, but involve an organised criminal group active in more than one state; or
- are committed in one state but have significant consequences in another state.

A company is liable for the following offences, carried out in its interests or to its advantage, when they can be defined as transnational offences as defined above:

- criminal conspiracy (art. 416 of the Italian penal code), mafia-type conspiracy (art. 416-*bis* of the Italian penal code), smuggling of foreign tobacco products (art. 291-*quater* of Presidential Decree 43/1973) and illegal trafficking of narcotics and psychotropic substances (art. 74 of Presidential Decree 309/1990);
- trafficking of migrants (art. 12, paragraphs 3, 3-*bis*, 3-*ter* and 5 of Legislative Decree 286/1998);
- incitement not to make statements or to make false statements to the judicial authorities (art. 377-*bis* of the Italian penal code), and aiding an offender (art. 378 of the Italian penal code).

### **2. Sensitive processes**

The main internal sensitive processes as regards transnational offences, that DCM has identified, in order of risk, are the following:

- management of dealings with foreign counterparties, with particular reference to the management of financial transactions carried out through foreign current accounts in favour of suppliers/clients/partners/representative offices;
- management of transnational disputes, with reference to perverting the course of justice;
- employment of staff, with reference to offences relating to the trafficking of migrants.

### **3. General principles of conduct and specific procedures**

All Recipients are prohibited from engaging in, collaborating in or giving rise to conduct, which, individually or collectively, directly or indirectly, constitutes a transnational offence. To the extent to which they are involved in carrying out activities in which committing a transnational offence is possible, the Recipients of the Model must comply with the rules of conduct set out by applicable regulations.

In particular, in carrying out their activities, the Recipients must:

- be aware of applicable Italian and foreign law;
- adopt correct, transparent and co-operative conduct, in accordance with legal provisions and internal company procedures in all activities concerning the management of personal data relating to foreign suppliers/clients/partners;
- select foreign counterparties with which to sign contracts and make investments based on criteria that include actions such as: verifying that the counterparties meet minimum standards, including in terms of honesty and professionalism; establishing criteria for evaluating offers in standard contracts; identifying a department responsible for defining technical specifications and assessing offers in standard contracts; identifying a group/unit responsible for executing the contract, indicating duties, roles and responsibilities;
- comply with applicable immigration regulations when employing staff, verifying that non-EU citizens have the right to stay in the country;
- inform the Watch Structure of any problems or anomalies.