DAVIDE CAMPARI - MILANO N.V.

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE 231 OF 8 JUNE 2001

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Preliminary remarks

Davide Campari - Milano N.V. in adopting this model (hereinafter 'the Model'), Davide Campari - Milano N.V. (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 also 'the Decree'), and to raise 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 of 8 June 2001, which were approved on 7 March 2002 and last updated in March 2014 (hereinafter 'the Guidelines').

The Company, through the work of the Supervisory Body, 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 Supervisory Body, make any additions and/or amendments that it deems appropriate ([1]).

[1] In its 11 November 2008 resolution, the Company's Board of Directors made the changes to the Model necessitated by the introduction of new predicate offences by Law 94 of 15 July 2009 and Law 99 of 23 July 2009; with its resolution of 14 November 2011, the Board introduced the changes required by the new predicate offences introduced by Legislative Decree 121 of 7 July 2011, and by resolution of 7 March 2013, the Model was amended and supplemented to reflect the new offences introduced by Legislative Decree 109 of 16 July 2012 and Law 190 of 6 November 2012; through a resolution passed on 11 November 2015, the Model was amended to reflect the regulatory changes set out in Law 186 of 15 December 2014, Law 68 of 22 May 2015 and Law 69 of 27 May 2015, as well as to reflect the Guidelines; through a resolution passed on 8 May 2018, the Model was revised, updated and supplemented, also to reflect the reforms introduced by Law 199 of 29 October 2016, no. 161 of 17 October 2017, no. 167 of 20 November 2016, no. 179 of 30 November 2016 and legislative decree no. 38 of 15 March 2017; with a resolution passed on 16 April 2019, the Model was revised, updated and supplemented, also to reflect the reforms introduced by Law 3 of 9 January 2019; with the resolution of 27 March 2020, the Model was revised, updated and supplemented, in order to reflect the reforms introduced by the Legislative Decree no. 124 of 26 October 2019, converted with amendments by Law no. 157 of 19 December 2019; lastly with the resolution of 28 July 2020, the Model was revised, taking into account the transformation of the company Davide Campari-Milan from a public limited company (S.p.A.) under Italian law to a Naamloze Venootshap (N.V.) under Dutch law.

INTRODUCTION

LEGISLATIVE DECREE 231 OF 8 JUNE 2001

I - 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, joint-stock companies). 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 to 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 natural persons responsible for, including in a *de facto* capacity, management and control of the same ('senior managers');

b) by persons subject to the management or supervision of one of the persons indicated above (article 5, paragraph 1).

As regards the offences, the interest or benefit must not purely relate to the event (in which the organisation often does not have any interest or from which it does not gain any benefit), but rather to conduct that is not compliant with preventative rules (resulting, for example, in security cost savings).

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 (independence of the company's liability - article 8).

The organisation is also liable if the perpetrator of the crime, an employee of the organisation, has collaborated with individuals external to the organisation in the commission of the crime.

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 (article 4).

II - 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* (also in the form of an attempted offence - where applicable).

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 (article 316-*bis* of the Italian penal code);
  - improper appropriation of grants, funds or other monies provided by the state or another public entity (article 316-*ter* of the Italian penal code);
  - extortion (article 317 of the Italian penal code);
  - taking bribes to perform duties of office (article 318 of the Italian penal code);
  - taking bribes to perform actions contrary to assigned duties (article 319 of the Italian penal code);
  - bribery in the context of judicial proceedings (article 319-*ter* of the Italian penal code);
  - improper inducement to give or promise benefits (article 319-*quater* of the Italian penal code);
  - bribery of public officials (article 320 of the Italian penal code);
  - attempted bribery (article 322 of the Italian penal code);
  - extortion, improper inducement to give or promise benefits, bribery and attempted bribery of members of bodies of the European Union and of officials of the European Union or foreign countries (article 322-*bis* of the Italian penal code);
  - trading in influence (article 346-*bis* of the Italian penal code);
  - fraud against the state or any other public entity (article 640, paragraph 2, point 1, of the Italian penal code);
  - aggravated fraud to obtain public funding (article 640-*bis* of the Italian penal code);
  - computer fraud against the state or any other public entity (article 640-*ter* of the Italian penal code).
- Corporate and financial offences
  - false corporate reporting (article 2621 of the Italian civil code);
  - false corporate reporting by listed companies (article 2622 of the Italian civil code.);
  - obstruction of audit (article 2625, paragraph 2 of the Italian civil code);

- improper reimbursement of capital contributions (article 2626 of the Italian civil code);
- illegal allocation of profits or reserves (article 2627 of the Italian civil code);
- illegal transactions involving the shares or units of the company or the holding company (article 2628 of the Italian civil code);
- transactions to the detriment of creditors (article 2629 of the Italian civil code);
- non-disclosure of a conflict of interest (article 2629-*bis* of the Italian civil code);
- fictitious capital formation (article 2632 of the Italian civil code);
- improper distribution of company assets by liquidators (article 2633 of the Italian civil code);
- bribery between private persons (article 2635, paragraph 3, of the Italian civil code);
- instigation to commit bribery between private persons (article 2635-*bis*, paragraph 1, of the Italian civil code);
- unlawful influence on the shareholders' meeting (article 2636 of the Italian civil code);
- market-rigging (article 2637 of the Italian civil code);
- obstructing supervisory authorities in the exercise of their duties (article 2638 of the Italian civil code);
- false reporting in prospectuses (article 173-*bis* of Legislative Decree 58 of 24 February 1998) ([2]);
- 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).

▪ <u>Offences committed in breach of occupational health and safety regulations</u>

- culpable homicide (article 589 of the Italian penal code) committed in breach of article 55, paragraph 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 occupational health and safety regulations (article 590, paragraph 3, of the Italian penal code).

▪ <u>Offences of falsification of instruments or signs of recognition</u>

[2] This offence was previously governed by article 2623 of the Italian civil code, and is mentioned in article 25-*ter*, points d) and e) of the Decree; following the repeal of article 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 by virtue of the principle of the peremptory nature of criminal law, the reference to article 2623 of the Italian civil code is no longer meaningful.

- the crime of infringement, alteration or use of trademarks and distinguishing signs or of patents, models and designs (article 473 of the Italian penal code);
- the crime of introducing into the State and marketing products with false trademarks (article 474 of the Italian penal code).

▪ Offences against industry and trade

- the crime of compromising free industry and trade (article 513 of the Italian penal code);
- the crime of unlawful competition with threats or violence (article 513-*bis* of the Italian penal code);
- the crime of fraud against national industries (article 514 of the Italian penal code);
- the crime of fraud in trade (article 515 of the Italian penal code);
- the crime of selling unwholesome foodstuffs as wholesome (article 516 of the Italian penal code);
- the crime of selling products of industry bearing false markings (article 517 of the Italian penal code);
- the crime of manufacturing and selling goods made with unlawful use of industrial property rights (article 517-*ter* of the Italian penal code);
- the crime of infringement of geographic indications or names denoting the origin of food and agriculture products (article 517-*quater* of the Italian penal code).

▪ Environmental offences

- environmental pollution (article 452-*bis* of the Italian penal code)
- environmental disaster (article 452-*quater* of the Italian penal code)
- crimes against the environment (article 452-*quinquies* of the Italian penal code);
- trafficking and dumping of highly radioactive waste (article 452-*sexies* of the Italian penal code);
- killing, destruction, capture, removal or detention of specimens of protected wild animal or plant species or deterioration of habitats in a protected site (articles 727-*bis* and 733-*bis* of the Italian penal code);
- crimes of polluting water, soil, air or the sea (article 137, paragraphs 2, 3, 5, 11 and 13, article 257 paragraphs 1 and 2, article 279 paragraph 5 of Legislative Decree 152 of April 3 2006 and articles 8 and 9 of Legislative Decree 202 of 6 November 2007);
- violation of provisions regarding substances harmful to the ozone layer and damaging to the environment (article 3, paragraph 6 of Law 549 of 28 December 1993);

- unauthorised waste management activities (article 256, paragraphs 1, 3 first and second point, 4, 5 and 6 point one of Legislative Decree 152 of 3 April 2006);
- unlawful trafficking in wastes and organisation of activities for unlawful trafficking in wastes (article 259, paragraph 1 and article 260, paragraphs 1 and 2 of Legislative Decree 152 of 3 April 2006);
- falsification of documents connected with certification of wastes and the information system for ensuring traceability of wastes and transportation of hazardous wastes in the absence of the required certification (article 258, paragraph 4, point 2, and article 260-*bis*, paragraphs 6 and 7, points 2 and 3, and article 8 of Legislative Decree 152 of 3 April 2006);
- violation of legislation regarding animal and plant species in danger of extinction and detention of dangerous animals (article 1, paragraphs 1 and 2, article 2, paragraphs 1 and 2, article 3-*bis*, paragraph 1, and article 6, paragraph 4 of Law 150 of 7 February 1992).

▪ Tax offences

- fraudulent declarations through invoices or other documents for non-existing transactions (article 2, Legislative Decree no. 74 of 10 March 2000);
- fraudulent declarations through other means (article 3, Legislative Decree no. 74 of 10 March 2000);
- issuance of invoices or other documents for non-existing transactions (article 8, Legislative Decree no. 74 of 10 March 2000);
- concealing or destruction of accounting documents (article 10, Legislative Decree no. 74 of 10 March 2000);
- fraudulent avoidance of tax payments (article 11, Legislative Decree no. 74 of 10 March 2000).

▪ <u>Other offences (summary)</u>

- 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 (article 583-*bis* of the Italian penal code);
- human rights violations - slavery, child prostitution, child pornography and exploitation of labor (articles 600, 600-*bis*, 600-*ter*, 600-*quater*, 600-*quater*.1, 600-*quinquies*, 601, 602, 603-*bis* and 609-*undecies* of the Italian penal code);

- receiving, laundering and using money, assets or profits obtained illegally and self-laundering (articles 648, 648-*bis*, 648-*ter* and 648-*ter*.1 of the Italian penal code);
- copyright violation (articles 171, paragraph 1(a)-*bis* and paragraph 3, 171-*bis*, 171-*ter*, 171-*septies* and 171-*octies* of Law 633 of 22 April 1941);
- organised crime and conspiracies: specifically, criminal conspiracy, Mafia-type conspiracy or conspiracy to traffic illegal drugs or kidnap and weapons-related crimes (articles 416, 416-*bis*, 416-*ter*, 630 of the Italian penal code, article 74 of Presidential Decree 309/1990 and article 407, paragraph 2(a), no. 5 of the Italian code of penal procedure);
- the crime of inducing people to withhold information or make false statements to court authorities (article 377-*bis* of the Italian penal code);
- the offence of employing foreign citizens who are staying illegally in the country (article 22, paragraph 12-*bis*, Legislative Decree 286 of 25 July 1998);
- the offences of facilitating clandestine immigration (article 12, paragraphs 3, 3-*bis*, 3-*ter* and 5, Legislative Decree 286 of 25 July 1998);
- the offences of racism and xenophobia aggravated by denialism (article 3, paragraph 3-*bis*, law no. 654 of 13 October 1975).

III - PENALTIES

The penalties for administrative offences resulting from criminal activity are:

a) fines;

b) disqualification;

c) confiscation of the proceeds or profit of the crime;

d) publication of the 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.

IV - 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 Supervisory Body to monitor the functioning and effectiveness of the model. In particular, article 6 of the Decree states that:

'If the offence has been committed by the persons indicated in article 5, paragraph 1(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 corporate body with autonomous powers of initiation and control;

c) the persons who have committed the offence have acted with fraudulent intent in failing to comply with the organisation 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 paragraph 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.'

Article 7 of the Decree also states that: '*In the circumstances described in article 5, paragraph 1(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:

- 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 and updated 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;
  - staff communication and training;
  - provision of an adequate disciplinary system to punish breaches of the model's procedures;
  - drafting of the requirements of the Supervisory Body, summarised as autonomy, independence, professionalism and full-time availability;

  In addition, as regards offences committed in breach of occupational health and safety or environmental regulations, the following suggestions are made:

  - an organisational structure with formal definitions of tasks and responsibilities in the area of occupational health and safety, which 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 Supervisory Body

  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 alteration;

  (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 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 N.V.

GENERAL SECTION

I - THE STRUCTURE OF THE MODEL AND THE COMPANY

DCM, in keeping with the ethical and corporate governance principles on which its code of conduct is based, decided to adopt an organisation, management and control model within the broader framework of the business policy of Gruppo Campari (hereinafter, the 'Group'), aimed at promoting transparent and proper management, compliance with current legislation and prevention of the risks of commission of crimes contained in the Decree. DCM has duly adopted the Model set out in this document in accordance with the resolution of the Board of Directors mentioned in the preliminary remarks (in compliance with the provisions of article 6, paragraph 1(a)), and has established a Supervisory Body with autonomous operational and control powers responsible for supervising the operation of, and compliance with, the Model (hereinafter, the 'Supervisory Body'), and has implemented an appropriate disciplinary system.

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.

Directors with executive powers in the Company will formally notify the boards of directors of its Italian subsidiaries of the changes made to the Model, so that they can promptly implement the changes and in turn notify their respective companies.

DCM's Control and Risks Committee has examined the Model and the amendments made, and has formalized its own commitment to adhering to it in its meeting minutes, within its competence.

1. The structure of the Model

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

- Code of Ethics

  The Company's code of ethics (referred to below as 'the Code of Ethics' was approved by the Board of Directors of the Company on 26 February 2004 and subsequently updated, 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 control 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 control system is based on certain general principles, which are duly defined in the context of the 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.

- Supervisory Body

  The Supervisory Body 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, 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 Group, which operates in the beverages sector 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:

- The Corporate Department, which is divided into the following functions:
  - Legal Affairs and Business Development
  - Investor Relations
  - Finance, Audit and Treasury Management
  - Information Systems
  - Human Resources
  - Marketing
  - business expertise
- Business units, mainly on a geographical basis.

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 powers of representation to employees of the Company in order to improve the performance of company activities, via powers of attorney that clearly specify the scope and limits of such powers (including in terms of expenditure), and any methods of operation of the same.

The Board of Directors also delegates powers to its own members, in accordance with the law and the content of the report on corporate governance attached to the annual report each year.

The Company is responsible for keeping all the documents relating to the system of powers and authorities.

5. Adoption of the Model in the Group

DCM, as the Parent Company, informs its directly or indirectly controlled subsidiaries with registered offices in Italy of the adoption of the Model and any amendments. These companies shall adopt, with an appropriate resolution of the respective board of directors, this Model (with any amendments and/or additions required due to the particular organisational and operating features of each subsidiary) or shall prepare their own 'Organisational, management and control model', without prejudice to the relevant responsibilities of each subsidiary. If this Model is adopted, the Italian subsidiaries also agree to incorporate any amendments to the same.

In order to best pursue a single, uniform risk prevention policy within the Group, relating to the commission of crimes contained in the Decree, the Supervisory Body of each subsidiary is generally the DCM's Supervisory Body. However, the

members of this body do not have delegated operating authority for any of the Group's companies.

A company may, however, decide for particular reasons that it is necessary to set up its own Supervisory Body or to assign the responsibilities of the Supervisory Body directly to its senior management body, as expressly permitted under article 6, paragraph 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 Parent Company's Supervisory Body and must work with them effectively and efficiently, for example through the exchange of information and by attending each others' meetings.

II - CODE OF ETHICS

(Approved by the Board of Directors on 26 February 2004 and later amended)

[Available on the website:
http://www.camparigroup.com/it/governance/sistema-governance/codice-etico]

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 put 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 the Supervisory Body on a regular basis.
- Information technologies, 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 - SUPERVISORY BODY

1. Characteristics of the Supervisory Body

The creation of a supervisory body with autonomous initiation and control powers to monitor the effectiveness and operation of the Model and compliance therewith, and to update the Model on an ongoing basis not only allows the Company to benefit from an exemption from corporate liability. It also represents a natural addition to DCM's organisational system.

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

autonomous and independent;

professional;

available full-time.

Autonomy and independence

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

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

Professional competence

Members of the Supervisory Body 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 Supervisory Body 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.

2. Composition, functions and powers of the Supervisory Body

The Supervisory Board's functions are allocated to a specifically appointed body.

To the Supervisory Body the following principles shall apply:

- the Supervisory Body shall remain in office for the period set when the Board of Directors is appointed;
- the Supervisory Body has at least three members possessing adequate requirements of professionalism, integrity, competence, independence and operational autonomy;
- the members of the Supervisory Body may only be terminated for just cause by the Board of Directors, subject to the reasoned opinion of the Control and Risks Committee;;
- if, for any reason, a member of the Supervisory Body should resign his or her office before the appointment term ends, the Board of Directors will replace this member. The newly appointed member will remain in office until the expiry of the term of office of the other members;
- the Supervisory Body appoints a Chairman from among its members, to whom it may delegate specific functions.

However, in consideration of the particular nature of the tasks assigned to the Supervisory Body and the skills required to carry these out, the Supervisory Body 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.

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

The Supervisory Body may adopt an internal regulation to ensure its smooth operation.

The Supervisory Body 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 actual 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 Supervisory Body is responsible, in particular, 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 and, in particular, check the suitability of the Company's system of powers and authorities;

h) collating, processing and storing information required by the Model, and updating the list of mandatory information to be submitted to the Supervisory Body 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 the Chairman of the Board of Directors and/or a Managing Director of this 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 immediately.

l) assess, in the event of a crime or significant breach of the Model actually occurring, the appropriateness of amending and updating the Model.

In order to carry out the above-mentioned duties, the Supervisory Body:

- has extensive investigatory powers and access to company documents;
- has adequate professional and financial resources; for this purpose, the Supervisory Body may draw on the annual budget assigned for the Legal Affairs and Internal Control functions;
- has the support and cooperation of the various corporate structures that may be affected by or involved in control activities and, specifically, the Internal Control, Legal Affairs and HR functions.

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 Supervisory Body

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, on at least a six-monthly basis, a written report on the implementation, updating and effectiveness of the Model to the Board of Directors and the Control and Risks Committee.

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.

The Supervisory Body may ask to be heard by the Board of Directors if it should deem that an examination or intervention by said body on the functioning or implementation of the Model is necessary.

The Board of Directors and the Control and Risks Committee may call the Supervisory Body to report on particular events or situations relating to the functioning of, and compliance with, the Model.

4. Periodic checks

The Supervisory Body 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 Supervisory Body 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 Supervisory Body 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;

From time to time, the Supervisory Body may supplement and/or amend this list as it deems necessary.

The Company adopts and maintains electronic and other systems for employees and/or suppliers to report issues relating to the Model and the Code of Ethics. The Supervisory Body has free access to such reports and shall deal with them in the way that it deems most appropriate, in accordance with the provisions of the applicable legal framework and this Model.

V - DISSEMINATION OF THE MODEL

1. Staff communication and training

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.

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

2. Staff communication

The adoption of the Model and subsequent additions or amendments are notified to all staff, clearly indicating the link in the Company's website www.camparigroup.com from which the text of the Model can be downloaded.

New employees will be given a set of information documents, including, for example, the Code of Ethics, the Model and the national collective labour agreement (CCNL). This set of information documents is intended to provide employees with the knowledge that the Company considers of primary importance.

3. Training

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 Supervisory Body is required to carry out quality controls on the content of training programs, which, as a minimum, will include an explanation of the principles of the Decree, the elements making up the Model, the individual offences envisaged in the Decree and the type of conduct that may potentially lead to the commission of the above-mentioned offences.

In addition to this common matrix, each training program will be adjusted to provide those who use it with the tools they need to comply with all the requirements of the Decree regarding the operations and duties of the recipients of the training program.

Participation in these training programs is obligatory and the Supervisory Body will check attendance.

DCM promotes awareness of the Model and compliance therewith among its commercial and financial partners, advisors, staff, clients, suppliers and other partners to a reasonable extent, ensuring that these parties sign an agreement to comply with the Model if necessary.

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

A breach of the rules of conduct or the procedures of this Model by employees constitutes non-compliance with the primary obligations of the working relationship, and, consequently, is a disciplinary offence.

Except where provided for in law, the penalties laid down in the applicable national collective labour agreement (CCNL) apply to employees other than managers. Specifically:

- verbal warning;
- written warning;
- a fine not exceeding three hours' pay;
- unpaid suspension from work for a period not exceeding three actual working days;
- dismissal without notice but with end-of-service severance pay.

Normally, a verbal or written warning is given for a first breach of the rules of conduct or procedures laid down by the Model; a fine is levied for a repeat offence; and suspension is imposed for a repeat occurrence of a breach for which a fine has already been levied in the previous six months. However, in cases of more serious violations (also in consideration of the duties carried out), a fine or suspension may be applied even for a first breach. Dismissal is reserved for the most serious violations, such as those that could seriously endanger the working environment or the integrity of the Company's property, or those that could cause serious damage (including moral) to the Company.

Penalties shall be applied taking account, in particular, of:

- the extent to which the conduct was intentional and the degree of negligence, carelessness or inexperience, also with regard 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.

Disciplinary measures are adopted in compliance with the procedures laid down by article 7 in the charter of workers' rights. In particular:

- no disciplinary measure may be adopted without prior notification of the offence to the employee and without his/her defence having first been heard.
- disciplinary measures more serious than a verbal warning may not be applied until at least five days after written notification of the fact which gave rise to said measure;
- a written explanation must be provided to the employee when disciplinary action is taken.

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 article 2104 of the Italian civil code (employee's duty of care).

In the event that managers breach the procedures laid down by the Model, or behave in a way that does not comply with the Model in the performance of their duties, or allow their subordinates to behave in a way that does not comply with the Model and/or in breach of the same, the Supervisory Body shall immediately inform the Board of Directors, which shall apply the measures that it deems most appropriate, in compliance with the provisions of article 2119 of the Italian civil code and the applicable CCNL.

With regard to the more serious violations, such as those covered by criminal law, the Company reserves the right to apply the following measures to those responsible:

- the temporary suspension of the manager on full pay;
- the expiry or termination of any corporate positions held in a Group company.

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 Body shall immediately inform the Board of Directors. The Board of Directors shall carry out the necessary checks and adopt, with the abstention of the

individual concerned, adopting the measures deemed most appropriate, including, for example, the precautionary revocation of any delegated powers or the calling of a shareholders' meeting in order to adopt the most appropriate measures stipulated by law.

5. 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.

6. Corporate function/body responsible for applying disciplinary measures

Following the report by the Supervisory Body of a violation of the rules of conduct and procedures set out in the Model by employees other than managers, Human Resources notifies the employee of the alleged breach, instigates disciplinary proceedings, investigates the matter and, where necessary, applies the disciplinary measure according to the provisions of paragraph 2 above. In the event of a breach by executives, the Head of HR and/or the Director(s) of the Board responsible for personnel matters are responsible for the notification of the alleged infringement, the launch of disciplinary proceedings, the investigation and the application of any measures according to the provisions of paragraph 3 above. In the event of a breach by members of the Board of Directors, the same corporate body, with the abstention of the individual concerned, launches disciplinary proceedings, investigates the matter and, where necessary, applies the disciplinary measure according to the provisions of paragraphs 4 and 5 above. In any event, the Supervisory Body will monitor the investigation phase and the application of disciplinary measures.

VII - REPORTING OF BREACHES OF THE MODEL AND THE CODE OF ETHICS

1. Reports

The Recipients may report breaches or suspected breaches of the Model and/or Code of Ethics.

The reports must be sent in writing using the following methods:

- by ordinary mail to Davide Campari-Milano N.V., via Franco Sacchetti 20, 20099, Sesto San Giovanni, for the attention of the Supervisory Body or the internal audit department;
- to the following e-mail address: organismo231@camparigroup.com; or
- through the *Campari Safe Line* service, made available through the Group's portal.

Signed, detailed reports of the following will be taken into consideration: (i) unlawful conducts that are relevant under the Decree or (ii) breaches of the Model or the Code of Ethics based upon precise and concordant factual elements.
Anonymous reports may also be taken into consideration, provided that they meet the requirements indicated above.

2. Protection of the reporting person and baseless reports

The Company ensures the utmost protection of the data pertaining to the reporting person and fights any act of retaliation or discriminatory act, whether direct or indirect, against the reporting person for reasons directly or indirectly related to the report.

In the event of retaliations or discriminatory actions against the reporting person, the sanctions provided under chapter VI will be imposed upon those who commit such retaliatory or discriminatory acts, following the procedures indicated therein.

Likewise, the sanctions provided under chapter VI will be imposed upon those who make, with willful misconduct or gross negligence, serious reports, which turn out to be baseless.

3. Procedural process

The head of the internal audit department records and keeps all reports received, ensuring due confidentiality to the reporting persons, without prejudice to obligations provided by law and the protection of the Company's rights and those of the individuals involved erroneously or in bad faith, and sends the same to the Supervisory Body for review.

In order to complete the necessary verifications, the Supervisory Body avails itself of collaboration on the part of the internal audit department, as well as any other department that the Supervisory Body deems as possessing the necessary professional qualifications and/or expertise.

The Supervisory Body evaluates whether to inform the person reported and/or the reporting person prior to commencing the review process.

In the event that the report is well-founded, the Supervisory Body informs the relevant corporate department or body, depending upon the role/function held by the person reported, such that the review process may be commenced.

In the event that the report turns out to be baseless, the Supervisory Body informs the relevant corporate department or body, depending upon the role/function held by the reporting person, such that the review process may be commenced in order to determine whether the report was made with willful misconduct or gross negligence.

Upon the conclusion of the review process, the competent corporate department or body assesses whether or not to impose any disciplinary measure that may be deemed advisable.

In any case, the Supervisory Body monitors the review phase and the application of any disciplinary measures.

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

I - DCM'S SENSITIVE PROCESSES

DCM has conducted in-depth analyses to identify the sensitive processes and areas where there is a risk of the offences contained in the Decree being committed. In light of these, 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;
- offences against industry and trade;
- falsification of identifying tools or signs;
- environmental offences;
- computer offences and the unlawful handling of data;
- offences of copyright infringement;
- offences against the public administration;
- tax offences
- receiving, laundering and using money, assets or profits obtained illegally and self-laundering;
- transnational offences;
- organised and associative crime;
- offence of employing workers who are staying illegally in the country.

Risks relating to other types of offence envisaged in the Decree 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.

The risk of offences against industry and trade is also particularly high, as DCM is concerned with industrial production, specifically of foodstuffs. There is therefore a significant risk of offences against industrial and intellectual property rights, in view of widespread use of trademarks and other distinctive industrial signs and use of others' inventions, primarily in information technology.

Also in connection with DCM's industrial production, there is risk of environmental offences, including both pollution and waste disposal and management.

Equally, the risk of tax offence commission connected with the management of the articulated tax processes related to the operational activities on the market of a company of DCM's size cannot be excluded.

There is also a risk of self-laundering, an offence which is closely linked to financial resource management.

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.

For the sake of convenience, in the 'Industrial property offences' section we shall discuss both the offences of falsification of signs of recognition identified in sections 473 and 474 of the penal code and a number of offences against industry and commerce, in that they all pertain to industrial rights and related rights, and therefore to similar company areas and processes.

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

1. Relevant legislation

Article 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.

Article 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 (article 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 administration, management or control bodies 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 (article 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 (article 185 of Legislative Decree 58/1998)

This offence is committed by anyone who spreads false information (referred to as '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 (referred to as 'manipulation of trading').

Market manipulation (article 187-*ter* of Legislative Decree 58/1998)

This administrative offence is committed by anyone who, notwithstanding the provisions of article 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.

Article 187-*ter*, paragraph 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 article 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 benefiting 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 updating 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 updating of the register of persons with access to confidential information, pursuant to article 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 program for persons on the register pursuant to article 115-*bis* of Legislative Decree 58/1998 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 Supervisory Body.

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 Supervisory Body immediately.

III - CORPORATE OFFENCES (ARTICLE 25-*TER* OF THE DECREE)

1. Relevant legislation

Article 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 (article 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, for the purpose of procuring for themselves or third parties an undue gain, knowingly misstate significant material facts, including valuations, in the accounts, reports or other corporate communication legally required to be disclosed to shareholders or the public, or omit significant material 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 misleading information or omissions may also relate to assets held or managed by the company on behalf of third parties.

Note that when the facts pursuant to article 2621 of the Italian civil code relate to companies that do not exceed the limits laid down in the second paragraph of article 1 of Royal Decree 267 of 16 March 1942 (joint possession of the following requirements: *a)* have had, in the three years prior to the date that the petition for bankruptcy was filed or the start of operations if shorter, assets totalling a maximum of EUR 300,000; *b)* have achieved, by any means, in the three years prior to the date that the petition for bankruptcy was filed or the start of operations if shorter, gross revenues of a maximum of EUR 200,000; *c)* have outstanding and other payables totalling a maximum of EUR 500,000), the offence may be prosecuted if the company, shareholders, creditors or other recipients of the corporate communication bring an action.

False corporate reporting by listed companies (article 2622 of the Italian civil code

Article 2622 of the Italian civil code imposes more stringent penalties than article 2621 for the same conduct, carried out by parties referred to in the latter regulation as parties belonging to companies that issue financial instruments that are admitted to trading in a market regulated by Italy or another EU country pursuant to said regulation.

The following are treated as equivalent to 'companies that issue financial instruments that are admitted to trading in a market regulated by Italy or another EU country':

- companies that issue financial instruments for which a request for admission to trading in a market regulated by Italy or another EU country is submitted;
- companies that issue financial instruments that are admitted to trading on an Italian multilateral trading facility;

- companies that have a controlling interest in companies that issue financial instruments admitted to trading in a market regulated by Italy or another EU country;
- companies that have publicly raised capital or that manage such companies.

Obstruction of audit (article 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.

Improper reimbursement of capital contributions (article 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 (article 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 (article 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 (article 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.

Non-disclosure of a conflict of interest (article 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 article 116 of Legislative Decree 58/1998 as amended, or of a body subject to supervision pursuant to Legislative Decree 385/1993, the above-mentioned Legislative Decree

58/1998, Law 576 of 12 August 1982 or Legislative Decree 124/1993, 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 (article 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 (article 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.

Bribery between private persons (article 2635, paragraph 3, of the Italian civil code)

The offence is committed by anyone who, directly or indirectly, offers, promises or gives money or other benefits that are not due to directors, general managers, managers in charge of preparing corporate accounting documents, statutory auditors or liquidators, those who exercise management or supervisory functions, as well as those who are subject to management and supervision by such persons, to induce them to perform or to refrain from performing an act, in violation of the duties pertaining to their office or duties of loyalty.

Instigation to commit bribery between private persons (article 2635-*bis*, paragraph 1, of the Italian civil code)

Such offence is committed by any person who offers or promises cash or other benefits that are not due to directors, general managers, managers in charge of preparing corporate accounting documents, statutory auditors or liquidators, those who exercise management or supervisory functions, to induce them to perform or to refrain from performing an act, in violation of the duties pertaining to their office or duties of loyalty and if the offer or promise has not been accepted (this latter element distinguishes this criminal offence from that of bribery between private persons).

Unlawful influence on the shareholders' meeting (article 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 (article 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 to 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 (article 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.

False reporting in prospectuses (article 173-*bis* of Legislative Decree 58/98) ([3])

Article 34 of Law 262/2005 introduced a new article, 173-*bis*, in Legislative Decree 58/1998, following on from the repealed article 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).

[3] See note 2 above.

2. Sensitive processes

The activities carried out by DCM in the areas where there is a potential 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 involve 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 financial statements 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 (i.e. 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. acquisitions of companies and/or mergers with other private companies, with particular reference to participation in competitive tenders;
10. negotiation and execution of contracts with private parties with particular regard to contracts related to certifications prescribed by law;
11. selection of suppliers;
12. managing financial resources;
13. management of sale processes, definition of offer prices, management of purchase orders and grant of mandates related to market studies;
14. structuring of authorising powers and differentiation of roles.

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 (article 25-*ter* of the Decree);
- infringe the company principles and procedures set out 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, the other Company's bodies 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;
5) conduct themselves correctly during negotiations with other private parties and do nothing to change the proper functioning of the corporate bodies of these counterparties.

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 shares and units of 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 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);

(relating to point 5 of the previous section):

- promise or offer benefits or other advantages to persons belonging to current or potential contractual counterparties of the Company in order that they perform or not perform acts contrary to the obligations pertaining to their office or to obligations of loyalty.

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 intercompany relationships and the related controls

DCM's relationship with other companies of the Group should operate in complete compliance with applicable regulations.

In particular, the Group implements a transfer pricing policy that provides for verifications and controls on several levels, aimed at ensuring the transparency and proper valuation and consideration of intercompany transactions, also for purposes of ensuring a correct representation of the economic condition, balance sheet and financial condition of the Company and the Group.

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 (for example, company results and the minutes of the meetings of the Board of Directors and other Company's bodies);
- submission of information and documents specifically requested by the supervisory authorities;
- conduct to be maintained during audits.

4.4. Verification and monitoring of processes which may allow for the realisation of agreements involving bribery

The Company focuses special attention on processes that are most exposed to the risk of agreements involving bribery, such as, in particular:

- acquisitions of companies and/or mergers with other private companies, with particular regard to participation in competitive auctions;
- the negotiation and performance of contracts with private parties, with particular regard to contracts concerning certifications required by law;
- the selection of suppliers;
- the management of financial resources;
- the management of sale processes, the determination of offer/bid prices, the management of purchase orders and the grant of mandates concerning market studies.

As protection against the risk of commission of acts of corruptions, the following measures are implemented:
- a careful structuring of authorisation powers and a clear and precise differentiation among roles within the corporate organisation, in accordance with a model of checks and balances;
- ongoing training and professional updating for employees, widespread awareness-raising at all levels and targeted meetings, depending upon the role/function held, on bribery between private parties, organised by the internal audit function;
- an adequate system of reporting breaches of the Model, including through the establishment of IT platforms managed by independent and specialised third parties.

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 program on corporate governance regulations and corporate offences for the relevant employees;
- regular meetings between the Supervisory Body, the internal audit department, and the Control and Risks Committee to verify compliance with corporate law and the rules of corporate governance;

- the formalisation and/or updating of internal regulations and procedures on compliance with corporate law.

IV - OFFENCES COMMITTED IN BREACH OF THE OCCUPATIONAL HEALTH AND SAFETY REGULATIONS (ARTICLE 25-*SEPTIES* OF THE DECREE)

1. Relevant legislation

Article 9 of Law 123 of 3 August 2007 amended the Decree, with the introduction of article 25-*septies*, subsequently amended by article 300 of Legislative Decree 81/2008. This made companies liable in cases of culpable homicide or serious or critical injury in breach of occupational health and safety regulations.

Involuntary manslaughter (article 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 envisaged by the Decree 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 constituting a breach of health and safety regulations at work.

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

Serious or critical accidental injury (article 590, paragraph 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 occupational health and safety regulations.

Pursuant to article 583, paragraph 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 more than forty days;

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

Pursuant to article 583, paragraph 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 Supervisory Body 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 envisaged under article 25-*septies* of the Decree 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;
- acquires obligatory documents and certificates;
- adopts methods and procedures aimed at assessment and prevention of the occupational health and safety risks to which workers (including those who are not Company employees) are exposed in relation to work and services provided by third parties in the Company's interests;
- ensures the application and efficacy of the procedures adopted and records the activities performed to protect occupational health and safety;
- ensures workers' compliance with the safety procedures and work 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 article 16 of the above-mentioned Decree regarding the delegation of functions;
- assessment of risks and drafting of the document pursuant to article 17, paragraph 1(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;
- obligations under article 26 of Legislative Decree 81/2008 regarding contracts of tender, contracts for work or supply contracts, with specific reference to the risks to which workers who are not Company employees may be exposed.

V - OFFENCES AGAINST INDUSTRY AND COMMERCE (ARTICLE 25.*BIS*.1 OF THE DECREE)

1. Relevant legislation

Article 15 of Law 99 of 23 July 2009, recorded under the title '*Penal protection of industrial property rights*', introducing article 25-*bis*.1 of the Decree, established the responsibility of organisations for a number of offences committed against industry and commerce.

In this section we will consider the offences envisaged in articles 513, 513-*bis*, 515 and 516 of the Italian penal code, which draw on conventional profiles for the protection of due exercise of commercial and industrial activities and the correctness and safety of commercial exchanges. The other offences included under the heading of offences against industry and commerce will, on the other hand, be analysed in the next section, focusing on offences against industrial property rights.

Article 25-*bis*.1 of the Decree states that the organisation is liable in the event that the following offences are committed:

Compromising free industry or trade (article 513 of the Italian penal code)

Anyone who uses violence against property or fraudulent means to hinder or disturb the exercise of industry or trade is considered guilty of this offence. This legislation protects the regular operation of industrial and commercial activities and, indirectly, the country's economic interests. It is an offence of conduct alone, in that it is not necessary for an event hindering or disturbing the activity to actually occur; it is sufficient that the conduct described should take place with the specific intent of hindering or disturbing the exercise of industry or trade.

Unlawful competition with threats or violence (article 513-*bis*)

Anyone who, in the exercise of a commercial, industrial or other productive activity, performs acts of competition involving violence or threats is guilty of this offence.

Fraud in the exercise of trade (article 515 of the Italian penal code)

This legislation protecting honesty and proper behaviour in commercial exchanges incriminates anyone who, in the exercise of a commercial activity, or in a place of trade open to the public, supplies one type of moveable goods in place of another, or moveable goods which differ in origin, quality or quantity from those declared or agreed on.

Sale of unwholesome foodstuffs as wholesome (article 516 of the Italian penal code)

This legislation protecting the good faith and dependability of commercial exchanges incriminates anyone who sells or otherwise trades in unwholesome foodstuffs, presenting them as wholesome. The notion of wholesomeness takes into account natural wholesomeness, meaning the substance's conformity to its natural unaltered biochemical composition, and formal wholesomeness, meaning

conformity of a substance's composition to the requirements of any applicable technical standards.

2. Sensitive processes

The circumstance that DCM's primary activity is production and sale of goods, and specifically of foodstuffs, ensures that there is a concrete risk of committing these offences, and particularly the offences identified in articles 515 and 516 of the Italian penal code. The most sensitive areas in the Company are those connected with production and quality control, including all stages and processes involving the goods produced and foodstuffs, from raw materials purchases to packaging and labelling of the finished product.

3. General principles of conduct

DCM adopts corporate policies aimed at preventing the offences described in this section from being committed.

Recipients are expressly forbidden from implementing, collaborating in or causing conduct and forms of behaviour which individually or collective, directly or indirectly, constitute one or more of the offences considered above or facilitate committing of these offences.

They are moreover obliged, in the context of their tasks, to ensure that the Company's productive processes, and specifically those involving foodstuffs, are conducted in conformity with the applicable technical standards protecting the wholesomeness of these products.

4. Specific procedures

In order to prevent the risk of committing the offences described in this section, and in compliance with the General principles of conduct described above, the following specific measures have been taken:

- in the context of the choice and purchasing of raw materials and packaging materials, the Company identifies quality requirements which goods supplied by third parties must meet; For this purpose it has adopted 'General specifications of supply' and 'Specific supply techniques' which guarantee that raw materials and packaging materials comply with the applicable technical standards and with high technical-qualitative and food hygiene standards;
- the Company adopts and applies auditing manuals and the HACCP (Hazard Analysis and Critical Control Points) system in order to guarantee its products' conformity to technical standards and compliance with high quality, food hygiene and commercial standards. The auditing systems adopted include:
  - procedures for inspection and validation of raw materials and packaging materials coming into the production plant;
  - preparation of technical instructions for the manufacture of each product and process control procedures for each kind of production in the plants;

- traceability, re-traceability and market recall procedures;

- the Company uses Quality Management Systems certified on the basis of ISO 9001, IFS (International Food Standard), BRC (Global Standard Food), and ISO 22001 standards;
- in relation to use of products with a specific geographic identification or identification of origin, the Company adopts procedures aimed at guaranteeing each product's conformity with all the requirements of the specific regulations in terms of both sensory qualities and packaging and labelling.

  Specifically, for the production of wines with identification of their geographic place of origin:

  - only grapes and wines from vineyards entered in the National Wine-growing Registry are used;
  - winemaking, maturation and ageing take place in accordance with the methods set forth in the regulations for each wine, and are recorded in registries sealed by the Ministry of Agriculture, Food and Forestry;
  - the Company is a member of associations for the protection of IGT/DOC/DOCG wines, which perform analytic and sensory inspections before the wines are released on the market;
  - all production is subjected to the inspection of the body designated for each IGT/DOC/DOCG by the Ministry of Agriculture, Food and Forestry to ensure compliance with the regulations. These inspections are conducted by checking the documents and taking samples for sensory control, and authorisation to bottle and sell the wines is issued only if the inspections are passed.

VI - OFFENCES AGAINST INDUSTRIAL PROPERTY RIGHTS (ARTICLES 25-*BIS*, LETTER F-*BIS*) AND 25-*BIS*.1 OF THE DECREE)

1. Relevant legislation

Article 15 of Law 99 of 23 July 2009, recorded under the title '*Penal protection of industrial property rights*', introduced letter f-*bis* of the first paragraph of article 25-*bis* and article 25-*bis*.1 of the Decree, establishing the organisation's liability for a number of offences to safeguard industrial property rights.

First of all, the law holds the organisation responsible for three offences of forgery regarding industrial property rights, in order to punish recipients of the Decree who alter or falsify others' industrial property rights and harm the public's trust in the authenticity and genuineness of these rights in the interests of their organisation or to its advantage.

Infringement, alteration or use of trademarks or distinguishing signs or of patents, models and designs (article 473 of the Italian penal code)

Anyone who, in a condition to be aware of the existence of industrial property rights, infringes or alters the trademarks or distinguishing signs of national or international industrial products, patents, designs or industrial models, or anyone who, without participating in infringement or alteration, makes use of such infringed or altered rights, is considered guilty of this offence.

Introduction into the State and trading in products with false trademarks (article 474 of the Italian penal code)

Anyone who, other than the cases of contribution to the offences identified in article 473, introduces into the national territory or holds for sale, sells or otherwise puts in circulation with the aim of gaining a profit, Italian or international industrial goods bearing trademarks or other distinguishing signs which are infringed or altered is considered guilty of this offence.

Infringement of geographic identification or certification of origin of food and agriculture products (article 517-*quater* of the Italian penal code)

Anyone who infringes or otherwise alters the geographic identification or identification of origin of food and agriculture products or introduces into the national territory, holds for sale, sells directly to consumers or otherwise puts into circulation products of this type bearing a false indication or certification of origin for the purpose of gaining a profit is considered guilty of this offence. This offence is included among offences against industry and trade, but its objective features make it comparable to offences of forgery, and specifically the offences identified in articles 473 and 474 of the Italian penal code, from which they differ largely in view of their material object.

Alongside the forgery offences described above, Italian legislation holds the organisation responsible for crimes which, though listed as crimes against industry and trade, harm not only faith in the market and the security of trade but also industrial property rights, or are committed by infringing industrial property rights:

Fraud against Italian industries (article 514 of the Italian penal code)

Anyone who causes damage to Italian industry by offering for sale or otherwise putting in circulation on the Italian or international market industrial products bearing names, trademarks or distinguishing signs which are counterfeit or altered is considered guilty of this offence.

Sale of industrial products bearing misleading signs (article 517 of the Italian penal code)

Anyone who offers original work or industrial products for sale or otherwise puts them into circulation bearing Italian or international names, trademarks or distinguishing signs which are liable to mislead the buyer as to the origin, source or quality of the work or product is considered guilty of this offence.

Manufacture and trading of goods produced in violation of industrial property rights (article 517-*ter* of the Italian penal code)

Anyone who, in a position to be aware of the existence of industrial property rights, manufactures, uses in industry, introduces into Italian territory, holds for sale, sells directly to consumers or otherwise puts into circulation objects or other goods produced usurping or in violation of industrial property rights is considered guilty of this offence.

2. Sensitive processes

The Company pays great attention to the trademarks and other distinguishing signs identifying its products all over the world. The frequency with which it deals with industrial property rights produces a concrete risk of committing the offences described in this section.

The areas of Company operations considered most at risk are all those pertaining to the adoption, use and management in general of trademarks and other industrial property rights, including identification of geographic sources and names identifying the origin of products.

3. General principles of conduct

In order to prevent the offences identified herein from being committed, Recipients are explicitly prohibited from implementing, collaborating in or causing behaviours which individually or collectively, directly or indirectly constitute one or more of the offences considered above or facilitate the committing of these offences.

In performing their tasks they are specifically required to comply with the company procedures described in this section and comply with national, European Union and international regulations governing intellectual and industrial property rights.

DCM promotes compliance with regulations protecting intellectual and industrial property rights, also by participating in and collaborating with the association INDICAM, the Centromarca Institute for the protection and identification of authentic trademarks and for fighting infringement.

4. Specific procedures

The following specific measures are adopted to prevent the risk of committing the offences identified in this section:

- adoption of any new trademarks, distinguishing signs, models or other elements subject to protection under industrial property rights is always subject to prior verification that the new trademark, sign or element does not infringe others' existing rights. For this purpose external consultants under the supervision of the Company's Legal Affairs office investigate the official database of industrial property rights;
- adoption of guidelines prepared by Legal Affairs aimed at ensuring that trademarks are always used in conformity with the applicable legislation;
- use of trademarks on products and in internal and external communications must comply with the guidelines set forth in the previous point;
- use of geographic indications and identification of origin for food and agriculture products, and specifically wines, is subject to attentive prior verification that they will not mislead people as to the product's origin;
- products with geographic indications or identification of origin are subject to verification by Legal Affairs in collaboration with quality control to ensure conformity with all the requirements of the regulations, specifically labelling regulations;
- use or application of collective symbols or trademarks identifying membership in given associations are subject to verification that the producer effectively belongs to the associations.

VII - ENVIRONMENTAL OFFENCES (ARTICLE 25-*UNDECIES* OF THE DECREE)

1. Relevant **legislation**

Article 2 of Legislative Decree 121 of 7 July 2011, introducing to the Decree article 25-*undecies*, recorded under the title 'Environmental offences', establishes that organisations will be held liable for various offences pertaining to environmental protection. Article 1, paragraph 8 of Law 68 of 22 May 2015 extended the scope of these offences. With regard to the risk profiles pertaining to DCM's activities, the relevant offences may be divided into two major categories: (a) offences concerning polluting emissions, and (b) offences concerning waste disposal processes. As all these offences share a 'cross-cutting' nature and affect related company departments, they will be discussed together in this section.

(a) Firstly, the legislation governing pollution includes offences provided for under Title VI-*bis* of the Italian penal code, under the heading 'Crimes against the environment'.

Environmental pollution (article 452-*bis* of the Italian penal code)

Anyone who unlawfully causes a significant, measurable degradation or deterioration to the following is considered guilty of this offence:

- water, air, or extensive or significant portions of the soil or subsoil;
- agricultural or other ecosystem, biodiversity, flora or fauna.

The penalty is increased if the pollution is produced in a protected natural area or an area that is subject to landscaping, environmental, historic, artistic, architectural or archaeological restrictions, or is damaging to protected animal or vegetable species.

Environmental disaster (article 452-*bis* of the Italian penal code)

Anyone who unlawfully causes an environmental disaster is guilty of this offence.

The following also constitute an environmental disaster:

- the irreversible alteration of the balance of an ecosystem;
- the alteration of the balance of an ecosystem, which would be particularly expensive to correct and only achievable with exceptional measures;
- offence against public safety by virtue of the significance of the act, due to the scope of the destruction or of its harmful effects, or to the number of people injured or exposed to danger.

The penalty is increased if the pollution is produced in a protected natural area or an area that is subject to landscaping, environmental, historic, artistic, architectural or archaeological restrictions, or is damaging to protected animal or vegetable species.

Note that if the organisation is convicted for the crimes of environmental pollution (article 452-*bis* of the Italian penal code) and/or environmental disaster (article 452-*quater* of the Italian penal code), in addition to the monetary sanctions laid down, disqualification penalties also apply (see Introduction, Chapter III for details).

Crimes against the environment (article 452-*quinquies* of the Italian civil code)

The facts set out in articles 452-*bis* and 452-*quater* of the Italian penal code constitute a crime even if they are committed as a result of negligence or if they result in the risk of environmental pollution or environmental disaster.

The penalty is increased under article 452-*octies* of the Italian penal code in cases where:

- the aim of the association, as set out in article 416 of the Italian penal code, is exclusively or partly to commit one of the offences laid down under Title VI-*bis* of the Italian penal code, under the heading '*Crimes against the environment*';
- the aim of the association, as set out in article 416-*bis* of the Italian civil code, is to commit one of the offences laid down under Title VI-*bis* of the Italian penal code, under the heading of '*Crimes against the environment*', or to acquire the management or control of economic activities, grants, authorisations, public works or public environmental services.

Secondly, the legislation also includes offences pertaining to industrial wastes, regulated by article 137 of Legislative Decree 152 of 3 April 2006, the Environment Act (*Testo Unico Ambientale*, hereafter referred to as 'T.U.A.'), as well as additional offences regulated by the T.U.A. and by special legislation, all generically traceable to the regulations governing polluting emissions.

Unauthorised release of industrial wastewater containing hazardous substances (article 137, paragraph 2 of Legislative Decree 152 of 3 April 2006)

Anyone who opens or creates new discharges of industrial wastewater containing hazardous substances listed in the relevant tables attached to the T.U.A. (tables 5 and 3/A of the third part of Attachment 5) without authorisation, or who continues to create or maintain said discharges after authorisation has been suspended or revoked, is guilty of this offence. Paragraph 1 of the same article provides for administrative sanctions in the event that the conduct described above does not apply to hazardous substances.

Release of industrial wastewater containing hazardous substances in violation of the specified prescriptions (article 137, paragraph 3 of Legislative Decree 152 of 3 April 2006)

This offence takes place when the release of wastewater identified in the previous offence is performed not in the absence of authorisation but against the prescriptions formally stated in the authorisation or imposed by other competent authorities (with the exception of merely exceeding the limits on concentration of

pollutants, regulated by paragraph 5 of the same article and constituting a separate offence in itself).

Violation of the limits appearing in the tables on concentrations of hazardous substances in industrial wastes (article 137, paragraph 5 of Legislative Decree 152 of 3 April 2006)

Anyone who exceeds the ceiling on concentration of hazardous substances in releasing industrial wastes shall be considered guilty of this offence. The lists of hazardous substances and the applicable limits on releasing wastewater or releasing into the soil are contained in specific annexes to the T.U.A.. The offence will be considered more serious if the act involves exceeding the values appearing in the tables for specific productive cycles.

Violation of prohibition of release of wastes into the soil, underground or underground waters (article 137, paragraph 11 of Legislative Decree 152 of 3 April 2006)

Anyone who negligently or fraudulently violates the prohibition of direct release of wastes into the soil, surface or subsoil or into underground water, regulated by articles 103 and 104 of the T.U.A., is guilty of this offence.

Pollution of the soil, subsoil, surface waters or underground waters (article 257, paragraphs 1 and 2 of Legislative Decree 152 of 3 April 2006)

In accordance with article 257 of the T.U.A., anyone who pollutes the soil, sub-soil, surface waters or underground waters is considered guilty of this offence; polluting means increasing the concentration of contaminants present on the site to a value higher than the risk threshold concentration (RTC) identified in the legislation. There is penal liability only if the person responsible fails to provide notification as required under article 242 of the T.U.A. or clean up the site in accordance with the clean-up plan approved by the competent authorities, in violation of the clean-up obligation identified in the same article: compliance with the approved clean-up plan under article 242 *et seq*. of the T.U.A. shall protect the polluter from punishment.

If the pollution is caused by hazardous substances, the offence will be considered more serious and the penalty increased accordingly.

Aggravated atmospheric pollution (article 279, paragraph 5 of Legislative Decree 152 of 3 April 2006)

Under the legislation in question, anyone who operates a plant exceeding the legal emission thresholds established by the authorisation or by regulations governing the sector, resulting in exceeding of the limits on air quality under current legislation, shall be punished.

Violation of the provisions regarding use of substances harmful to the ozone layer and damaging to the environment (article 3, paragraph 6 of Law 549 of 28 December 1993)

This legislation punishes anyone who violates their obligations under European regulations regarding cessation and reduction of the use of substances harmful to

the ozone layer, currently regulated by EC Regulation 1005 of 16 September 2009 ([4]).

(b) Alongside environmental offences aimed at suppressing forms of conduct that could directly harm the environment, the legislation also includes among environmental offences a series of provisions punishing violations of the legislation governing waste disposal. This legislation is of importance both in view of the risk of 'directly' and exclusively committing the offences and the risk of responsibility in concert, and therefore even if the Company does not directly handle waste management. The relevant legislation may be further divided into the following two categories.

(b.1) Waste disposal offences.

Trafficking and dumping of highly radioactive waste (article 452-*sexies* of the Italian penal code)

Anyone who unlawfully sells, purchases, receives, transports, imports, exports, procures for third parties, holds, transfers, dumps or otherwise illegally discards highly radioactive material is guilty of this offence.

The penalty is increased

- if the action leads to a risk of degradation or deterioration of
  - water, air, or extensive or significant portions of the soil or subsoil;
  - or of an agricultural or other ecosystem, biodiversity, flora or fauna;
- or if the action endangers the life or safety of people.

Preparation or use of false waste analysis certification (article 258, paragraph 4, second sentence of Legislative Decree 152 of 3 April 2006)

Under article 258 T.U.A. regulating the administrative responsibility of companies which collect and transport their own non-hazardous wastes without using the form required under the T.U.A., anyone who, in preparation of a waste analysis certificate, provides false information regarding the nature, composition and chemical/physical properties of wastes and anyone who makes use of such a false certificate during transportation of wastes is punishable with the penalties identified in article 483 of the Italian penal code.

Acts of falsification in SISTRI (article 260-*bis*, paragraph 6 of Legislative Decree 152 of 3 April 2006)

This legislation, intended to protect the proper functioning of the information system ensuring traceability of wastes (commonly known by the abbreviation SISTRI), punishes anyone who prepares a false waste analysis certificate or includes a false certificate among the information to be provided to ensure waste

[4] Repealing EC Regulation 2037 of 29 June 2000, which in turn repealed EEC Regulation 3090 of 15 December 1994, to which the penal laws refer.

traceability with application of the penalties identified in article 483 of the Italian penal code.

Transportation of hazardous wastes without the obligatory documentation and transportation of wastes with false documentation (article 260-*bis*, paragraph 7, second and third sentence of Legislative Decree 152 of 3 April 2006)

This legislation punishes with the penalties identified in article 483 of the Italian penal code anyone who transports hazardous wastes without a printed copy of the SISTRI – Movement Area form and, where necessary under current legislation, a copy of the analytic certificate identifying the characteristics of the wastes.

The same penalty applies to anyone who uses a waste analysis certificate containing false information on the nature, composition and physical/chemical properties of the wastes transported when transporting wastes under the SISTRI system.

Material falsification of waste transportation documentation (article 260-*bis*, paragraph 8 of Legislative Decree 152 of 3 April 2006)

This legislation provides for application of the penalty required under the combined provisions of articles 477 and 482 of the Italian penal code to anyone who transports wastes with a printed copy of the SISTRI – Movement Area information sheet which has been fraudulently altered. Cases of transportation of hazardous wastes will be considered a specific aggravating circumstance.

(b.2) Waste management misdemeanours, that is, offences which may be committed either negligently or wilfully.

Unlawful waste management activities (article 256, paragraph 1 of Legislative Decree 152 of 3 April 2006)

This legislation, intended to protect the proper functioning of the system of public control over the typical waste management activities identified in the T.U.A., punishes anyone who performs the activities of collection ([5]), transport, recovery, disposal, trade and intermediation in wastes without the required authorisation, registration or notification. The offence therefore consists of performing one of the activities requiring authorisation, registration in a registry or notification of the administrative authority without performing this act.

According to the consolidated interpretation in jurisprudence, the original producer of the wastes who negligently or wilfully neglected to check that the operator to whom the wastes were entrusted has due authorisation to perform the activity, contributes to the offence in concert, in compliance with the principle expressed in article 188 of the T.U.A. according to which the original producer of the wastes (and all other parties who subsequently hold them) remains responsible for the entire waste treatment chain originating with the producer.

[5] The term collection refers to the picking up of wastes, including preliminary sorting and storing, including operation of collection facilities, for the purposes of transportation to a treatment facility; the term recovery refers to any operation which produces the principal result of permitting wastes to play a useful role, replacing other materials which would otherwise have been used to perform a particular function or preparing them to perform this function in a plant or in the economy in general; the term disposal refers to any operation other than recovery, even if the secondary consequence of the operation is recovery of substances or of energy.

Operation or construction of an unauthorised landfill (article 256, paragraph 3, first and second sentences, Legislative Decree 152 of 3 April 2006)

This legislation punishes anyone who creates or operates an unauthorised landfill. For the purposes of application of this legislation, the term landfill is intended to refer, according to the definition provided in EC Directive 31 of 26 April 1999, to an area used for disposing of wastes by depositing them on or in the soil, including, *inter alia*, any area where wastes are temporarily stored for more than a year while awaiting disposal.

Failure to comply with the requirements for performing waste management activities (article 256, paragraph 4 of Legislative Decree 152 of 3 April 2006)

This legislation punishes anyone who operates a landfill or performs one of the acts typical of waste management identified in the first paragraph of article 256 of the T.U.A. with the required authorisation, registration or notification but failing to comply with the requirements contained in or referred to in the authorisation, or without meeting the requirements and conditions specified for registration or notification.

As the legislation identifies this as an offence committed by the party authorised to perform one of these activities, in this case the initial producer of the wastes is not considered to be acting in concert with this party. The Company will therefore be held responsible for this offence only if it directly takes steps to perform one of the activities considered typical of waste management itself.

Unlawful mixing of wastes (article 256, paragraph 5 of Legislative Decree 152 of 3 April 2006)

The legislation punishes anyone who performs unauthorised mixing of hazardous wastes in violation of the prohibition identified under article 187 of the T.U.A., and that is, anyone who, at any stage in waste management, combines wastes without authorisation to do so in such a way as to make it difficult or impossible to separate hazardous wastes with different degrees of hazardousness or hazardous and non-hazardous wastes together.

2. Sensitive processes

Processes presenting a concrete risk of committing the offences described above are all linked with the production area.

The processes involving a specific risk of committing these offences are construction and maintenance of industrial plants, adaptation and operation of existing plants, and processes specifically linked with disposal of industrial wastes, both during internal handling and with reference to the risks involved in contracting out waste management services.

3. General principles of conduct

Recipients may not perform, collaborate in or cause any form of conduct which individually or collectively, directly or indirectly constitutes one of the offences identified in article 25-*undecies*, and specifically those described above.

The Company takes measures to ensure that the requirements of the T.U.A. and of special environmental protection and waste management legislation referred to in this section are met, and is committed to ensuring that Recipients are provided with adequate information in this regard.

In order to prevent the offences described in this section from being committed, Recipients are required, in the context of their functions, to :

- diligently ensure their own instruction updating on European Union and Italian legislation in this area;
- act, in performing their functions, in compliance with European Union and Italian laws and administrative regulations in this area, requesting the assistance of Legal Affairs and turning to qualified external consultants where necessary;
- ensure that wastes are handled in compliance with current legislation, in the ways and at the times considered most appropriate in each case;
- notify the Supervisory Body of any areas involving a particular risk or environmentally critical situations linked to the offences identified in article 25-*undecies*.

4. Specific procedures

The Company prepares internal waste management and environmental, procedures aimed at preventing the offences identified in this section from being committed, with which Recipients are required to comply.

The following specific measures are adopted:

- the Company adopts Quality Management Systems certified on the basis of ISO 14001;
- each production facility in Italy has appointed an Environment Manager, who may be the same person as is in charge of the prevention and protection service required under Legislative Decree 81 of 9 April 2008, in charge of ensuring the facility's compliance with environmental and waste management legislation and with the regulations referred to in this section. The Environment Manager is also responsible for ensuring adoption of the requirements of this section of the Model and ensuring that all parties involved are aware of its content;
- the Company ensures adequate forms of coordination among Environment Managers at different production facilities in order to ensure the Company's compliance with environmental requirements and with the regulations referred to in this section, preparing and ensuring the necessary training for the Environment Managers. Every year the Quality Health Security Environment department prepares a report on environmental and waste management compliance identifying any critical situations and risk areas which may have emerged during the year, and sends it, through the head of the internal audit department, to the Supervisory Body. The report is an integral part of the annual report on health and safety in production facilities in Italy.
- all plans for maintenance work or modification of the Company's industrial plants which may have an impact on correct compliance with the environmental

obligations outlined in this section must be submitted to the Environment Manager concerned for assessment to ensure their conformity with environmental legislation;

- each Environment Manager ensures adequate monitoring of emissions and release of pollutants and prepares a brief annual report on environment compliance and on waste disposal procedures in use. The report must always identify any critical issues and risks that may have emerged during the year;
- anyone concerned with waste disposal or other activities involved in the relevant legislation identified in this section must notify the Environment Manager of any critical points or risks identified in the course of his or her work in writing, sending a copy to Legal Affairs.

VIII - INFORMATION TECHNOLOGY OFFENCES (ARTICLE 24-*BIS* OF THE DECREE)

1. Relevant legislation

Law 48 of 18 March 2008, which introduced article 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 (article 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 (article 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 of an IT system (article 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 (article 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 (article 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 (article 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 (article 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 article 635-*bis* of the Italian penal code or by introducing or transmitting data, information or programs, destroys, damages or makes unusable, fully or partially, 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 (article 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 (article 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.

IX - COPYRIGHT INFRINGEMENT OFFENCES (ARTICLE 25-*NOVIES* OF THE DECREE)

1. Relevant legislation

Article 15 of Law 99 of 23 July 2009, recorded as '*Penal protection of industrial property rights*', introducing article 25-*novies* of the Decree, establishes that an institution is responsible for any copyright offences committed in it.

The legislation specifically states that institutions are liable for the commission of the offences envisaged in article 171, paragraph 1(a)-*bis* and paragraph 3, 171-*bis*, 171-*ter*, 171-*septies* and 171-*octies* of Law 633 of 22 April 1941, briefly described below.

Offence envisaged in article 171, paragraph 1(a)-*bis*), of the copyright law

This legislation protects the property rights of the creators of original work and incriminates anyone who provides the public, for any purpose and in any form, with protected original work or a part thereof without authorisation, by putting it into a system of telecommunications networks via any kind of connection.

Offences envisaged in article 171, paragraph 3 of the copyright law

The legislation specifies aggravating circumstances if any of the offences identified in paragraph 1 of article 171 is committed with regard to original work by others not intended for publication, or by claiming authorship of the work, or by distorting, mutilating or otherwise modifying the work, if the result offends the author's honour and reputation. Though the wording of article 25-*novies* of the Decree is by no means clear, it appears that the reference to paragraph 3 of article 171 of the copyright law should be interpreted as indicating that the organisation shall be held liable only if the offences envisaged in article 171, paragraph 1 (unlike the offence envisaged under (a)-*bis*) are subject to the aggravating circumstance in question.

Offences envisaged in article 171-*bis* of the copyright law

This legislation protects original works of information technology, and particularly software and databases. The first paragraph punishes anyone who unlawfully copies computer programs in order to gain a profit or imports, distributes, sells, holds for the purposes of commerce or enterprise or leases programs contained on media not marked by the SIAE copyright mark in order to gain a profit with six months to three years of imprisonment and a fine ranging from € 2,582 to €15,493. The same penalty shall apply if the act regards any medium solely for the purpose of permitting or facilitating arbitrary removal or circumvention of devices applied to protect a computer program.

Paragraph 2 punishes anyone who, in order to gain a profit, reproduces on media not marked by the SIAE copyright mark, transfers to another medium, distributes, sends, presents or publicly shows the content of a database in violation of the provisions of articles 64-*quinquies* and 64-*sexies* of the copyright law, or extracts and reuses a database in violation of the provisions of articles 102-*bis* and 102-*ter* of the copyright law, or distributes, sells or leases a database.

Offences envisaged in article 171-*ter* of the copyright law

Paragraph 1 of article 171-*ter* of the copyright law specifically protects original work intended for television and film use, dramatic, scientific or educational works, including multimedia works, and punishes many forms of unauthorised conduct, such as, for example, the copying and distribution of such works, and the holding and transferring, for any reason, of media containing such works, without the SIAE copyright mark. It likewise punishes several forms of behaviour pertaining to devices permitting access to encrypted services without payment of the fees due or with the aim of facilitating the circumvention of technological measures applied to protect such works under article 102-*quater* of the copyright law.

The forms of conduct described in paragraph 1 of article 171-*ter* of the copyright law are considered criminal offences only if committed with the aim of gaining a profit and not for personal use.

Paragraph 2 of article 171-ter of the copyright law, however, not only punishes anyone who promotes or commits the acts identified in paragraph 1, while copying, distributing, selling or importing protected works in the course of their business, but also punishes many forms of unauthorised conduct (reproduction, sale, transfer for any reason, etc.) of more than fifty copies or examples of protected works. Though the legislation does not expressly state that this is done for the purpose of gaining a profit, the orientation of the jurisprudence is to identify the offences identified in the second paragraph as being committed for the purpose of gaining a profit, as in the case of the first paragraph of the same article.

Alongside these behaviours, paragraph 2 of article 171-*ter* of the copyright law punishes 'file sharing', i.e. the release into a system of telecommunications networks, via a connection of any kind, original work protected by copyright or a part thereof.

Offences envisaged in articles 171-*septies* and 171-*octies* of the copyright law

Article 171-*septies* punishes producers and importers who fail to notify SIAE, the Italian copyright association, of information identifying media not subject to the obligation of application of a seal and anyone who falsely states that they have fulfilled their obligations under copyright laws when requesting application of an SIAE mark.

Finally, article 171-*octies* of the copyright law punishes anyone who, for fraudulent purposes, produces, sells, imports, promotes, installs, modifies, or uses for public or private use any apparatus or part thereof which may be used to unscramble audiovisual transmissions subject to conditional access broadcast via the airways, via satellite or via cable, in either analogue or digital form.

2. Sensitive processes

In view of DCM's operations, the highest risk of corporate liability, though mitigated by the need for offences to be committed in the organisation's interest or to its benefit, may be identified in relation to the offences set forth in articles 171, paragraph 1(a)-*bis*), 171-*bis* and 171-*ter* of the copyright law, by virtue of frequent use by Recipients of the Model of protected computer programs and of telecommunications networks, and the use of original work in the company's business (such as musical compositions in its advertisements). The other relevant legislation, in particular that applying to parties who interact directly with SIAE

(articles 171-*septies* and 171-*octies* of the copyright law), would appear to be of limited relevance.

As a result, the processes apparently most at risk are those involving Information Systems, and particularly those pertaining to management of access to telecommunications networks, management of computer programs used by the Company and management of credentials for accessing and working on the Company's information systems. In addition, all processes, including those in different areas, connected in any way with use and management of original works protected by copyright would appear to be sensitive.

3. General principles of conduct

In order to prevent the offences examined in this section from being committed, Recipients are explicitly prohibited from performing, collaborating in or causing behaviours which individually or collectively, directly or indirectly, constitute one or more of the offences considered above or facilitate the committing of these offences.

Specifically, in the context of their tasks, Recipients are required to comply with the Company procedures identified in this section and with copyright laws.

4. Specific procedures

The Company adopts and applies adequate procedures to prevent the offences envisaged under this section from being committed (including verification and control procedures) to ensure that management and use of original work in the Company's activities takes place in compliance with copyright laws and by virtue of the Company's rights to make use of them. The following specific measures are adopted:

- in relation to use of original work in the Company's promotional activities (particularly musical compositions and films), the Company ensures through constant exchanges of information between Marketing Management and Legal Affairs that these works are used under contracts or other rights entitling the Company to make use of them;
- On 2 November 2009, the Company adopted the *Regulations governing use of information, telephone and copying systems of the Italian Companies in Gruppo Campari*. These Regulations, published on the Company's website and distributed to all Company employees, include:
  - regulation of the use of the Company's personal computers and measures ensuring that software programs are installed exclusively by the Information and Communication Technology (ICT) Service or the Helpdesk Service, prohibiting users from installing and/or using different programs or installing their own programs;
  - regulation of the use of Gruppo Campari's intranet and the internet on the basis of high security and protection standards, specifically prohibiting use of the internet for reasons not pertinent to the user's tasks during working hours

and in all cases prohibiting uploading and downloading of freeware and shareware and all documents and files not strictly pertinent to the user's tasks, and ensuring the reliability of files, if necessary by asking for the opinion of the ICT Service;

- regulation of the use of the email service, prohibiting its use for reasons other than work and in all cases prohibiting the sending of attachments and files not pertinent to the user's tasks;
- in compliance with privacy regulations, control of the volume of data traffic over the internet;

- the Company periodically checks, using appropriate technical instruments, that the programs on the Company's personal computers have been duly installed on the basis of the procedures specified in the Regulations and have valid user's licences;
- the computer programs used by the Company and the Group's Italian companies are purchased exclusively by the Head of Information Systems and installed on the Company's servers and/or personal computers by the Head of Technological Infrastructures;
- the Company periodically verifies the certificates and licenses of computer programs which attest to the right to use such programs;
- the Company applies appropriate measures to restrict or prevent access to certain websites (known as blacklisted sites, periodically updated) or the use of programs which could aid the commission of the offences identified in this section (such as peer-to-peer, file sharing and similar systems);
- the Company organises its information systems through attentive management of access methods and credentials to ensure that it is possible to trace all operations performed if necessary.

X - 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 (article 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 (article 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 (article 316-*bis* of the Italian penal code), the use made of the funding allocated is not relevant, as the offence lies purely in its 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 and improper inducement to give or promise benefits (articles 317 and 319-*quater* of the Italian penal code)

These offences are committed when a public official or a person charged with performing a public service abuses his/her position and compels (extortion) or induces (improper inducement) another person to pay money or other benefits not due, to him/herself or others. In the case of improper inducement, the party who, having been induced by the public official or the person charged with performing a public service, gives or promises money or other benefits to the same, is also punished (article 319-*quater*, paragraph 2).

As regards responsibility pertaining to the conduct of the public official or the person charged with performing a public service, these offences are only likely to be applied when a company employee or representative is party to the offence committed by such persons, who, by taking advantage of their position, demand benefits not due from third parties, provided that some advantage accrues to the Company from such behaviour.

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

These offences are 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 or powers, to 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 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 and improper inducement, in that in cases of bribery, an agreement exists between the parties aimed at generating a mutual advantage, while in the case of extortion and improper inducement, 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 (article 321 of the Italian penal code).

Attempted bribery (article 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.

Bribery in the context of judicial proceedings (article 319-*ter* of the Italian penal code)

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.

Trading in influence (article 346-*bis* of the Italian penal code)

This offence is committed when – by exploiting or claiming existing or alleged relations with a public official, a person in charge of a public service, (or pursuant to Article 322-*bis* of the Italian penal code with members of the International Criminal Court, bodies of the European Community, officials of the European Community or foreign countries) – a person is unduly granted or provided with, for themselves or for others, money or other benefits, as the price of their illicit mediation with the subjects mentioned above or to remunerate them in relation to the exercise of their functions or their powers.

Fraud against the state, other public bodies or the European Union (article 640, paragraph 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 (article 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 any other public entity (article 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, article 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, article 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 (article 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; and 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 article 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:

SENSITIVE PROCESSES	ADMINISTRATION OR PRIVATE ENTITIES INVOLVED	COMPANY DEPARTMENT CONCERNED
Institutional affairs and lobbying on behalf of company and sector interests.	Ministries and national and EU public authorities	Management and Global Public Affairs
Legal disputes: - civil litigation; - tax litigation; - labour litigation	Legal authorities and boards of arbitrators	- Legal Affairs - Disputes - Statutory reporting and consolidation – Group Tax - Human Resources
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 & Corporate Finance - Statutory reporting and consolidation
Registration of intellectual property rights.	Italian Office of Trademarks and Patents - UAMI	Legal Affairs - Intellectual Property
Applications and management of public finances.	Ministry of Economic Development and Regions	Legal Affairs - Corporate
Personal data management, reports and complaints concerning privacy matters.	Data protection authority	Group Privacy and Data Protection
Management of staff salaries, insurances and contributions.	National insurance bodies INPS and INAIL – Ministry of Labour	Human Resources

SENSITIVE PROCESSES	ADMINISTRATION OR PRIVATE ENTITIES INVOLVED	COMPANY DEPARTMENT CONCERNED
Applications relating to company activity, such as licences, concessions, permits and various authorisations.	Central and local administrations and EU authorities	Product Supply Chain - Quality Health Security Environment
Inspections and controls, issuing of authorisations and certifications regarding work safety, environment, health safety and fire prevention matters.	Ministry of Health – Local health units (ASL) – Arpa – Fire Service – Local authorities – Police forces (NAS and NOE) – Notified Bodies – Prefecture – National Institute for Occupational Safety and Prevention (ISPESL) – Public analysis laboratories	Quality Health Security Environment - Plant managers
Tax inspections.	Italian finance police – Revenue authority	Statutory reporting and consolidation - Group tax
Customs management regarding purchase of fiscal stamps and payment of excise duties	Customs Agency	Product Supply Chain - Excise & Customs
Monthly reporting on shareholdings, funding, current accounts and credit lines.	Bank of Italy	Campari Services s.r.l. (Shared Service Center)
Organisation of competitions, events and promotions	Industry ministry, local authorities	Sales - Trade Marketing
Conclusion and management of contracts.	Utility companies (Enel, Italgas, etc.)	Facility Department - Real Estate
Release of permits, authorisations and building licences.	Local authorities	Facility Department - Real Estate

General principles of conduct

The general prohibitions 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, also 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.

3. 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 Supervisory Body;
- grant benefits, of any type (jobs, 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;
- mention to third parties - without there being a valid and legitimate reason - the existence (actual or even merely alleged) of relationships or proximity relationships of any kind with public officials, public service officers or national (or even not national) public officials.

4. 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 Supervisory Body must be informed in writing of any problem, anomaly 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 in writing;
  - 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 who maintain relations with the public administration on DCM's behalf 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 (for example, 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 minutes reveal problems, the head of the department concerned must inform the Supervisory Body 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;
- expense notes must be signed by the direct supervisor of the person making the request in accordance with the appropriate procedure in force; exceptions may be 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 Supervisory Body.

XI - TAX OFFENCES (ARTICLE 25-*QUINQUIESDECIES* OF THE DECREE)

1. Relevant legislation

Article 25-*quinquiesdecies* of the Decree sets forth some offences, which are briefly described hereunder.

Fraudulent declarations through invoices or other documents for non-existing transactions.

Anyone who, in order to evade income or VAT tax, by using invoices or other documents for non-existing transactions, reports fictitious liabilities in one of the declarations relating to such taxes, commits an offence.

The offence is considered as committed by using invoices or other documents relating to non-existing transactions when such invoices or documents are recorded in the compulsory accounting records or are detained for the purpose of evidence towards tax authority.

Fraudulent declaration through other means.

Except for those cases provided for in the previous case, the offence is committed by anyone who, in order to evade income or VAT taxes,

(i) by carrying out objectively or subjectively simulated transactions; or

(ii) by using fake documents or other fraudulent means which can hamper the investigation and mislead the tax authority;

reports in one of the declarations relating to such taxes, assets for an amount lower that the actual one or fictitious liabilities or fictitious receivables or withholdings , when, together:

(a) the evaded tax, with reference to some of the individual taxes, exceeds € 30,000.00;
(b) the total amount of the assets excluded from taxation, even through the reporting of fictitious liabilities,
- exceeds 5% of the total amount of the assets reported in the declaration, or, in any case,
- exceeds €1,500,000.00, or
- when the total amount of the fictitious assets and withholdings reducing the tax exceeds 5% of the amount of the tax itself or, in any case, exceeds € 30,000.00.

The offence is considered as committed by using fake documents when such documents are recorded in the compulsory accounting records or are detained for the purpose of evidence towards tax authority.

The mere violation of invoicing obligations and the recording of assets in the accounting records or the mere indication in the invoices or in the records of assets lower than the real ones does not constitute fraudulent means.

Issuance of invoices or other documents for non-existing transactions

The offence is committed by anyone who, in order to allow third parties to evade income or VAT taxes, issues or releases invoices or other documents for non-existing transactions.

The issuance or release of more invoices or documents for non-existing transactions within the same tax period is considered as a single offence.

Concealing or destruction of accounting documents.

The offence is committed – unless the act constitutes a more serious offence – by anyone who, in order to evade income or VAT taxes, or in order to allow third parties to evade income or VAT taxes, conceals or destroys all or part of the accounting documents or of those documents whose keeping is mandatory, so that the reconstruction of incomes or turnover is not possible.

Fraudulent avoidance of tax payments.

The offence is committed by anyone who:

(a) in order to avoid payment of income or VAT taxes, or of interests or administrative sanctions relating to such taxes the total amount of which exceeds € 50,000.00, falsely disposes of or commits other fraudulent acts on its or other's assets that could make ineffective, totally or partially, the forcible collection procedure;

(b) in order to obtain for itself or others a partial payment of taxes and related accessories, indicates in the documentation produced for the purpose of the tax settlement procedure, an asset's amount lower than the real one or fictitious liabilities for a total amount exceeding € 50,000.00.

2. Sensitive processes

The main internal sensitive processes that DCM has specifically identified, with reference to the liability cycle, are the following:

- identification and registration of suppliers;
- purchase of goods and services;
- invoices recording and bookkeeping;
- registration of the credit notes;
- registration of the cash flows;
- intra-group purchase of goods and services.

With regard to the assets cycle, the main sensitive processes are the following:

- sale of products to customers;
- intra-group sale of goods and services;
- other sales;
- invoices registration and bookkeeping;
- registration of the cash flows.

Lastly, the preparation and presentation of declarations that are relevant for tax purposes shall be considered as sensitive process, as well as the payment of the relative taxes.

3. General principles of conduct

The general prohibitions specified below apply to the Recipients and, in any case, to the members of the corporate bodies, to the employees and collaborators of DCM, as well as to external collaborators, consultants and partners in various capacities, even pursuant to specific contractual clauses.

It is forbidden to:

- engage in, collaborate or cause the realization of conducts that, individually or collectively, directly or indirectly, may constitute an offence falling within those considered above (article 25-*quinquiesdecies* of the Decree);
- violate the principles of conduct and the company procedures set forth in this section or, in any case, regulating the methods for the correct performance of the company processes which may be relevant from a tax point of view.

Specifically, it is absolutely forbidden to:

- issue, release, create or use in any way fake invoices or other documents with false economic amounts or relating to objectively or subjectively non-existing transactions;
- avoid to issue invoices or other documents required by law or by internal policies;
- to carry out or in any way or facilitate transactions which are, objectively or subjectively, non-existing;
- conceal or destroy, totally or partially, the accounting records or the documents that must mandatorily be kept;
- falsely dispose of or commit other fraudulent acts on the Company's assets;
- indicate in any the documentation submitted for the purpose of tax settlement procedure, assets for an amount lower than the actual one or fictitious liabilities;
- issue invoices for services not effectively provided;
- issue multiple invoices relating the same service;
- omit to issue credit notes in case of issuance of invoices, even by mistake, relating to partially or wholly non-existing services, or that cannot be financed;
- omit the documentary recording of the Company's funds and of the related handlings;
- grant any commercial incentive that is not in line with the permitted value's threshold and has not been approved and registered pursuant to what is set forth by the internal procedures;
- recognize any commission, discount, credit and subsidy that has not been granted in accordance with the applicable law and duly authorized.

The Recipients, to the extent they are involved in the performance of activities in relation to which there is a possible risk of committing one of the abovementioned crimes, shall comply with the rules of conduct that are consistent with the requirements set forth by applicable law and internal procedures.

In particular, the Recipients shall:

- verify the matching of prices in relation to the intrinsic value of the goods and services acquired or sold;
- verify the matching of the purchased or sold goods and services what was contractually established;
- make and receive payments exclusively by using traceable tools (e.g. wire transfer, check, etc.), and in execution of specific written agreements and with the availability of the relevant accounting documentation;
- report to the Supervisory Body any criticality or anomaly.

4. Specific procedures

The Company carefully assesses all processes relating to the asset cycle and the liability cycle, as well as any other transaction that may be significant under a tax point of view. To this end, in particular, the Company adopts the following company procedures:

- control over incoming amounts;
- control over outgoing amounts, on the regularity of financial cash flows and payment towards third parties, as well as intra-group payments and/or transactions;
- recording of financial flows
- selection and validation of suppliers, in particular through preliminary due diligence activity and subsequent sharing of a specific code of conduct (Supplier Code) which all suppliers must accept, sign and comply with;
- registration of suppliers;
- purchases and sales proceduralization, with the provision of adequate authorization levels;
- for the traceability of incoming and outgoing goods and services, with simultaneous verification of conformity between what has been received and what has been agreed upon;
- registration of invoices, with simultaneous verification of conformity between the indicated amounts and the amounts actually received or disbursed;
- management of the credit notes, with simultaneous verification of conformity between such and the specific circumstances which led to their issuance;
- for the traceability of the decision and authorizing processes;
- of functional segregation between those who authorize and those who manage the transactions, those who make payments, those who records the transactions and those who archive the related documentation;

- management of requested and paid expenses' reimbursement;
- management and traceability of infra-group transactions;
- continuous update of the personnel in charge of activities which are of relevance from a tax point of view;
- for managing tax and social security obligations, as well as the relationships with the relevant Offices and Authorities, with the relative adoption of a cross-check system also involving external consultants.

Additionally, regular controls are carried out on the records pertaining to the asset and liability cycle, VAT registers and suppliers' personal data.

The specific procedures referring to the offences against the Public Administration (see above, Special Section, Chapter X), to corporate offences, (see above, Special Section, Chapter III) and to the offences of receiving, laundering, using of money, goods or profits of illegal origin and self-laundering (see below, Parte Speciale, Chapter XII) are fully referred to herein.

Lastly, within the Company, such as within the entire Group, a specific integrated management and system of control of all relevant company processes from a tax point of view is currently being adopted and implemented (the so-called Tax Control Framework), which aims at further mitigating the risk of committing an administrative infringement or a criminal offence of tax nature.

XII - RECEIVING, LAUNDERING AND USING MONEY, GOODS OR PROFITS OF ILLEGAL ORIGIN (ARTICLE 25-*OCTIES* OF THE DECREE)

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 article 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), and, as a result of the addition included in Law 186 of 15 December 2014, the offence of money laundering (article 648-*ter*.1 of the Italian penal code), even if committed in Italy.

Law 146/2006 (article 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 (article 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 (article 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 (article 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* of the Italian penal code, a person uses money, goods or other profits resulting from an offence for economic or financial activities.

Money laundering (article 648-*bis*.1 of the Italian penal code)

This legislation punishes anyone who, having committed or aided in the commission of a premeditated offence, uses, replaces or transfers money, goods or other profits resulting from said offence for economic, financial, business or speculative activities, in such a way as to effectively prevent the identification of their criminal origin.

This offence is therefore punishable if the conduct is carried out via the simultaneous existence of three circumstances: 1) a large fund of money, assets or

other profits has been created or its creation is being contributed to (via a first crime); 2) said fund is being used (replaced or transferred) via further, independent behaviour, in economic, financial, business or speculative activities; and 3) identification of the criminal origin of said fund is being effectively prevented.

Money laundering is not punishable if the money, assets or other gains are purely for personal use or benefit ([6]).

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.

Specifically, the fact that the re-use of the proceeds of premeditated crimes in the Company's economic or financial activities may include the money-laundering offences set out at article 648-*ter*.1 of the Italian penal code, gives rise to the risk that one of the following crimes (identified by their capacity to procure illegal gains for the Company) will be committed:

- market abuse offences (Special Section, Chapter II above);
- corporate offences (Special Section, Chapter III above);
- offences against the public administration (Special Section, Chapter X above);
- the following tax offences ([7]):
  - fraudulent tax declaration through the use of invoices or other documents for non-existent transactions (article 2 of Legislative Decree 74/2000);
  - fraudulent declaration using other stratagems (article 3 of Legislative Decree 74/2000);
  - untrue declaration (article 4 of Legislative Decree 74/2000);
  - failure to provide a declaration (article 5 of Legislative Decree 74/2000);
  - concealment or destruction of accounting documents (article 10 of Legislative Decree 74/2000);

[6] Conduct set out in article 648-*ter*.1 of the Italian penal code is not punishable if committed in relation to crimes set out in articles 2, 3, 4, 5, 10-*bis* and 10-*ter* of Legislative Decree 74 of 10 March 2000, as subsequently amended (see paragraph 2 below), until 30 September 2015, within which time the voluntary cooperation procedure may be activated, pursuant to article 5-*quater* of Legislative Decree 74/2000.

[7] For the purposes of corporate liability, it is doubtful whether the premeditated crime (of which the money, assets or other gains constitute the proceeds that are used, replaced or transferred in economic, financial, business or speculative activities) should be included in the predicate offences expressly set out in articles 24 *et seq* of the Decree (principle of certainty of the predicate offences) or whether the criminal case law of article 648-*ter*.1 of the Italian penal code could be supplemented with other premeditated crimes that are not expressly set out in the Decree.

- unpaid certified withholding taxes (article 10-*bis* of Legislative Decree 74/2000);
- unpaid VAT (article 10-*ter* of Legislative Decree 74/2000);
- unlawful compensation (article 10-*quater* of Legislative Decree 74/2000);
- fraudulent misrepresentation with intent to evade tax (article 11 of Legislative Decree 74/2000).

3. General principles of conduct

Recipients of the Model are expressly prohibited from engaging in, collaborating in or giving rise to conduct that leads, individually or collectively, directly or indirectly, to the offences of receiving, laundering or using money, goods or profits of illegal origin or money laundering.

Specifically, it is absolutely prohibited to:

- provide services that are not necessary;
- invoice services that are not actually provided;
- send two invoices for the same service;
- fail to issue credit notes when wholly or partly non-existent services or services that cannot be financed have been invoiced, including by mistake;
- fail to register the documents of the Company's funds and related changes;
- request or use contributions, funds, subsidised loans or other similar monies granted or paid by the state, the public administration or other public entities of the European Union or other international organisations, via false declarations or false documents, or by failing to provide the required information;
- grant any business incentive that is not in line with the value limits permitted and that has not been approved and recorded in compliance with internal procedures;
- pay any commission, discount, credit or allowance that has not been agreed in compliance with existing legislation and duly authorised.

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 cash, savings passbooks payable to the bearer and bearer securities worth a total of more than € 12,500.00, except through qualified intermediaries such as banks, electronic payment companies and Poste Italiane S.p.A.; keep evidence of transactions totalling more than €12,500.00 on current accounts opened in countries where lenient transparency regulations are in place.
- inform the Supervisory Body of any problems or anomalies.

4. Specific procedures

The Company carefully assesses the origin of financial sums that flow into its capital, as well as assets or gains received from external sources and cash outflows. To do this, it adopts the following company procedures:

- checks of cash inflows;
- checks of cash outflows, the regularity of financial flows, payments to third parties (particularly payments to current accounts of suppliers/clients/partners in tax havens or in countries at risk of terrorism), and the regularity of payments and/or inter-company transactions;
- recording of invoices;
- sales and purchases procedures with appropriate authorisation levels stipulated;
- functional separation of individuals who authorise and manage transactions, those who make payments and those who record the transactions in the accounts and archive the documents;
- traceability of decision-making and authorisation processes.

Lastly, the specific procedures stipulated for market abuse crimes (Special Section, Chapter II, above), corporate crimes (Special Section, Chapter III, above) and crimes against the public administration (Special Section, Chapter X above) are considered to be referred to in their entirety in this document.

XIII - TRANSNATIONAL OFFENCES (ARTICLE 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 article 10, the operational scope of the Decree.

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

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:

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

- be aware of the 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;
- determine selection criteria for foreign counterparties with which to sign contracts and make investments (for instance, setting minimum standards to be met by counterparties and 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; assessing the professional conduct of foreign counterparties);
- comply with applicable immigration regulations when employing staff, verifying that non-EU citizens have the right to stay in the country;
- inform the Supervisory Body of any problems or anomalies.

XIV - OFFENCES OF CONSPIRACY AND ORGANISED CRIME (ARTICLE 24-*TER* OF THE DECREE)

1. Relevant legislation

Article 2, paragraph 29 of Law 94 of 15 July 2009 – *Public safety provisions*, introducing article 24-*ter* of the Decree, established organisations' liability for the following offences, some of which already constituted liable offences, though only in 'transnational' cases, under Law 146/2006:

- criminal conspiracy (article 416 of the Italian penal code);
- Mafia-type conspiracy (article 416-*bis*);
- political-Mafia electoral exchanges (article 416-*ter* of the Italian penal code);
- kidnapping (article 630 of the Italian penal code);
- offences committed under the conditions represented in article 416-*bis* or for the purpose of facilitating Mafia-type conspiracies;
- offences of conspiracy for illegal trafficking of narcotics and psychotropic substances (article 74 of Presidential Decree 309/1990);
- the offence of illegal manufacture, introduction into the country, sale, transfer, detention and holding in an open or public place of weapons of war or similar weapons or parts thereof, explosives, illegal weapons and multiple firearms, excluding those permitted under article 2, paragraph 3 of Law 110 of 18 April 1975 (article 407, paragraph 2 (a), no. 5 of the Italian code of penal procedure).

In view of DCM's field of business, the risk of committing the offences related to illegal trafficking in arms or psychotropic substances in the Company's interests or to its benefit, or the crime of kidnapping or political-mafia electoral exchanges, appear irrelevant.

The offence of criminal conspiracy is more relevant, in view of its cross-cutting nature, as is the offence of mafia-type conspiracy (and related offences).

These cases are briefly described below.

criminal conspiracy (article 416 of the Italian penal code)

This case occurs when three or more people associate with the aim of committing crimes. The sentence differs depending on their role in the organisation, the number of members, and the crimes they aim to commit.

Mafia-type conspiracy, whether in Italy or abroad (article 416-*bis* of the Italian penal code)

The legislation punishes anyone who is part of a mafia-type association. An association is defined as mafia-type if its members use the power of intimidation of their association and the resulting condition of subjection and loyalty to commit crimes, directly or indirectly acquire management or control of economic activities, concessions, authorisations, and public contracts and services or to obtain a profit or undue advantage for themselves or others, or for the purpose of hindering or

preventing free exercise of voting powers or the power to procure votes for themselves or others on the occasion of an election.

2. Sensitive processes

In view of the 'cross-cutting' nature of offences of conspiracy, a risk of committing such offences could potentially arise in all Company processes and activities. In the specific case of the crime of mafia-type conspiracy, processes involving relations with the Public Administration are particularly sensitive.

3. General principles of conduct and specific procedures

Recipients of the Model are explicitly prohibited from setting up, collaborating in or causing behaviours which directly or indirectly, individually or collectively, constitute one or more of the offences envisaged under article 24-*ter* of the Decree or facilitate the commission of such offences.

In order to prevent the offences envisaged in this section from being committed, the Recipients of the Model are required to:

- comply with the Company's Code of Ethics and this Model;
- act, in exercising their functions, in compliance with the law and Company regulations and with the general principles of legality, correctness and honesty;
- notify the Supervisory Body when Recipients commit or are suspected of committing the offences envisaged in this section.

XV - OFFENCES OF EMPLOYING CITIZENS OF FOREIGN COUNTRIES WHO ARE STAYING ILLEGALLY IN THE COUNTRY (ARTICLE 25-*DUODECIES* OF THE DECREE)

1. Relevant legislation

Legislative Decree 109 of 16 July 2012 introduced in the category of offences covered by the Decree the offence of employing foreign workers who are staying illegally in the country (article 22, paragraph 12-*bis*, Legislative Decree 286 of 25 July 1998).

Law no. 161 of 17 October 2017 has added a number of criminal offences related to the facilitation of clandestine immigration (article 12, paragraphs 3, 3-*bis,* 3-*ter* and 5, legislative decree no. 286 of 25 July 1998).

Set forth below is a brief description of such criminal offences.

Employment of foreign workers who are staying illegally in Italy (art. 22, paragraph 12-*bis*, legislative decree no. 286 of 25 July 1998).

The company is therefore liable for the offence of employing workers without residence permits or whose residence permit has been withdrawn or cancelled, or has expired without application for its renewal, in the event that at least one of three further conditions is fulfilled:

- that more than three 'illegal' workers are employed;
- that the workers employed are minors of non-working age;
- that the workers employed are subject to exploitative working conditions pursuant to paragraph 3 of article 603-*bis* of the Italian penal code, i.e. they are exposed to situations of serious danger with regard to the nature of the work to be carried out or their working conditions.

Procured illegal entry of foreign citizens and facilitation of clandestine immigration (article 12, paragraphs 3, 3-*bis* and 3-*ter,* legislative decree no. 286 of 25 July 1998)

Such offence is committed by anyone who promotes, directs, organises, funds or carries out the transport of foreign citizens into the territory of Italy or commits other acts aimed at illegally procuring their entry into the territory of Italy, or the territory of another State of which such persons are not citizens or are not entitled to permanent residence, in the event that:

a) the fact concerns the illegal entry or stay in the territory of Italy of five or more persons;

b) the person transported was exposed to danger to his or her life or safety in order to procure his or her illegal entry or stay;

c) the person transported was subjected to inhumane or degrading treatment in order to procure his or her illegal entry or stay;

d) the act was committed by three or more persons acting in concert or using international transport services or counterfeit or altered documents or documents that have been otherwise illegally obtained;

e) the perpetrators of the act have arms or explosives in their possession.

The punishment is increased where two or more of the circumstances indicated in letters a) through e) exist.

The punishment is further increased if the acts:

- are committed in order to recruit persons to be exploited through prostitution or other forms of sexual or labor exploitation or concern the entry of minors to be exploited for illegal activities in order to facilitate the exploitation of the same;
- are committed in order to reap a profit, including indirectly.

Facilitation of the unlawful stay of foreign citizens in the terriory of Italy (article 12, paragraph 5, legislative decree no. 286 of 25 July 1998)

Such criminal offence is committed by any person who, in order to reap unjust profit from the illegal condition of the foreign citizen, facilitates his or her stay in the territory of Italy in breach of immigration laws and regulations.

The punishment is increased if the act is committed by two or more persons in concert, or concerns the stay of five or more persons.

2. Sensitive processes

In light of DCM's business operations, the highest risk of corporate liability, which is albeit mitigated by the need for the criminal offences in question to be committed in the interest or for the benefit of the entity, is encountered with regard to the criminal offence of employment of foreign workers who are staying illegally in Italy and facilitation of the unlawful stay of foreign citizens in the territory of Italy. In such regard, the main internal sensitive processes that DCM has identified, entailing a risk of such offences being committed, relate to the hiring of staff and the management of foreign staff who have been hired. The other criminal offences (procured entry of foreign citizens and facilitation of clandestine immigration and the relate aggravating factors) appear to be of limited relevance.

With reference to the further condition set out in paragraph 3 of article 603-*bis* of the Italian penal code, all industrial processes that involve substantial risks for workers also represent risk.

3. General principles of conduct and specific procedures

Pursuant to the general principles of conduct and specific procedures set out in sections XII – with reference to offences of illegal immigration – and IV – with reference to safety in the workplace – of the Special Part of the Model, deemed to have been carried forward herein, the following general principles of conduct and specific procedures have also been adopted.

All Recipients are prohibited from engaging in, collaborating in or giving rise to conduct which, individually or collectively, directly or indirectly, constitutes the offences of employing foreign workers who are staying illegally in the country or facilitating clandestine immigration.

Moreover, in the performance of their duties, they must ensure that the processes of hiring and managing foreign staff comply with the applicable laws and that company production processes, in particular those involving particular risks, comply with the applicable safety legislation, without any discrimination between foreign and Italian workers.

Specifically, Recipients involved in significant sensitive processes must:

- be aware of the applicable Italian and foreign law;
- adopt correct, transparent and co-operative conduct, in accordance with the legal provisions and internal company procedures in all activities concerning the management of personal data relating to foreign workers;
- comply with the applicable immigration regulations, particularly when employing staff;
- regularly check in the case of non-EU citizens, both during the hiring and contract renewal process and at appropriate intervals during their period of employment, that they meet the requirements to stay and work in the country;
- check that there is no discrimination in the hiring of Italian and foreign workers, and pay particular attention to any categories of duty that are mainly conducted by foreign workers;
- inform the Supervisory Body of any problems or anomalies.