



*Rai Com S.p.A.*

***Organisational, management and control model  
pursuant to Legislative decree 231/01***

Approved by the Board of Directors of

Rai Com S.p.A. on 13.12.2016

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## Definitions

- “Susceptible Activities”: business activity of Rai Com S.p.A. that involves the risk of committing the Offences;
- “CCNL”: Collective Labour Agreements currently in place and applied;
- “Parent Company”: RAI - Radiotelevisione Italiana S.p.A.;
- “Contract Staff”: all contract staff, of any type, including part time and/or only temporary, and all those who have commercial and/or financial dealings of any nature with Rai Com, or act on its behalf on the basis of specific appointments (for example consultants, suppliers, *partners*, agents, brokers, etc.);
- “Target audience”: all those who work towards the achievement of the corporate objectives of the company: the Corporate Bodies, the General Manager, the employees and all Contract Staff;
- “Employees”: all the employees of Rai Com S.p.A. (including all the managers);
- “Legislative decree 231/01”: Legislative Decree no. 231 of 8 June 2001 as amended;
- “Rai Com”: Rai Com S.p.A.;
- “Group”: RAI - Radiotelevisione Italiana S.p.A. and its subsidiaries in accordance with article 2359, first and second paragraphs of the Civil Code;
- “Guidelines”: the Guidelines for the construction of the organisational, management and control model pursuant to Legislative decree 231/01 drawn up by Confindustria;
- “Model”: the Organization, management and control model as provided under Legislative decree 231/01 that will be adopted and effectively implemented on the basis of the applicable principles set out under this document;
- “Corporate Bodies”: the members of the Board of Directors and the Board of Statutory Auditors of Rai Com S.p.A.;
- “Supervisory Body” (Supervisory Body): internal body set up to supervise the function and compliance with the Model;
- “Public Administration”: the Public Administration, including the relative officials and the public officials and persons engaged to carry out public services;
- “Offences”: the offences to which the regulations provided under Legislative decree 231/01 apply;
- “Company”: Rai Com S.p.A.

## Introduction

Rai Com decided to draw up and adopt the Organisation, management and control model pursuant to Legislative decree 231/01 (hereinafter the “Model”) even though it is aware that said system is “optional” and not obligatory, as it represents an opportunity to strengthen its *governance* culture, while simultaneously taking the opportunity (listing the Susceptible Activities, analysing potential risks, evaluating and adapting the control system already in place with respect to the Susceptible Activities) to heighten awareness of its employees in the control of company processes in order to “actively” prevent Offences.

To this end the Company began an update of the Model in October 2015, following the:

- organisational changes which occurred;
- changes in the regulations which added new types of offences to Legislative Decree no. 231 of 2001.

## 1. Applicable Framework

### 1.1 Legislative Decree 231/01

On 8 June 2001, Legislative Decree 231 was issued in implementation of the order pursuant to article 11 of law no. 300 of 29 September 2000, relating to “Governing the administrative liability of legal persons, companies and associations even without legal personality”.

Legislative decree 231/01 mainly originates from certain international and EU conventions ratified by Italy, providing for the liability of organisations for certain criminal offences.

Legislative decree 231/01 introduced -for the first time in Italy - criminal liability of companies for certain unlawful actions committed or attempted, in the interest of or to the benefit of the companies, by members of top management (the parties “in top positions” or “at the top”) and those who are subject to the management or supervision of these parties at the top (article 5, paragraph 1 of Legislative decree 231/01).

The administrative liability of companies is separate from the criminal liability of the natural person who commits the offence and is associated with the latter.

The commission or attempted commission of the above-mentioned offences will entail application of a fine, and in the more serious cases, injunctive relief (applicable also as interim measures), such as: a ban on exercising the business activity; suspension or revocation of the authorisations, licences or permits that facilitated commission of the unlawful action; a prohibition on entering into contracts with the Public Administration; removal of concessions, loans, contributions or benefits, or revocation of any that may have already been granted; a prohibition on advertising goods or services.

The offences set out under the decree can be included - for ease of presentation - in the following categories:

- crimes in relations with the Public Administration;

- crimes against public trust;
- corporate criminal offences;
- crimes with the purpose of terrorism or subversion of the democratic order;
- market abuse offences and unlawful actions;
- crimes against individuals;
- cross-border offences;
- crimes against life and personal safety;
- manslaughter or serious or grievous bodily harm through negligence, committed in breach of the rules on health and safety at work;
- crimes relating to receiving stolen goods, money laundering and use of money, assets or benefits of unlawful origin, and self-laundering;
- computer crimes and unlawful data processing;
- crimes against industry and trade;
- organised crime;
- crimes relating to copyright infringement;
- the offence of convincing others not to make statements or to make false statements to the legal authorities;
- environmental offences;
- the crime of employing citizens from other countries who are not legally resident in the country;
- the offence of bribery between private parties.

The adoption of the Model as an instrument that guides the behaviour of people who work in the Company and promotes, at all company levels, lawful, honest behaviour that helps prevent any offences or unlawful actions as provided by law.

However, in accordance with the analysis of the company, the business activities carried out, and the areas potentially subject to the risk of offence, only the unlawful actions described in the Special Sections were considered to be significant and therefore specifically examined under the Model; please refer to the Special Sections for more information.

Please refer to Appendix A for more detailed information on Legislative decree 231/01.

## **1.2 Confindustria Guidelines**

In the preparation of this Model, the Company used the “Guidelines for the construction of the organisation, management and control model pursuant to Legislative decree 231/01” drawn up by Confindustria in accordance with article 6, paragraph 3 of Legislative decree

231/01.

The Rai Com Model was adapted to the actual needs of the Company, also in view of the instructions provided under the aforementioned Guidelines.

### **1.3 Model and Code of Ethics**

The standards of conduct contained in this Model are in line with the standards of the Group Code of Ethics adopted by the Company on 30 July 2013, even though this Model has the specific aim to comply with Legislative decree 231/01 and updated in 2014.

From this standpoint:

- the Code of Ethics is an instrument to be adopted independently, and can be applied on a general basis by the Group Companies in order to express the “corporate ethics” standards that the Group recognises as its own, and which must be complied with by all the Corporate Bodies, the General Manager, the employees, and the contract staff;
- on the other hand, the Model refers to specific instructions contained in Legislative decree 231/01 aimed at preventing the commission of certain types of offences (events that are apparently committed to benefit the company could attach administrative liability to the company on the basis of the provisions of that decree). The Model sets out the rules and provides for the procedures that have to be complied with in order to exempt the company from liability pursuant to Legislative decree 231/01.

## **2. Rai Com S.p.A.**

### **2.1 Mission**

Taking effect from 30 June 2014, in order to improve monitoring of market opportunities (also at the level of selling tvod and svod rights), RAI transferred the company division called the “Sales Department” to Rai Com, comprising the assets, contracts generating income for the company and contracts in which the company has to pay money, payables, receivables and other legal relationships, including with the staff, relating to: the sale of the intellectual property owned by Rai and third parties, music publishing and art music and prose, book publications, agreements with Organisations and Institutions, Sports and sports libraries, cultural assets, Italian and European calls for tenders in the technological sector, and communications, festivals and exhibitions.

As provided under article 4 of the Articles of Association, the corporate purpose of the Company is:

- the distribution, marketing and sale - primarily in accordance with the publishing requirements of Rai and its associated companies, also in association with or by outsourcing to third parties, in Italy or abroad - of radio and television channels and rights, including partial, to audio-visual, cinematographic, television, library or multi-media works, without any limits to the transmission or distribution methods, or mechanical medium or platform, and all related derivative rights, acquired, on an original or derivative basis, mainly by Rai and/or Rai Group companies, and with respect to the rights, also by third parties;
- the creation, with the aim of marketing, also in association with or through outsourcing to third parties, of commercial audio-visual products for Italian and foreign markets, without any limits to the transmission or distribution methods, or mechanical medium or platform, to the extent and with the restrictions established annually by the parent company and subject to the prerogative of other RAI associated companies;
- the acquisition, with the aim of marketing, in Italy and abroad, of rights, including partial rights, of use of audio-visual, cinematographic, television or multi-media works, without any limits to the transmission or distribution methods, mechanical medium or platform, to the extent and with the restrictions established annually by the parent company and subject to the prerogative of other RAI associated companies;
- the editing or production of musical, theatrical, book and magazine works, or the establishment of publications to distribute the commercial products in the newsagent or bookshop channels;
- the establishment of commercial establishments to sell the derivative works (in relation to the corporate purpose) or the merchandising of any asset related to the articles of association;
- the marketing of sporting rights, the purchase or sale of sports libraries, the creation and management of themed sports channels for marketing purposes;
- the management of interactive services of any nature and using any methods, with the programs and/or publishing products of RAI or third parties who are not in competition with RAI;
- negotiation (including the negotiation, definition and/or formalisation) of framework contracts and agreements (as principal and/or agent) with Organisations or Institutions, centralised or local, national or international, public or private, involved in the creation of company communication initiatives or other forms of collaboration;
- the creation, development or management of projects (such as communication or technology projects, etc.) to take part in Italian or European calls for tenders;
- the creation, organisation, management or attendance at exhibitions, festivals, markets or other Italian or foreign events that are important for commercial purposes or the exercise of all complementary or related activities;

- the creation, organisation, management or attendance at award ceremonies, sporting events or non-sporting events or exhibitions, of any nature, that are important for commercial purposes, in Italy and abroad, or the exercise of all complementary or related activities;
- the establishment or running, in Italy or abroad, of publishing, printing, press (not including newspapers in accordance and to the extent of the provisions of articles 18 and 19 of law no. 416 of 5 August 1981, as amended), library, musical, audio-visual, cinematographic, multimedia or record businesses, or in any case that produce goods or services with any other technology that may be provided by media developments, using the related copyright;
- the marketing of patents owned by and/or in any case available to Rai;
- making Rai's studios and technical facilities available to third parties, and/or the entry into commercial contracts that give value to Rai's non-productive spaces, subject to the prerogative of other Rai associated companies.

Where strictly necessary, and not as a main activity, to achieve the aforementioned purposes, the company may also, in Italy or abroad, carry out or promote any transaction, on an associate basis or collaborating with third parties, of an industrial, commercial, movable or immovable property nature, which may be necessary, complementary or in any case related to the above-mentioned activities, take out investments in other companies or enterprises that have the same corporate purpose.

The Company activities will be carried out primarily in accordance with the publishing requirements of Rai; the Company activities may not be carried out in competition with Rai or the other Rai associated companies, with respect to third parties.

## 2.2 The corporate structure: bodies and positions

### *Board of Directors*

The Company shall be managed by a Board of Directors comprising, in accordance with law no. 120 of 12 July 2011 as amended to protect against gender discrimination, an unequal number of members of not less than three and not more than five who will stay in office for up to three financial periods and can be re-elected. The general meeting will determine the number of members and the duration of the term of office within the above-mentioned limits. The term of office will expire at the date of the general meeting called to approve the financial statements of their final year of office.

The Board of Directors shall be solely responsible for managing the company and shall work with the diligence required in accordance with the nature of the duty and on the basis of the specific skills of each of its members. The Board shall have all powers of administration of the Company and the right to carry out all the actions considered necessary or advisable to implement the corporate purpose.

To the extent permitted by article 2381, paragraph 4 of the Civil Code, the Board of Directors may authorise one of its members to carry out its functions, establishing the functions and the fee in accordance with article 2389, paragraph 3 of the Civil Code.

The Board of Directors may also delegate the authority for single actions to other members

of the board, without any additional remuneration.

The Board of Directors may also grant special powers of attorney for single actions or categories of actions to Directors, employees or even third parties.

The Board of Directors may appoint a general manager, and specify his/her duties and remuneration.

#### *Chairperson*

On the basis of article 27 of the Articles of Association, the Chairperson:

- a) has the power to represent the Company in accordance with article 25.1;
- b) will chair the general meetings in accordance with article 15.1;
- c) will call and chair the meetings of the Board of Directors in accordance with articles 19 and 20;
- d) will ensure that the board decisions are implemented.

#### *General Manager*

As provided under article 24.6 of the Articles of Association, the Board of Directors may appoint a General Manager, and specify his/her duties and remuneration.

By decision of the Board of Directors, the duties assigned to the General Manager were defined and the powers conferred that the Manager will exercise under the orders, instructions and/or guidelines formulated by the Chairperson were expressly identified.

#### *Board of Statutory Auditors and Supervisory Body*

As provided under article 28 of the Articles of Association, the General Meeting will elect, in accordance with law no. 120 of 12 July 2011 as amended to protect against gender discrimination, the Board of Statutory Auditors, comprising three statutory auditors from whom the Chairperson will be appointed, and will establish their remuneration. The general meeting will also elect two substitute auditors.

The Board of Statutory Auditors will carry out the Supervisory Body functions in accordance with article 6, paragraph 4-bis, of Legislative Decree no. 231/01. To that end, the board will ensure that the organisational and management models adopted to prevent the offences set out under legislative decree no. 231 of 8 June 2001 work and are complied with, in addition to being kept updated.

This body has independent powers to take the initiative and control in order to exercise its functions.

#### *External statutory audit of the accounts*

As provided under article 29 of the Articles of Association, the statutory audit of the accounts shall be carried out by a duly registered independent auditor or independent auditing firm.

The general meeting shall engage the independent auditor or auditing firm upon reasoned

proposal by the Board of Statutory Auditors, for a duration of three financial years which will expire at the date of the General meeting called to approve the financial statements of the final year of engagement. The General meeting will also decide on the payment due to the party engaged for the entire duration of the engagement.

### 2.3 Governance tools

The Company has developed a set of governance tools for the organisation in order to guarantee the operation of the Company, and they may be summarised as follows:

- *Articles of Association*: in accordance with the provisions of prevailing law, they contain various provisions regarding corporate governance aimed at ensuring the proper execution of the management activities;
- *Organizational structure*: which shows the parties who report directly to top management;
- *Service supply contract between RAI and Rai Com*: which governs the provision of services by RAI to Rai Com;
- *Mandate Contract*: relating to governance of the relations between Rai Com and RAI;
- *System for delegation of authority and power of attorney*: by delegating specific powers of attorney, establishes the powers to represent and bind the Company;
- *Code of Ethics*: it expresses the ethical principles that the Group recognises as its own and for which it requires compliance by all those who work to achieve the objectives of the Company. The Code of Ethics expresses, inter alia, guidelines and standards of behaviour that aim to prevent the offences set out under Legislative decree 231/01 and expressly refers to the Model as the tool that it can use to operate in compliance with the law;
- *Three-year Anti-Bribery Plan*: on the basis of the standards and criteria of the National Anti-bribery Plan approved by the ANAC, it analyses and evaluates the specific risks of bribery, and therefore indicates the organisational action needed to prevent them;
- *Procedures relating to the management and processing of reports (including anonymous)*: prepared by the Internal Auditing department of Rai, it governs the management and report processing process (including anonymous) on potentially unlawful, anomalous or reprehensible actions concerning operational or organisational matters, including of subsidiaries;
- *System of Procedures, Rules, internal Circular Instructions*: aimed at clearly and effectively governing the significant processes in the Company.

The set of governance tools adopted, summarised above, and the provisions of this Model, show how the decision-making process of the organisation works for all the activities (see article 6, paragraph 2 letter b, Legislative decree no. 231/01).

The above-mentioned internal documentation system is also a useful tool to monitor the prevention of unlawful behaviour in general, including the behaviour specified under the law

that can attach administrative liability to an organisation.

## 2.4 Internal control system

The Company has an internal control system that monitors typical risks for the type of company over time.

The internal control system is a set of rules, procedures and organisational structures that aims to monitor compliance with the strategies and achievement of the following goals:

- efficiency and effectiveness of the company processes and operations;
- quality and reliability of the economic and financial information;
- compliance with laws and rules, regulations and company procedures;
- safeguarding the value of the company activities and the company assets and protection from loss.

In accordance with the adoption of the traditional system of administration and control, the main parties currently responsible for the control, monitoring and supervision processes of the Company are:

- The Board of Directors: defines the guidelines of the Internal Control System so that the main company risks are correctly identified, adequately measured, managed and monitored, and assesses the adequacy and effectiveness of the internal control system, also taking account of the guidelines of the Internal Control System provided by the Parent Company within the scope of the management and coordination;
- The Chairperson: supervises the Internal Control System activities using the applicable internal auditing facility;
- The Board of Statutory Auditors and Supervisory Body: supervises compliance with law and the principles of fair and proper administration, the adequacy of the Company's organisational structure for the areas under its responsibility, the internal control system, the administrative/accounting system, as well as the reliability of the accounting system to correctly present the company affairs. Additionally, in carrying out the Supervisory Body functions in accordance with article 6, paragraph 4-bis of Legislative decree 231/01, it ensures that the organisational and management models adopted to prevent the offences set out under Legislative Decree no. 231 of 8 June 2001 work and are complied with, in addition to being kept updated;
- The Internal Auditing Department: this is the department that is in charge of checking the operation and correct application of the Internal Control System and provides assessments and recommendations in order to promote efficiency and effectiveness.

The Internal Auditing department of Rai also works on behalf of the subsidiaries<sup>1</sup>;

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<sup>1</sup> The internal auditing that has to be carried out by the Subsidiaries, according to the guidelines on internal auditing, approved by the Rai Board of Directors on 1 August 2013, can be done by the staff of the Rai Internal Auditing department in accordance with suitable agreements entered into between the Parent Company and the

- Management: guarantees the adequacy of the Internal Control System, actively taking part in its correct operation, also by establishing specific checks and monitoring processes to ensure efficiency and effectiveness;
- Chief Financial Officer (CFO): the party in charge of planning and control of management and administrative and financial control activities;
- The Person in charge of Prevention of Bribery and Transparency: carries out the duties set out in the Public Function Department Circular no. 1 of 2013 and supervises compliance with the law with respect to the inability to confer and incompatibility, pursuant to article 1 of Law 190/2012 and article 15 of Legislative decree 39/2013, draws up the report on the activities carried out and ensures their publication in accordance with article 1, paragraph 14 of Law 190/2012;
- The permanent Code of Ethics Commission: is the body in charge of implementing and controlling the provisions of the Code of Ethics of the Rai Group, supervises the compliance by recipients of the Code of Ethics in time to prevent breaches of the principles enshrined in the Code, by means of any updated changes and/or review changes; considers the reports received regarding alleged violations of the Code.

Within the scope of the control system, an external company has been engaged to audit the accounts for the year.

## **2.5 The organisation system in general and the system for delegation of authority and power of attorney**

In order to implement the Organisation, management and control model pursuant to Legislative decree 231/01, the organisational set-up of the Company is of fundamental importance, and forms the basis on which the essential organisational structures, the respective areas of competence and the main responsibilities assigned to each are identified.

The main responsibilities assigned to the departments that report directly to the General Manager are shown in the organisation chart that can be found on the company intranet.

The organisational system of the Company is based on regulatory instruments (Procedures, Rules, Internal Communications, Instructions, etc.) based on the general principles of:

- a) a clear description of reporting lines;
- b) knowledge, transparency and advertising of the powers attributed (within the Company and with respect to interested third parties);
- c) clear and formal limits of the roles, with a complete description of the duties of each role, the relative powers and responsibilities.

The internal procedures must incorporate the following elements:

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individual Subsidiaries. Each agreement will name the staff in the Internal Auditing Department who will be in charge of carrying out the specific activities, it being understood that these activities will in any case fall within the prerogative of the applicable Subsidiaries and their relative control/supervisory bodies who are solely in charge of implementing and monitoring the consequent improvement actions.

- for each process, the separation between the person that makes the decision (decision-making faculty), the person who carries out that decision, and the person who controls the process (known as the “separation of functions”);
- a documentary record of each relevant step in the process (known as “traceability”);
- adequate level of formalisation.

As a general principle, the system for delegation of authority and power of attorney must contain elements of “security” in order to prevent the Offences (traceability and ability to highlight the susceptible activities), while also allowing the company to operate efficiently.

“Delegation of authority” means the transfer, not on an occasional basis, within the company, of responsibilities and powers by one person to another who is in a lower position. “Power of attorney” refers to a legal mechanism whereby one person is given the power to represent another person (i.e. to act in their name and on their behalf). The basic difference from delegation of authority is that it permits the counterparties to negotiate and contract with the people who are officially designated to represent the Company.

The essential requirements for the system for delegation of authority and power of attorney to effectively prevent Offences are as follows:

- a) the delegations of authority must link each power to the related responsibility and an adequate position on the organisation chart; each delegation of authority must specifically and definitively define the powers to be delegated and the party (body or person) to whom the authorised person will report;
- b) all those (including the employees, also of other Group companies or the Corporate Bodies) who have relations with the Public Administration on behalf of the Company will have to have formal delegations of authority for that purpose;
- c) the management powers assigned with the delegations of authority and their implementation must be in line with company objectives;
- d) the authorised persons must have appropriate spending powers in view of the functions assigned to them;
- e) the power of attorney must be given to individuals who are expressly identified in the power of attorney, or to legal persons, who act through their attorneys who have been vested with similar powers for that purpose;
- f) a specific procedure must govern the methods and responsibilities to ensure the timely update of the delegations of authority and/or powers of attorney;
- g) each power of attorney that entails representing the Company before third parties must be accompanied by an internal power of attorney that describes the relative management powers;
- h) the powers of attorney normally provide for spending limits and/or commitment limits; if they do not expressly provide for those limits and/or the need for a joint signature, compliance with said requirements will be ensured by internal limits provided under the Internal Control System.

## **2.6 Intra-group relations**

The provision of intra-group services must be governed by written contracts. More specifically, this contract to provide services must describe the roles and responsibilities relating to the activity in question and the definition of the following clauses:

- the obligation by the Group companies who receive the service, to provide, on a complete, timely, correct basis, enough information and documents to carry out the services requested;
- clause where the parties undertake to comply with the principles of organisation, management and control in order to prevent the commission of the unlawful actions described under Legislative decree 231/01, defined in the Organisation, management and control model adopted;
- clause where the parties declare that they have given and implemented instructions aimed at preventing the commission, including the attempt, of the behaviour sanctioned under Legislative Decree 231/01, to their managers, employees and/or contract staff, and where they commit to keeping everything in place for the entire duration of the contract;
- express termination clauses that give the parties the right to terminate the contract in the event of breach of the previous obligation; the non-compliant party will have to compensate and hold the other party harmless for the losses, damage, expenses, liability or claims that may result from the aforesaid breach.

## **3. The Organisation, management and control model**

### **3.1 The Rai Com project to establish its Model**

The method chosen to carry out the Project in terms of organisation, definition of the operational procedures, structuring the stages and assigning responsibility among the various departments/facilities was drawn up in a way that ensured the quality and authority of the results.

The Project is set out into the stages summarised below, which are listed independently in order to provide a methodological explanation:

1. Mapping the susceptible activities and relating them to the risks of non-compliance;
2. Analysis of the internal control system, the protections taken against the risk of non-compliance and highlighting the possible areas for improvement;
3. Drafting the Organisation, Management and Control Model pursuant to Legislative decree 231/01 and amendments.

### 3.1.1 Mapping the areas at risk

Article 6, paragraph 2, letter a) of Legislative decree 231/01 indicates, among the requirements for the Model, the identification of the processes and activities that the offences expressly described by the model could be committed in. In other words, they involve those company activities and processes that are commonly defined as “susceptible” (hereinafter, “susceptible activities”).

The scope of Stage 1 and Stage 2 was therefore to identify the company areas subject to intervention and preliminary identification of the susceptible activities, and indicating and analysing the control system that currently monitors those activities in order to evaluate the capacity to respond to the requirements imposed by Legislative decree 231/01.

Prior to identification of the susceptible activities, there was an analysis, mainly documentary, of the company structure and organisation, carried out in order to understand the area in which the Company operates and identify the company processes subject to intervention.

The gathering of the relevant documentation and analysis of the documentation from both a technical-organisational standpoint and a legal standpoint, led to identification of the susceptible activities and provided a preliminary identification of the departments/facilities responsible for those activities.

The activities carried out in Stage 1 and Stage 2 are listed below:

- gathering and analysis of the organisational and corporate documentation, and the company documents relating to Legislative decree 231/01;
- identification of the areas and activities that could be susceptible to committing the offences governed by Legislative decree 231/01 (areas at risk);
- identification of the *Key Officers* who will be in charge of managing the susceptible activities, the area of control and the *Gap Analysis* results and distributing them to the applicable Departments/Facilities;
- definition of the plan of interviews with the *Key Officers* for an in-depth analysis of the issues related to the risks and the control system pursuant to Legislative decree 231/01;
- definition of the standards of control that could be used to prevent the offences/crimes (Model tending “to be”);
- preparation of the standard report (rating sheets), to use to identify the range of control of the individual susceptible activities and to carry out the *Gap Analysis*;
- distributing the standards of control and standard report;
- mapping and *Gap Analysis*;
- definition of the plan of action to take to strengthen the controls.

### 3.1.2 Preparation/Update of the Organization, management and control model

The aim of Stage 3 was to prepare the Company Organisation, management and control model pursuant to Legislative decree 231/01, and arrange all its components in accordance with the provisions of Legislative decree 231/01, applicable *best practices*, the instructions provided by Confindustria, and the standards of the Organisation, management and control model pursuant to Legislative decree 231/01 adopted by the Parent Company.

The Model was also updated in October 2015 in order to implement the organisational changes and developments in the law that introduced new offences into the category of “231 offences”, such as the crime of false accounting and environmental offences.

The execution of Stage 3 was supported by the results of the previous stage.

### 3.2 The Rai Com Model

Legislative decree 231/01 attributes, along with the occurrence of the other situations provided under articles 6 and 7 of the Decree, a justifying value to the adoption and effective implementation of organisation and management models to the extent that they are capable of preventing, with reasonable certainty, the commission, or the attempted commission, of the Offences referred to under the Decree. More specifically, in accordance with paragraph 2 of article 6 of Legislative decree 231/01, an organisation and management Model must meet the following requirements:

- a) identify the activities that could lead to the possibility of the offences being committed;
- b) establish specific protocols to plan the formation and implementation of the organisation’s decisions in relation to the offences to be prevented;
- c) identify suitable financial management methods for preventing the offences from being committed;
- d) provide for disclosure obligations to the body responsible for supervising the implementation and compliance of the models;
- e) introduce a disciplinary system that punishes failure to comply with the measures set out in the model.

With reference to health and safety offences that could give rise to the administrative liability of an organisation, Legislative decree no. 81 of 9 April 2008 containing the Consolidated Act on Health and Safety at Work, establishes, at article 30 (organisation and management model), that an organisation and management model that could exempt the company from administrative liability - adopted and effectively implemented - would have to guarantee a company system that fulfils all legal obligations identified by the law relating to:

- a) compliance with the technical and structural legal standards relating to equipment, facilities, workplaces and chemical, physical and biological agents;
- b) risk assessment and preparation of the consequent prevention and protection measures;
- c) organisational activities such as emergencies, first aid, management of tender offers, periodic safety meetings, consultations with worker representatives for

- safety;
- d) healthcare monitoring activities;
- e) training and communication activities for the workers;
- f) supervision of work procedures and instructions in safety by the workers;
- g) the acquisition of legally required certifications and documentation;
- h) periodic checks to ensure the procedures adopted are applied and are effective.

In addition, article 30 of Legislative decree 81/2008 establishes that: "Upon first application, it is assumed that company organisational models comply with the requirements of article 30 of Legislative decree 81/2008 for the corresponding sections, if defined in accordance with the UNI-INAIL guidelines for a health and safety management system at the workplace (SGSL) of 28 September 2001 or the British Standard OHSAS 18001:2007. Other company organisation and management models may be indicated by the permanent consultation commission for health and safety at the workplace for the same purpose.

In view of the considerations set out above, the Company prepared a Model that takes account of its specific corporate character, also in accordance with the instructions in the Code of Conduct drawn up by Confindustria.

The Model therefore represents a consistent set of standards, procedures and provisions that:

- affects the internal working of the Company and the ways that it relates to the outside;
- governs management of a control system over Susceptible Activities which aims to prevent the commission, or attempted commission, of the offences described under Legislative decree 231/01.

The Model is based on a complex set of documents, and comprises the following elements:

- identification of the company activities in which the offences set out under Legislative decree 231/01 may be committed;
- provision of standards of control in relation to the Susceptible Activities identified such as:
  - a) a system to regulate the activities;
  - b) the verifiability and traceability of all relevant operations for the purposes of Legislative Decree 231/01;
  - c) compliance with the principle of separation of functions;
  - d) identification of powers of authorisation that are in line with the responsibilities assigned;
- identification of suitable financial management methods for preventing the offences from being committed;
- identification of the applicable ethical principles;

- establishment of the Supervisory Body;
- information from and to the Supervisory Body;
- plan of periodic checks of the Susceptible Activities and the relative standards of control;
- disciplinary system that sanctions breaches of the provisions set out in the Model;
- plan of training and communication for the employees and the other parties that interact with the Company;
- criteria to update and amend the Model.

The above-mentioned elements are implemented in the following documents:

- Reference standards for the Model (this document);
- Code of Ethics for the Group.

The document relating to the applicable reference standards for the Model contains:

a) in the general section, a description relating to:

- the applicable regulatory framework (set out in detail in Appendix A);
- the methods adopted for the *Risk Assessment* and *Gap Analysis* activities;
- the identification and appointment of the Supervisory Body, specifying the powers, duties and information flows relating to it;
- the function of the disciplinary system and the relative penalty system;
- the training and communication plan to adopt in order to ensure awareness of the measures and provisions of the Model;
- criteria to update and amend the Model;

b) in the individual special sections, a description relating to:

- the main elements of the offence set out under Legislative decree 231/01;
- the processes/susceptible activities and relative standards of control.

### 3.3 The adoption of the Model in the Group

When preparing its Model, Rai Com based it on the standards of the Model adopted by the Parent Company, incorporating the content and taking account of the specific nature of its business as emerged from the analysis of its at-risk activities that showed the need or advisability of adopting different or further specific preventive measures with respect to those in the Parent Company's Model.

Rai Com notified RAI of any problematic aspects encountered when adapting its Model to the Model adopted by the Parent Company.

#### 4. The Supervisory Body pursuant to Legislative decree 231/01 of Rai Com

On the basis of the provisions of Legislative decree 231/01 – article 6, paragraph 1, letters a) and b) – the Company may be exempt from liability following commission of the offences by the defined parties pursuant to article 5 of Legislative decree 231/01, if, inter alia, the management body has:

- adopted and effectively implemented organisation, management and control models established to prevent said offences;
- given the task of supervising the operation and compliance with the Model and ensuring that it is updated to a body in the organisation that has independent powers to take the initiative and control.

Entrusting these duties to a body with independent powers to take the initiative and control, along with the correct and effective execution of same, will therefore be a necessary condition for exemption from the liability set out under Legislative decree 231/01.

In the absence of specific guidelines in the applicable law, the Company opted for a solution that can ensure, in relation to its size and organisational complexity, the effectiveness of the controls that the supervisory body has to make.

In compliance with the provisions of article 6, paragraph 1, letter b) and paragraph 4 *bis* of Legislative decree 231/01, the Company, also in view of the instructions from the Parent Company, assigned the functions of the Supervisory Body (hereinafter “Supervisory Body”) to the Board of Statutory Auditors. The role of Chairperson of the Supervisory Body will be carried out by the Chairperson of the Board of Statutory Auditors.

##### 4.1 Establishment and termination of the Supervisory Body, appointment and revocation of its members

Article 28.3 of the Articles of Association provide that the Board of Statutory Auditors will carry out the Supervisory Body functions in accordance with article 6, paragraph 4-bis, of Legislative Decree no. 231/01. Appointment as a member of the Supervisory Body is conditioned on the presence of the subjective requirements of integrity, independence and professional competence, and there should be no reasons for incompatibility with the appointment.

The following constitute reasons to make a member of the Supervisory Body ineligible or to terminate the appointment:

- conviction, or application of a plea bargain pursuant to articles 444 et seq. of the Code of Criminal Procedure even at trial level, for one of the offences set out under Legislative decree 231/01, or if the seriousness of the action could affect the moral or professional reliability of the party;
- conviction even at trial level, with a sentence that disqualifies the party, even on a temporary basis, from holding public office, or the temporary disqualification from holding management positions of legal persons or companies;

- the legal position of being incapacitated, disqualified or bankrupt;
- the application of preventive measures pursuant to Law no. 1423 of 27 December 1956, as amended; or anti-mafia measures pursuant to Law no. 575 of 31 May 1965, as amended.

Members of the Supervisory Body must declare, under their own responsibility, that they are not in a situation that would render them ineligible, or there are no other conflict of interest situations with regard to the functions/duties of the Supervisory Body, and in the event one of the above-mentioned situations should occur, undertake to immediately inform the Chairperson of the Board of Directors, subject, in that event, to the absolute and mandatory obligation to abstain.

Termination of the office will be determined by the end of the term of office of the statutory auditor (death, withdrawal, lapse, revocation).

In addition, the Board of Directors may decide to revoke the appointment of a member of the Supervisory Body for just cause.

To that end, “just cause” for revoking the powers related to appointment as a member of the Supervisory Body, for example, could include:

- loss of the subjective requirements of integrity, independence or professional competence upon appointment;
- a supervening reason that creates incompatibility;
- gross negligence in performing the duties related to the professional appointment;
- “lack of or insufficient supervision” by the Supervisory Body - according to the provisions of article 6, paragraph 1, letter d), Legislative decree 231/01 - resulting from a judgement, including at trial level, issued against the Company pursuant to Legislative decree 231/01 or from a plea bargain judgement (known as bargaining);
- the attribution of functions and operating responsibilities in a company organisation that is incompatible with the requirements of “autonomy and independence” and “action continuity” of the Supervisory Body;
- breach of the prohibition on disclosing information pursuant to paragraph 4.2.

## **4.2 Functions and Powers**

The Supervisory Body has independent power to take the initiative and control, which must be exercised to efficiently and promptly carry out the functions provided under the Organisation, management and control model pursuant to Legislative decree 231/01 and adopted by the Company in addition to the implementation rules. These powers, which extend to all sectors and departments of the Company, are aimed at ensuring the effective, efficient supervision of the function and compliance with the Model in accordance with the provisions of article 6 of Legislative decree 231/01.

The verification and control carried out by the Supervisory Body will be closely related to the goals of efficiently implementing the Model.

The Supervisory Body will use a technical Secretary to help it define and carry out its activities and allow full compliance with the requirements of professional competence and action continuity, as well as compliance with legal obligations.

Article 28.3 of the Articles of Association state that “the Board of Statutory Auditors will ensure that the organisational and management models adopted to prevent the offences set out under Legislative decree no. 231 of 8 June 2011 work and are complied with, in addition to being kept updated”.

More specifically, the Supervisory Body will be given the following duties and powers in order to carry out its functions:

- to control its operation and keep the Board of Directors informed. The rules of the Supervisory Body activities must also provide for the following: scheduling the activities, determination of deadlines for the controls, identification of the analysis criteria and procedures, controlling the information flows from the company departments;
- approval of the annual supervisory program in accordance with the principles and content of the Model, upon proposal of a 231 control plan prepared by the Internal Auditing department and on the basis of the activities carried out by the Supervisory Body and the activities carried out pursuant to article 2403 of the Civil Code;
- checking the adequacy of the Model both with respect to preventing commission of the offences described under Legislative decree 231/01 and its capacity to show if any unlawful conduct is being carried out;
- checking the efficiency and effectiveness of the Model, also in terms of correspondence between the operational procedures actually adopted and the procedures formally set out under the Model;
- arranging, developing and promoting the constant update of the Model, formulating, where necessary, the guidelines for any updates and adjustments as provided under chapter 7 “Adoption of the Model – Criteria to update and adjust the Model”;
- finding any deviation in behaviour with respect to the Model that emerges from the analysis of the information flows and the information that the managers of the various Departments/Facilities have to comply with;
- giving timely notice to the Chairperson of the Board of Directors of any breaches found of the Model that could lead to liability attaching to the Company so that it can take the necessary measures;
- managing relations with and ensuring that the applicable information is provided to the Board of Directors and the Chairperson of the Board of Directors;
- promoting, with the company departments/facilities in charge of training, the initiatives to spread awareness and understanding of the Model, and staff training and making them aware of the need to comply with the standards contained in the Model;

- promoting, with the company departments/facilities in charge of training, communication and training courses on the content of Legislative decree 231/01 and its impact on the Company business and codes of conduct;
- ensuring that an effective internal communication system is set up to allow the transmission of news that is relevant to Legislative decree 231/01, guaranteeing the protection and confidentiality of the reporting person;
- notifying the bodies/Departments/Facilities of any breach of the Model, and monitoring application of the disciplinary sanctions in association with them;
- checking and evaluating, in association with the Head of Human Resources, the suitability of the disciplinary system in accordance with Legislative decree 231/01.

In order to carry out the duties and exercise its powers, the Supervisory Body:

- will have free access to the company documents and information;
- may use the support and cooperation of the Departments/Facilities and external specialist consultants;
- may request information from the Board of Directors and the auditing firm;
- may use the applicable Internal Auditing department to plan and execute the supervision so as to use previously consolidated operational procedures and resources with adequate technical skills, also in order to avoid duplicating activities.

The expenditure necessary to carry out the duties assigned, which must be enough to ensure that the activities can be carried out properly, will be approved by the Board of Directors. Please refer to company procedures for the use of said spending powers.

The Board of Directors will ensure that adequate communication is given to the company departments of the duties of the Supervisory Body and its powers.

The Supervisory Body will not have management powers or decision-making powers regarding the performance of the Company business activities, organisational powers or power to change the company facilities, or disciplinary or sanctioning powers. The members of the Supervisory Body, and any parties who the Supervisory Body use, will have to guarantee the confidentiality of the records and their content and comply with the confidentiality obligation over all the information that they become aware of during the exercise of their duties.

The information, reports, documentation and reports provided under the Model will be kept by the Supervisory Body in an archive (computer or paper) for a period of at least 10 years.

### **4.3 Information flows from and to the Supervisory Body**

#### **4.3.1 Reporting by the Supervisory Body to the corporate bodies**

The Supervisory Body will report on implementation of the Model, the emergence of any critical aspects, and the need to make any changes. Reports will be made on the following basis:

- continuously and directly to the Chairperson of the Board of Directors, who will inform the Board of Directors as part of the disclosure that the Chairperson must make in accordance with the exercise of his/her powers;
- on a half-yearly basis to the Board of Directors, the Chairperson and the General Manager.

More specifically, the Supervisory Body will prepare a written half-yearly report which must contain at least the following:

- a) a summary of the activities carried out during the half-year period;
- b) any issues or critical aspects that emerged during the supervisory activities;
- c) information on the corrective actions to be taken to ensure the efficiency and/or effectiveness of the Model, including those needed to remedy any organisational or procedural shortcomings found or that could expose the Company to the danger of committing the offences described under the Decree;
- d) information on any behaviour that is not in line with the Model, and the consequent observations regarding the sanction considered to be most suitable for the person responsible for the infringement, or the Department/Facility and/or the process involved, in compliance with the terms and procedures indicated in the penalty system adopted by the Company in accordance with Legislative decree 231/01;
- e) a report on the notifications received by internal and external parties and those found directly by the Supervisory Body regarding the alleged breaches of the Model's provisions, the prevention protocols and the relative implementation procedures, including the outcome of the resulting checks, and breach of the provisions of the Group Code of Ethics, notified to the Stable Commission for the Code of Ethics;
- f) disclosure regarding any commission of offences the are relevant under the terms of the Decree;
- g) any sanctions applied by the Company with reference to breach of the provisions of this Model, the prevention protocols and the relative implementation procedures;
- h) an overall evaluation of the function and effectiveness of the Model with any indications on how it should be added to, corrected or changed, which take account of any new susceptible activities identified;
- i) a report on any changes to the regulatory framework and/or significant amendments to the internal structure of the Company and/or how the business activities are carried out that may require the Model to be updated;
- j) report on any conflicts of interest, including potential, of a member of the Supervisory Body;
- k) report on the expenses incurred in the applicable period.

A record must be kept of the meetings with the Board of Directors and the Chairperson of the Company to whom the Supervisory Body reports.

### **4.3.2 Disclosure to the Supervisory Body**

The Supervisory Body must be promptly informed about the actions, behaviour or events that could lead to a breach of the Model or, more generally, that could help improve the efficiency and effectiveness of the Model.

All the Intended Audience of the Model will notify the Supervisory Body of any information that could help check the correct implementation of the Model. More specifically:

1) the Departments/Facilities identified in accordance with the respective organisational functions must notify the Supervisory Body, within the deadline, and in writing, of all information regarding:

- the issue and/or update of the organisational documents;
- changes in the responsibilities of the Departments/Facilities involved in the risk activities and the update of the company system for delegation of authority and power of attorney;
- the reports drawn up by the applicable internal auditing department and other control Bodies/Departments/Facilities (including the independent auditing firm) within the scope of their control activities, which could show critical events, records, events or omissions with respect to compliance with the provisions of the Decree or of the Model;
- the requests for legal assistance sent by employees if legal proceedings are brought against them, and in relation to the offences described under Legislative decree 231/01, unless expressly prohibited by the Legal Authorities;
- the proceedings begun for breach of the Model, the orders to dismiss these proceedings and the relative grounds, the application of sanctions for breach of the Group Code of Ethics, the Model or the procedures established to implement it;
- orders and/or information from the criminal investigation bodies, or any other authorities or the directly interested parties, that could show that investigations were being carried out for the offences established under Legislative decree 231/01 and that could involve the Company in accordance with the obligations established under prevailing law, and taking account of the security and disclosure measures in documents relating to criminal proceedings;
- the reports drawn up by the managers of other company Departments/Facilities within the scope of their control activities, and which could show critical events, records, events or omissions with respect to compliance with the law or of the Model.

2) each Department Head will send the Supervisory Body, upon adoption of the Model or any amendments, a statement of awareness and compliance with the Model's standards described and declared therein, on a half-yearly basis, and state that they are not aware of any behaviour that is not in line with the standards and content of the Model within the scope of their Susceptible Activities apart from any that may have already been reported.

3) the members of the Corporate Bodies, the General Manager and the Employees of the Company must give notice on a timely basis of the commission or alleged commission of offences pursuant to the Decree or the reasonable danger of committing them by third

parties, that they become aware of, or any breach or alleged breach of the Model or the procedures established in implementation of it that they become aware of.

4) the Contract Staff and the other people from outside the Company to whom the Model is addressed will have to immediately inform the Supervisory Body directly if they receive, directly or indirectly, a request that could breach the terms of the Model from a Company employee/representative.

The Supervisory Body will assess the notifications received, and make their findings in writing.

The information obligation on any behaviour that conflicts with the provisions of the Model will fall under the wider duty of diligence and the loyalty obligations of the employer. Proper fulfilment of the obligation to provide information by the employer may not give rise to the application of disciplinary sanctions.

The Company will adopt suitable, effective measures to ensure the confidentiality of the identity of the person who sends the Supervisory Body useful information to identify behaviour that conflicts with the standards set out in the Model, the procedures established for its implementation and the procedures established by the internal control system, subject to legal obligations and the protection of the rights of the Company or the persons accused in error and/or in bad faith.

No type of retaliation, discrimination or penalisation may be made against anyone who makes good faith reports to the Supervisory Body. The Company reserves the right to take any action against anyone who makes untrue reports in bad faith.

A specific email address has been set up to permit due compliance with the provisions of the Model and facilitate the flow of communications and information for the purposes provided under the Model.

#### **4.4 Calling meetings, voting and decisions**

The Chairperson of the Supervisory Body will call meetings of the Supervisory Body, will ensure they have been validly called, will preside over the meetings and check the votes.

In the event of the absence or temporary unavailability of the Chairperson of the Supervisory Body, the functions will be carried out by the oldest member of the Supervisory Body.

The Supervisory Body will meet each time the Chairperson of the Supervisory Body believes it necessary, or if at least two members so request. In any case, the Supervisory Body will have to meet at least once every three months.

The Supervisory Body will meet if the Chairperson of the Supervisory Body calls a meeting. The meeting will be called with a notice that also contains the agenda, to be sent to the members of the Supervisory Body by email or other methods currently in use. The documentation needed for the discussion of the items on the agenda must be made available to all members of the Supervisory Body. Each member will also have the right to request the addition of a topic to the agenda. If urgent, the agenda may be added to before the beginning of each meeting. In that case, each member of the Supervisory Body may object to the discussion if they believe they have not been sufficiently informed and may request the discussion on that item of the agenda to be postponed, with a new meeting to be called within the next five days.

Meetings may also be held with the participants in different places, which may be near or far away from each other, connected by audio-conference or video-conference, in a way that must be recorded in the minutes. The meeting will be considered to have been held in the place where the Chairperson of the Supervisory Body is located.

Members of the Supervisory Body who cannot take part in the meetings will have to notify the Chairperson of the Supervisory Body.

The Supervisory Body meetings will be valid if the majority of the members in office are present and they are presided over by the Chairperson of the Supervisory Body. In any case, the meeting will be considered to have been validly held if all the members of the Supervisory Body take part, even if it hasn't been formally called.

The decisions of the Supervisory Body will be adopted on a majority basis by the members present who have the right to vote.

In the event of a stalemate which prevents a majority decision from being taken, the Supervisory Body will give the Chairperson of the Board of Directors the power to decide on the issue, on a joint basis, by formal appointment.

Each member of the Supervisory Body will have to notify the other members of any interest, on their own behalf or on behalf of third parties, that they may have in relation to an activity that has to be carried out by the Supervisory Body, specifying its nature, terms, origin and extent. This situation will have to be reported.

## **5. Human resource training and distribution of the Model**

### **5.1 Introduction**

In order to implement the Model, the Company intends to ensure that its content and principles are disclosed within and outside the organisation.

More specifically, the goal of the Company is to extend communication of the content and principles of the Model to both its employees and to parties who, even though not formally classified as employees, work - even occasionally - to achieve the objectives of Rai Com on the basis of contractual relationships.

The communication and training will be adapted to suit the intended audience, but in any case must be complete, clear, accessible and continuous, and provided in a way that ensures that the audience is made fully aware of the company provisions that must be complied with and the ethical standards that must inform their behaviour.

The communication and training on the principles and content of the Model will be guaranteed by the managers of the individual Departments/Facilities who, in accordance with what the Supervisory Body plans and advises, will identify the best ways to use these services (for example: training programs, staff meetings, etc.).

The communication and training will be supervised by the Supervisory Body, which will also be entrusted with, inter alia, the duty of "promoting, with the company departments/facilities in charge of training, the initiatives to spread awareness and understanding of the Model, and for the training of staff and to make them aware of the need to comply with the

standards contained in the Model and “promoting, with the company departments/facilities in charge of training, communication and training actions on the content of Legislative decree 231/01 on the impact of the regulations on company activities and behavioural standards”.

## 5.2 - Employees

Every Employee must:

- acquire awareness of the principles and content of the Model;
- get to know the operational procedures to be used to carry out their jobs;
- actively contribute, in relation to their roles and responsibilities, to the effective implementation of the Model, giving notice of any shortcomings found in it.

In order to ensure that the communication is effective and clear, the Company intends to promote and facilitate the awareness of the content and the principles of the Model by the Employees, at a level that takes account of the roles and positions covered by the employees, and the areas in which they operate.

The adoption of this Model will be communicated to all resources in the company upon adoption. Employees will also be able to access and consult the documentation comprising the Model (reference standards of the Model, the Code of Ethics of the Group, information on the organisational structures of the Company, and the company activities and procedures) directly on the company Intranet in a specific area.

When new employees are hired, they will be given a copy of the applicable standards of the Model and the Group Code of Ethics and they will have to sign a declaration stating their awareness and compliance with the standards of the Model described therein.

The members of the Corporate Bodies, the General Manager and the employees who work in specific risk areas will be given a paper copy of the full version of the Model. In accordance with the measures used for the employees, new members of Company Bodies will be given a paper copy of the full version of the Model when they accept their appointments, and they will have to sign a declaration to the effect that they will comply with the standards of the Model.

Suitable communication instruments will be adopted for the updates on any changes made to the Model, or any relevant procedural, regulatory or organisational changes.

## 5.3 Other recipients

Communication of the content and standards of the Model must also be addressed to third parties who have dealings with the Company governed by contracts or who represent the Company but are not employed by it (for example: consultants, suppliers, *partners*, agents, brokers, etc.).

To this end, the Company will provide an excerpt of the applicable Standards of the Model and the Group Code of Ethics to the third parties.

The Company, taking account of the aims of the Model, will decide on whether to communicate the content and standards of the Model to other third parties besides those mentioned in the above examples, and more generally, to the market.

## **6. Sanction system**

### **6.1 Purpose of the sanction system**

Article 6, paragraph 2, letter e) and article 7, paragraph 4, letter b) of Legislative decree 231/01 indicates, as the condition to effectively implement the Organisation, management and control model, the introduction of a disciplinary system that sanctions failure to comply with the measures set out in the Model.

Therefore, definition of an adequate disciplinary system is an essential condition to being able to use the Organisation, management and control model pursuant to Legislative decree 231/01 to justify itself with respect to the administrative liability of organisations.

Application of the disciplinary system and relative sanctions is separate from any criminal proceedings that may be brought by the legal authorities if the behaviour to punish could also constitute an offence pursuant to Legislative decree 231/01.

### **6.2 Measures with respect to the Employees**

#### **6.2.1 Disciplinary System**

Compliance with the provisions and rules of behaviour provided under the Model will constitute compliance by the employees with the obligations set out under article 2104, paragraph 2 of the Civil Code; the Model represents a substantive and integral part of these obligations.

Breach of the individual provisions and rules of behaviour set out under the Model by the employees will always constitute a disciplinary offence.

The measures in the Model that result in sanctions if breached are shown in places that are accessible to everyone and are binding on all Company employees.

The disciplinary measures that can be inflicted on employees in accordance with the procedures set out under article 7 of Law no. 300 of 30 May 1970 (known as the Workers Statute”) and any special applicable regulations, are those provided under the disciplinary regulations contained in the Collective Labour Agreement and more specifically, in accordance with the seriousness of the infractions:

*for employees:*

- verbal warning;
- fine of up to 4 hours' worth of salary;

- suspension from work and salary for a period of one to three days;
- suspension from work and salary from 4 to 6 days;
- suspension from work and salary for 7 to 10 days;

*for managers:*

- the most suitable measures in accordance with the law and the managers CCNL (collective labour agreement).

At every report of breach of the Model obtained by the applicable offices, a disciplinary preliminary assessment will be carried out if there are grounds that could back the report. If there has been a probable breach of the Model, a consequent disciplinary procedure will be initiated. When the investigation is being carried out, the employee will first be notified of the charge and will be guaranteed a defence in accordance with the law and the contract. Once it has been established that there has been a breach, a disciplinary sanction will be issued against the perpetrator in proportion to the seriousness of the breach.

It should be understood that the procedures, provisions and guarantees set out under article 7 of the Workers Statute and the Collective labour agreement will be complied with in terms of the disciplinary measures.

### **6.2.2 Breach of the Model and relative sanctions**

In accordance with the provisions of applicable law and in compliance with the principles of the characteristics of the breaches and the characteristics of the sanctions, the Company intends to make its employees aware of the provisions and rules of behaviour in the Model, breach of which will constitute a disciplinary offence, and the applicable sanctions, taking account of the seriousness of the infractions.

The behaviour that constitutes a breach of the Model, along with the relative sanctions, are as follows:

1. a “written warning” will be given to a worker who acts with slight negligence in application of the standards and/or rules of conduct provided under this Model, or of the internal procedures and rules provided for and/or referred to under the Model;
2. a “fine of up to 4 hours of salary” will be given to a worker who:
  - repeats the infringements described under point 1 above;
  - acts improperly in application of the standards and/or rules of conduct provided under this Model, or of the internal procedures and rules provided for and/or referred to under the Model;
3. “suspension from work and salary for 1 to 3 days” will be applied to a worker who:
  - repeats the infringements described under point 2 above, or further repeats the infringements described under point 1 above;

- acts with poor diligence in application of the standards and/or rules of conduct provided under this Model, or of the internal procedures and rules provided for and/or referred to under the Model, possibly even causing a situation of danger to the company assets or damage or disservice to them, since they involve actions that conflict with the interests of the Company;
4. “suspension from work and salary for 4 to 6 days” will be applied to a worker who:
- repeats the infringements described under point 3 above, or further repeats the infringements described under points 1 and/or 2 above;
  - breaches the standards and/or the rules of behaviour set out under this Model or the internal procedures and rules provided and/or referred to, behaving in a non-compliant or inadequate fashion with the provisions of the Model, without diligence, or a refusal to perform or collaborate, also possible causing damage to the Company for any actions carried out that conflict with its interests;
5. “*suspension from work and salary for 7 to 10 days*” will be applied to a worker who:
- repeats the infringements described under point 4 above, or further repeats the infringements described under points 1 and/or 2 and/or 3 above;
  - acts with a considerable failure to comply with contractual obligations, behaving in a non-compliant or inadequate way in the performance of activities in susceptible areas with respect to the provisions of the Model, to the extent of resulting in the possible application against the Company of the measures set out under Legislative decree 231/2001;
6. workers will be “**dismissed**” if they:
- repeat the infringements described under point 5 above, or further repeat the infringements described under points 1 and/or 2 and/or 3 and/or 4 above;
  - in the performance of the activities included under the susceptible areas, knowingly behaves in a way that conflicts with the provisions and/or the procedures and/or the internal rules of this Model, which - even though it could constitute one of the unlawful actions under the Decree - harms the element of trust that characterises a work relationship, or is so serious that the work relationship cannot continue, even on a provisional basis, since that behaviour is serious enough (either for its wilful nature or due to the criminal or monetary repercussions or due to its repeated or specific nature) to destroy the trust on which the relationship is based.

The type and extent of each of the sanctions set out above will also be formulated taking account of:

- the intent behind the behaviour or the degree of negligence, imprudence or inexperience with regard also to the predictability of the event;
- the overall behaviour of the worker with specific regard to whether that person had been subject to previous disciplinary measures, to the extent permitted by law;
- the duties of the worker;
- the functional position of the people involved in the events constituting the offence;

- other specific circumstances relating to the disciplinary offence, including the level of risk that the Company reasonable believes to be subject to - in accordance with the effects of Legislative decree 231/01 - following the behaviour subject to censure.

This is subject to the right of the Company to request compensation for the loss occasioned by the infringement of the Model by an employee. Compensation for any damage caused will be related to:

- the level of responsibility and autonomy of the employee who carried out the disciplinary offence;
- the existence of any previous disciplinary offences by this person;
- the level of intentionality of the behaviour;
- the seriousness of the effects of the behaviour.

With respect to the finding of infractions, the disciplinary proceedings and the infliction of sanctions, the powers already conferred on Company management will be valid to the extent of the respective delegation of authority and duties, and in accordance with the provisions set out under paragraph 6.2.1 of this document.

### **6.3 Measures against Directors**

If one or more members of the Board of Directors breach the terms of the Model, the Supervisory Body will give timely notice to the entire Board of Directors to assess the case.

### **6.4 Measures against Statutory Auditors**

If one or more of the Statutory Auditors breach the terms of the Model, the Supervisory Body will give timely notice to the Board of Directors so it can make the findings that fall within its competence.

### **6.5 Measures against Contract Staff**

Each breach by Contract Staff of the rules set out under this Model that apply to them, or commission of the Offences set out under Legislative decree 231/01, will be sanctioned in accordance with the provisions of the specific contractual clauses that are in the relative contracts.

This will be without prejudice to the right of the Company to claim compensation if this behaviour causes tangible harm, as in the case of where a court applies the measures set out under Legislative Decree 231/01 against it.

## **7. Adoption of the Model - Criteria to update and amend the Model**

The Board of Directors will decide on whether to update the Model and amend it in

accordance with amendments and/or additions that may make it necessary as a result of:

- changes to the law on administrative liability of organisations;
- changes to the internal structure of the Company and/or the structure of the business activities;
- identification of new Susceptible Activities or changes in the previously identified ones, also possibly connected to the start-up of new company activities;
- commission of the offences set out under Legislative decree 231/01, or more generally, of significant breaches of the Model, by the persons the Model is addressed to;
- finding shortcomings and/or gaps in the provisions of the Model following checks on its effectiveness.

The updating and/or amendment proposals presented by the Chairperson will have been provided by Team 231 after informing the Supervisory Committee. The updates and/or amendments may be initiated by the Supervisory Body, the Department Managers or Team 231.

Team 231 shall comprise the Legal and Corporate Affairs, Control, Administration and Finance and HR departments, and will be coordinated by the General Manager.

As the occasion arises, Team 231 will identify the Departments/Facilities to add to the Team.

In order to ensure that the changes to the Model are made with the necessary speed and efficiency, without compromising coordination between the operational processes, the provisions of the Model, and its distribution, the Board of Directors decided to appoint the General Manager, with the support of Team 231, to make the changes to the Model that relate to descriptive aspects, where necessary, having informed the Chairperson of the Board of Directors and the Supervisory Body. The General Manager will inform the Board of Directors of any changes made through the Chairperson.

The expression “descriptive aspects” refers to elements and information that result from actions decided by the Board of Directors (such as redefinition of the organisation chart) or the company Departments/Facilities that have specific delegations of authority (for example new company procedures).

In any case, the Model will be subject to periodic review every three years as decided by the Board of Directors.