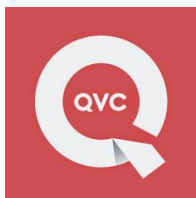


# **QVC ITALIA S.R.L.**

**Organisation, Management and Control Model  
pursuant to Italian Legislative Decree no.  
231/2001**





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**ORGANISATION, MANAGEMENT AND CONTROL MODEL  
PURSUANT TO LEGISLATIVE DECREE 231/2001  
OF  
QVC ITALIA S.R.L.**

**\*\*\*\*\***

**GENERAL SECTION**



## **CHAPTER 1**

### **LEGISLATIVE FRAMEWORK:**

#### **ADMINISTRATIVE LIABILITY FOR OFFENCES COMMITTED BY LEGAL ENTITIES AND THE PURPOSE OF ORGANISATION, MANAGEMENT AND CONTROL MODELS**

### **1.1 Legislative Decree No. 231 of 8 June 2001**

Legislative Decree No. 231 of 8 June 2001 (entitled "*Regulation of the administrative liability of legal entities, companies and associations, including those without legal personality, pursuant to Article 11 of Law No. 300 of 29 September 2000*", published in the Official Gazette No. 140 of 19 June, 2001, as amended and/or supplemented: hereinafter, "**Legislative Decree 231/2001**" or the "**Decree**")<sup>1</sup> introduced the concept of "administrative liability" into the Italian legal order, by which legal entities may be held liable for criminal offences ("predicate" offences) committed by persons who act in their interest or for their benefit.

Legislative Decree 231/2001 imposes an independent form of responsibility on entities, which supplements rather than replaces the responsibility of the actual perpetrator of the offence.

This new regime of liability imposes a disciplinary sanction that targets the entity's assets in cases where the employee (person in a senior, intermediate management position etc.) engages in criminal conduct in the interest or for the benefit of the legal entity for which he/she works.

Pursuant to the provisions of Legislative Decree 231/2001, monetary or disqualification sanctions will be applicable to entities directly and independently.

### **1.2 The "predicate" offences**

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<sup>1</sup> Law 300/2000 ratified and implemented various international conventions such as:

- the Convention on the protection of the European Communities' financial interests (Brussels, 26 July 1995) and its first Protocol (Dublin, 27 September 1996);
- the Convention on combating corruption involving officials of the European Communities or of European Union Member States (Brussels, 26 May 1997);
- the OECD Convention on combating bribery of foreign public officials in international business transactions (Paris, 17 December, 1997).

In relation to the ratification of the aforementioned conventions (drawn up mostly on foot of Article K.3 of the Treaty of the European Union), the Law 300/2000 delegated power to the government to legislate for a regime of administrative liability of legal persons and entities without legal personality, necessitated in view of Italy's undertaking - among others - to introduce rules for the liability of collective entities.



The entity may be held liable for the Offences specifically referred to by Articles 24, 24-bis, 24-ter, 25, 25-bis, 25-bis.1, 25-ter, 25-quater, 25-quater.1, 25-quinquies, 25-sexies, 25-septies, 25-octies, 25-novies, 25-decies, 25-undecies, 25-duodecies and 25-terdecies of the Decree, and by Article 10 of Law No. 146 of 16 March 2006, if the offences are committed in its interest or for its benefit by qualifying persons within the meaning of Article 5 subsection 1 of the Decree.

The Offences referred to by the aforementioned regulatory provisions may be listed, for ease of reference, under the following categories:

- offences against the Public Administration (such as bribery and embezzlement of public funds to the detriment of the State, fraud to the detriment of the State and computer fraud to the detriment of the State, as indicated in Articles 24 and 25 of the Decree)<sup>2</sup>;

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<sup>2</sup> These are the following offences: embezzlement of public funds to the detriment of the State (Article 316-bis of the Penal Code), misappropriation of funds disbursed to the detriment of the State (Article 316-ter of the Penal Code), aggravated fraud to the detriment of the State (Article 640, subsection 2, No. 1 of the Penal Code), aggravated fraud to obtain disbursements of public funds (Article 640-bis of the Penal Code), computer fraud to the detriment of the State or a public body, also in the aggravating circumstance where the act is committed with theft or unlawful use of a digital identity to the detriment of one or more persons (Article 640-ter of the Penal Code), extortion (Article 317 of the Penal Code), acceptance of bribes in return for the exercise of official functions or for an act contrary to official duties (Articles 318, 319 and 319-bis of the Penal Code), bribery of a person performing a public service (Article 320 of the Penal Code), bribery in judicial proceedings (Article 319-ter of the Penal Code), unlawful inducement by an official to give or promise a benefit (Article 319-quater of the Penal Code), incitement to bribery (Article 322 of the Penal Code), misappropriation of public funds, extortion, unlawful inducement by an official to give or promise a benefit, bribery and incitement to bribery of members of the European Communities, officials of the European Communities, foreign States and international public organisations (Article 322-bis of the Penal Code).

The category of offences provided for by Article 25 of the Decree, as outlined in this Model, is in line with the legislative changes introduced by Law 190/2012. The following are among the most significant changes: a) amendment of the sanctions component of the offence of misappropriation of public funds referred to in Article 314 of the Penal Code, of the offence of accepting bribes for an act contrary to official duties pursuant to Article 319 of the Penal Code, of the offence of bribery in judicial proceedings referred to in Article 319-ter of the Penal Code and of the offence of extortion referred to in Article 317 of the Penal Code; b) restructuring of the offence of accepting bribes in return for an official act referred to in Article 318 of the Penal Code, into "acceptance of bribes in return for the exercise of official functions", eliminating the requisite nexus between the benefit received or promised and an actual official act by the person acting under public law functions, and utilising the phrase "money or other benefit" instead of the term "payment" to define what is received by the public official, and eliminating the need for the public service officer to have "public employee status" in order for the offence to be committed; c) restructuring of the offence of extortion referred to in Article 317 of the Penal Code, by reference exclusively to coercive conduct for which a public official alone can be held accountable; d) introduction of the offence of "unlawful inducement by an official to give or promise a benefit" referred to in Article 319-quater of the Penal Code, which encompasses the offence of inducement to bribery (present in the previous formulation of Article 317 of the Penal Code), for



- computer crime and the illegal processing of data, referred to in Article 24-bis of the Decree<sup>3</sup>;
- organised crimes, referred to by Article 24-ter of the Decree<sup>4</sup>;

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which also the public service officer can be held liable; e) coordination with other provisions, such as e.g. Article 322-bis of the Penal Code, which made specific reference to previous formulations of the offences.

Finally, a number of amendments to the regime of offences involving acceptance of bribes in return for the exercise of official functions, acceptance of bribes in return for an act contrary to official duties, bribery in judicial proceedings, unlawful inducement by an official to give or promise a benefit, extortion (aimed in particular at increasing the penalties) were made by Law No. 69 of 27 May 2015 (*"Provisions on offences against the public administration, mafia-type criminal association and fraudulent accounting"*), which came into effect on 14 June 2015.

<sup>3</sup> Article 24-bis was introduced into the Decree by Article 7 of Law No. 48 of 18 March 2008. These are the offences of falsification, use of false documents, suppression, destruction and concealment of authentic instruments and authenticated copies that lawfully take the place of missing originals, involving a public or private electronic document of probative value (Article 491-bis of the Penal Code), unauthorised access to a computer or electronic communications system (Article 615-ter of the Penal Code), unauthorised holding and distribution of access codes to computer or telecommunications systems (Article 615-quater of the Penal Code), distribution of computer equipment, devices or programs designed to damage or interrupt a computer or electronic communications system (Article 615-quinquies of the Penal Code), unlawful interception, obstruction or interruption of computer or electronic communications (Article 617-quater of the Penal Code), installation of equipment designed to intercept, obstruct or interrupt computer or electronic communications (Article 617-quinquies of the Penal Code), damaging computer information, data or programs, as well as computer or electronic communications systems (Articles 635-bis, 635-ter, 635-quater, 635-quinquies of the Penal Code), computer fraud by persons providing electronic signature certification services (Article 640-quinquies of the Penal Code), and illegitimate use by a non-owner, falsification or alteration of credit or payment cards or any other similar document entitling the holder to withdraw cash or purchase goods or perform services; possession, transfer or acquisition of such cards or documents of illicit origin, or otherwise falsified or altered, and the production of payment orders by their use, pursuant to Article 55 subsection 9 of Legislative Decree No. 231 of 21 November 2007.

<sup>4</sup> Article 24-ter was introduced into the Decree by Article 2 of Law No. 94 of 15 July 2009. These are the offences of criminal association (Article 416 of the Penal Code), offences committed while benefiting from the conditions referred to in Article 416-bis of the Penal Code in reference to mafia-type associations, offences of political-mafia electoral exchange (Article 416-ter of the Penal Code), kidnapping for the purpose of robbery or extortion (Article 630 of the Penal Code), association for the purpose of illicit trafficking in narcotics or psychotropic substances (Article 74 of Presidential Decree No. 309 of 9 October 1990), unlawful production, trafficking and possession of narcotics or psychotropic substances (Article 73 of Presidential Decree No. 309 of 9 October 1990). Finally, by Law No. 62 of 17 April 2014, the legislator introduced into the Decree an additional reference to the offence of political-mafia electoral exchange referred to in Article 416-ter of the Penal Code, whose conditions were radically altered (this offence is committed by persons who accept a promise to procure votes by the means specified in the third subsection of Article 416-bis in exchange for the payment or promise of payment of money or other benefit).

A number of amendments to the rules on mafia-type association referred to in Article 416-bis of the Penal Code (aimed in particular at increasing the penalties) were made by the Law No. 69 of 27 May 2015 (*"Provisions on offences against the public administration, mafia-type criminal association and fraudulent accounting"*), which came into effect on 14 June 2015.



- offences of counterfeiting of money, public currency/credit notes, revenue stamps, and identification instruments or marks, referred to by Article 25-bis of the Decree<sup>5</sup>;
- offences against industry and commerce, referred to by Article 25-bis.1 of the Decree<sup>6</sup>;
- corporate offences (such as false corporate communications, false statement in a prospectus, undue influence on the shareholders' meeting, bribery in the private sector, referred to in Article 25-ter of the Decree)<sup>7</sup>;

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<sup>5</sup> Article 25-bis was introduced into the Decree by Article 6 of Decree Law 350/2001, converted into law, with amendments, by Article 1 of Law 409/2001; subsequently, it was amended by Article 15 of Law 99/2009. These are the offences of counterfeiting money, spending and introducing counterfeit money into the State by agreement (Article 453 of the Penal Code), alteration of currency (Article 454 of the Penal Code), spending and introducing counterfeit money into the State other than by agreement (Article 455 of the Penal Code), spending counterfeit money received in good faith (Article 457 of the Penal Code), counterfeiting revenue stamps, introducing into the State, purchasing, holding or putting into circulation counterfeit revenue stamps (Article 459 of the Penal Code), forgery of watermarked paper in use in order to manufacture public currency/credit notes or revenue stamps (Article 460 of the Penal Code), production or possession of watermarks or instruments designed for the counterfeiting of money, revenue stamps or watermarked paper (Article 461 of the Penal Code), use of forged or altered revenue stamps (Article 464 of the Penal Code), counterfeiting, alteration or use of trademarks or distinguishing marks or of patents, models and designs (Article 473 of the Penal Code), introduction into the State and trade in products with false signs (Article 474 of the Penal Code), obstruction of the freedom of industry or commerce (Article 513 of the Penal Code).

<sup>6</sup> Article 25-bis.1 was introduced into the Decree by Article 15 of Law 99/2009. These are the offences of obstruction of the freedom of industry or commerce (Article 513 of the Penal Code), unlawful competition with threats or violence (Article 513-bis of the Penal Code), fraud against national industries (Article 514 of the Penal Code), fraudulent trading (Article 515 of the Penal Code), sale of non-genuine food substances as genuine (Article 516 of the Penal Code), sale of industrial products with misleading signs (Article 517 of the Penal Code), manufacture and sale of goods by usurping industrial property rights (Article 517-ter of the Penal Code), forgery of geographical indications or designations of origin of agri-food products (Article 517-quater of the Penal Code).

<sup>7</sup> Article 25-ter was introduced into the Decree by Article 3 of Legislative Decree 61/2002. These are the offences of false corporate communications and false corporate communications of listed companies (Articles 2621 and 2622 of the Civil Code), obstructing auditors in the course of their duties (Article 2625 subsection 2 of the Civil Code), fictitious formation of share capital (Article 2632 of the Civil Code), improper refund of contributions (Article 2626 of the Civil Code), illegal distribution of profits and reserves (Article 2627 of the Civil Code), unlawful transactions on the shares or stocks of a company or its controlling company (Article 2628 of the Civil Code), transactions to the detriment of creditors (Article 2629 of the Civil Code); failure to communicate conflicts of interest (Article 2629-bis of the Penal Code), improper distribution of corporate assets by liquidators (Article 2633 of the Civil Code), bribery in the private sector (Article 2635 subsection 3 of the Civil Code), incitement to bribery in the private sector (Article 2635-bis of the Penal Code), undue influence on the shareholders' meeting (Article 2636 of the Civil Code), manipulation of stock market transactions (Article 2637 of the Civil Code), hindering public supervisory authorities in the exercise of their functions (Article 2638 of the Civil Code).

The offence of bribery in the private sector was introduced into the group of offences referred to





- criminal offences aimed at terrorism or subversion of the democratic order, referred to in Article 25-quater of the Decree<sup>8</sup>;
- female genital mutilation practices, referred to by Article 25-quater<sup>1</sup> of the Decree<sup>9</sup>;
- crimes against persons (such as child prostitution, child pornography, trafficking in human beings and enslavement, referred to by Article 25-quinquies of the

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in Article 25-ter of the Decree by the Law 190/2012, which also refashioned the previous offence of “breach of trust following the bestowal or promise of benefits” provided for by Article 2635 of the Civil Code. In its current formulation, the offence, while fully retaining the structure of breach of trust following a bestowal, provides for the following: a) the extension of liability to the following persons: directors, general managers, managers responsible for preparing company accounting records, auditors and liquidators, but also persons subject to the direction or supervision of the latter; b) the extension of the conduct to acts (by persons who can be held liable) that are in breach of trust, and not only to acts associated with their office; c) automatically prosecutable offences, in cases where the offence leads to a distortion of competition.

A number of amendments to the rules combating false corporate communications and bribery in the private sector (aimed in particular at the aggravation of sanctions) were made by Law No. 69 of 27 May 2015 (*“Provisions on offences against the public administration, mafia-type criminal association and fraudulent accounting”*), which came into force on 14 June 2015.

Finally, Legislative Decree 38/2017 was published in the Official Gazette on 30 March 2017, and it: (i) amended the offence of bribery in the private sector, referred to in Article 2635 of the Civil Code, by increasing the penalties applicable to legal persons pursuant to Legislative Decree 231/2001; (ii) introduced the offence of incitement to bribery in the private sector provided for by Article 2635-bis of the Civil Code as a new predicate offence.

<sup>8</sup> Article 25-quater was introduced into the Decree by Article 3 of Law No. 7 of 14 July 2003. These are the *“criminal offences aimed at terrorism or subversion of the democratic order, provided for by the Penal Code and by special laws”*, and also criminal offences, other than the ones indicated above, *“that were nevertheless committed in violation of the provisions of Article 2 of the International Convention on the Suppression of Terrorist Financing signed in New York on 9 December 1999”*. This Convention punishes any party who, unlawfully and deliberately, provides or raises funds knowing that they will be used, even in part, to carry out: (i) acts aimed at causing death - or serious injury - of civilians, where the act's purpose is to intimidate a population or coerce a government or an international organisation; (ii) acts constituting an offence under international agreements on flight and navigation safety, protection of nuclear material, protection of diplomatic agents, prevention of attacks using explosives. The category of *“criminal offences aimed at terrorism or subversion of the democratic order provided for by the Penal Code and by special laws”* is referenced in a general way in the legislation, but the specific provisions whose infringement would trigger the application of this article are not specified. The following provisions may, in any case, be identified as key predicate offences: Article 270-bis of the Penal Code (*Association for purposes of terrorism, including international terrorism, or of subversion of the democratic order*) which punishes those who promote, establish, organise, direct or fund associations that plan violent acts for terrorist or subversive purposes, and Article 270-ter of the Penal Code (*Assistance to associates*) which punishes those who shelter or provide food, hospitality, transportation or communications means to anyone participating in an association having terrorist or subversive purposes.

<sup>9</sup> Article 25-quater<sup>1</sup> was introduced into the Decree by Article 8 of Law No. 7 of 9 January 2006. These are the offences of female genital mutilation referred to in Article 583-bis of the Penal Code.



- Decree<sup>10</sup>;
- offences of market abuse specified in Article 25-sexies of the Decree<sup>11</sup>;
  - offences of manslaughter and serious or grievous injury committed in violation of workplace health and safety and accident prevention rules, referred to by Article 25-septies of the Decree<sup>12</sup>;
  - cross-border offences, specified by Article 10 of Law No. 146 of 16 March, 2006<sup>13</sup>;

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<sup>10</sup> Article 25-quinquies was introduced into the Decree by Article 5 of Law No. 228 of 11 August 2003. This category includes the following offences: enslavement or servitude (Article 600 of the Penal Code); trafficking in human beings (Article 601 of the Penal Code); purchase and sale of slaves (Article 602 of the Penal Code); offences associated with child prostitution and exploitation from same (Article 600-bis of the Penal Code); child pornography and exploitation from same (Article 600-ter of the Penal Code); possession of pornographic material produced through the sexual exploitation of minors (Article 600-quater of the Penal Code); sex tourism involving child prostitution (Article 600-quinquies of the Penal Code). Recently, Article 3 of Legislative Decree No. 39 of 4 March 2014, enacted to implement Directive 2011/93/EU on combating sexual abuse and exploitation of children and child pornography, also introduced the offence referenced in Article 609-undecies of the Penal Code within the field of application of Article 25-quinquies. This is the offence of solicitation of minors, which punishes the perpetrator by imprisonment for between one and three years where a person below 16 years of age is solicited to commit one of the acts provided for and punishable by the provisions safeguarding the sexuality of minors. Pursuant to Article 609-undecies of the Penal Code, "solicitation" means any act aimed at gaining the trust of a minor using deception, lures or threats, also on the internet or other networks or means of communication".

<sup>11</sup> Article 25-sexies was introduced into the Decree by Article 9 of Law No. 62 of 18 April 2005. These are the offences of misuse of privileged information (Article 184 of Legislative Decree 58/1998) and of market manipulation (Article 185 of Legislative Decree 58/1998).

<sup>12</sup> Article 25-septies was introduced into the Decree by Article 300 of Legislative Decree No. 81 of 9 April 2008. These are the offences of manslaughter (Article 589 subsection 2 of the Penal Code) committed in violation of workplace health and safety prevention rules and of serious or grievous bodily harm (Article 590 subsection 3 of the Penal Code), committed in violation of workplace health and safety prevention rules.

<sup>13</sup> The Law No. 146 of 16 March 2006, ratifying and implementing in Italy the Convention and Protocols against transnational organised crime, adopted by the UN General Assembly on 15 November 2000 and on 31 May 2001 (the Palermo Convention), introduced (in an independent provision contained in Article 10 thereof) the administrative liability of entities for specific "cross-border offences".

The definition of "cross-border offences" is contained in Article 3 of the same Law 146/2006, where it is stated to be "an offence punishable by a term of imprisonment of not less than four years, where an organised criminal group is involved", and at least one of the following requirements must also be satisfied [Article 3, letters a), b), c) and d)]:

- (i) "is committed in more than one State";
- (ii) "is committed in one State but a substantial part of its preparation, planning, direction or control takes place in another State";
- (iii) "is committed in one State but an organised criminal group is involved in it which is engaged in criminal activities in more than one State";
- (iv) "is committed in one State but has substantial effects in another State".



- offences of receiving, money-laundering and use of money, goods or benefits of illicit origin, and of self-laundering, referred to by Article 25-octies of the Decree<sup>14</sup>;
- copyright offences referred to by Article 25-novies of the Decree<sup>15</sup>
- offence of inducement not to make statements, or to make false statements to the judicial authorities, referred to by Article 25-decies of the Decree<sup>16</sup>;
- environmental offences, referred to by Article 25-undecies of the Decree<sup>17</sup>;

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The ratification of the convention and of its protocols provided an opportunity to add numerous new offences to the catalogue of those that trigger the administrative liability of entities.

Article 10 of Law 146/2006 (last paragraph) provides - for purposes of reference - that "the provisions of Legislative Decree No. 231 of 8 June 2001 apply to the administrative offences envisaged by this article".

The cross-border offences referred to in Article 10 of Law 146/2006 are the offences of criminal association (Article 416 of the Penal Code), mafia-type association including foreign association (Article 416-bis of the Penal Code), inducement not to make statements, or to make false statements to the judicial authorities (Article 377-bis of the Penal Code), aiding and abetting (Article 378 of the Penal Code), criminal association aimed at smuggling tobacco processed abroad (Article 291-quater of Presidential Decree No. 43 of 23 January 1973), association for the purpose of illicit trafficking in narcotics or psychotropic substances (Article 74 of Presidential Decree No. 309 of 9 October 1990), the smuggling of migrants (Article 12 of Legislative Decree No. 286 of 25 July 1998).

<sup>14</sup> Article 25-octies was introduced into the Decree by Article 63 subsection 3 of Legislative Decree No. 231 of 21 November 2007. These are the criminal offences of receiving stolen goods (Article 648 of the Penal Code), money-laundering (Article 648-bis of the Penal Code), using money, goods or benefits of illicit origin (Article 648-ter of the Penal Code) and self-laundering (Article 648-ter.1 of the Penal Code).

By the Law No. 186 of 15 December 2014, the offence of self-laundering (provided for by Article 648-ter.1 of the Penal Code) was introduced into the Decree, and makes liable the conduct of a person who, having committed an "intentional criminal offence", uses or replaces or transfers into financial, business or speculative assets or activities the money, goods or other benefits that are the proceeds of such criminal offence, in order to conceal their criminal origin.

<sup>15</sup> Article 25-novies was introduced into the Decree by Article 15 of Law 99/2009. These are the offences envisaged by Articles 171, 171-bis, 171-ter, 171-septies and 171-octies of Law No. 633 of 22 April 1941 (Protection of copyright and other rights associated with its exercise).

<sup>16</sup> Article 25-decies was introduced into the Decree by Article 4 of Law 116/2009 ("*Ratification and implementation of the UN Convention against Corruption, adopted by the UN General Assembly on 31 October 2003 by Resolution No. 58/4, signed by the Italian State on 9 December 2003, as well as internal adjustment provisions and amendments to the Penal Code and the Code of Criminal Procedure*"). Its enumeration was subsequently corrected by Article 2 of Legislative Decree 121/2011.

<sup>17</sup> Article 25-undecies was introduced into the Decree by Article 2 of Legislative Decree 121/2011. The offences referred to here represent a series of environmental offences provided for by the Legislative Decree No. 152 of 3 April 2006 (*Environmental regulations*, the so called "*Environmental Code*"), by the Law No. 150 of 7 February 1992 (*Regulation of rights related to the application in Italy of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (...) as well as rules for the marketing, sale and possession of live mammal and reptile specimens that may represent a hazard to public health and safety*), by the Law No. 549 of 28 December 1993 (*Measures to safeguard the ozone layer and the environment*), and by the



- offences associated with the exploitation of labour or illegal employment of foreign citizens, referred to in Article 25-duodecies of the Decree<sup>18</sup>;
- offences of racism and xenophobia, referred to in Article 25-terdecies of the Decree<sup>19</sup>.

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Legislative Decree No. 202 of 6 November 2007 (*Implementation of Directive 2005/35/EC on ship-source pollution and attendant sanctions*). More particularly, the following acts or activities are included among those punishable in the context of the Environmental Code: the discharge of industrial waste water containing hazardous substances (Article 137); the collection, transport, disposal, trade in waste without authorisation (Article 256); the pollution of the soil, subsoil, surface waters or groundwater while exceeding applicable threshold concentrations (Article 257); the infringement of the obligation to keep mandatory waste transportation forms (Article 258); the illegal traffic of waste (Article 259); the unlawful handling of large quantities of waste (Article 260); the misrepresentation of the characteristics of waste in waste certificates and the use thereof (Article 260-bis); the exceeding of emission limit values (Article 279). Legislative Decree 121/2011 also included two new offences into the Penal Code: Article 727-bis (*Killing, destruction, capture, removal, possession of specimens of protected wild animal or plant species*), and Article 733-bis (*Destruction or degradation of habitat within a protected site*).

Subsequently, Law No. 68 of 22 May 2015, containing "*Provisions on offences against the environment*", introduced the so called "*Eco-crimes*" into the system by inserting a new title VI-bis ("*of Environmental Offences*") into the Penal Code, to regulate the following additional offence categories: environmental pollution (Article 452-bis), environmental pollution aggravated by death or injury (Article 452-ter); environmental disaster (Article 452-quater); unpremeditated offences against the environment (Article 452-quinquies); the trafficking and abandonment of high-level radioactive material (Article 452-sexies); impeding control (Article 452-septies); non-decontamination (Article 452-terdecies).

<sup>18</sup> Article 25-duodecies was introduced into the Decree by Article 2 of Legislative Decree 109/2012 ("*Implementation of Directive 2009/52/EC introducing minimum rules on penalties and measures against employers who employ third-country nationals without regular stay permit*"). Article 25-duodecies makes the entity liable in the event of commission of the offence referred to in Article 22, subsection 12-bis of Legislative Decree 286/1998; in other words, whenever the criminal offence referred to in Article 22 of Legislative Decree No. 286/1998 is committed ("*An employer who employs foreign workers without the requisite residence permit provided for by this article, or with a permit that has expired and whose renewal, revocation or cancellation has not been sought within the requisite statutory time limits, is liable to a term of imprisonment between six months and three years and a fine of Euro 5000 for each worker employed*") and, at the same time, one of the following conditions applies:

- if the workers exceed three in number;
- if the workers are minors of non-working age;
- if the workers are subject to the other particularly exploitative working conditions referred to in the third subsection of Article 603-bis of the Penal Code.

<sup>19</sup> Article 25-terdecies was introduced into the Decree by Article 5 of Law 20 November 2017, No. 167, regulating the obligations arising from Italy's membership of the European Union (the "*2017 EU Law*"). The 2017 EU Law has added several additional crimes to the list of criminal offences provided in the Decree. In particular, Article 25-terdecies punishes propaganda and incitement aimed at denying, minimizing or condoning the Shoah, criminal offences of genocide, crimes against humanity and war crimes.



### **1.3 Preconditions for attributing administrative liability to the entity. Exemption resulting from the adoption of an organisation, management and control model**

As already mentioned, *"the entity is responsible for offences committed in its interest or for its benefit"* pursuant to Article 5 of Legislative Decree 231/2001. The entity, however, will not be responsible if the perpetrator of the predicate offence has acted in his/her own interest or in the interest of third parties.

Furthermore (again pursuant to the aforementioned Article 5), the entity will be held liable if the offence is committed:

- by *"persons performing representative, administrative or managerial functions on behalf of the company or an organisational unit thereof that has financial and operational independence, or by persons exercising the management and control thereof, also de facto"* (individuals in "senior management" positions; Article 5 subsection 1, letter a) of Legislative Decree 231/2001);
- by individuals subject to the management or supervision of one of the aforementioned individuals acting in a senior management position ("subordinates" subject to the direction of superiors; Article 5 subsection 1, letter b) of Legislative Decree 231/2001);

The entity, however, will not necessarily be liable in all circumstances when an employee commits a predicate offence under the Decree. The entity is entitled to provide evidence that it was, in effect, *"extraneous"* to the offence. Here, Article 6 of Legislative Decree 231/2001 states that the entity will not be liable for the offence if it can show that it adopted and effectively implemented - prior to the commission of the unlawful act or conduct - *"organisation and management models suitable to prevent offences of the kind that occurred"*<sup>20</sup>.

In order for the Model to have the effect of exempting the entity from liability, the entity must formally adopt and effectively implement it before the act/offence in question is committed.

The same provision also requires an *"internal supervisory body"* to be established, tasked with overseeing the model's operation, effectiveness, compliance and updating.

Models must therefore:

- identify activities subject to offence risk;
- put in place special protocols for the prevention of offences;

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<sup>20</sup> In other words, the entity will be at fault if the offence - committed by a corporate body or subordinate of that entity - is attributable to a business decision, or if the offence is linked to a failure by the entity to adopt an organisational model suitable to prevent offences of the kind that occurred, or if bodies entrusted with supervisory duties failed or were negligent in implementing those duties ("organisational fault").



- identify methods of managing financial resources with a view to preventing the commission of offences;
- enact obligations of reporting to the body tasked with overseeing the operation of and compliance with organisational models;
- introduce an internal disciplinary system with sanctions for non-compliance with the model's provisions.

If a predicate offence is committed by persons in a senior management position, the entity will not be liable if it can demonstrate the following:

- (i) that senior management adopted and effectively implemented - before the offence was committed - a model suitable to prevent offences of the type that occurred;
- (ii) that an internal supervisory body, with independent powers of initiative and control, has been tasked with overseeing the model's operation, effectiveness, compliance and updating;
- (iii) that the supervisory body was not responsible for any lack of/inadequate supervision over the model;
- (iv) that the perpetrators committed the offence by fraudulently bypassing the model's provisions i.e. for their own exclusive interest (or benefit).

If an offence is committed by persons subject to the supervision or direction of a person in a senior management position, the entity will be liable for the offence only if there has been a culpable failure to exercise its supervisory and managerial powers. Therefore, an entity will be exempt from liability if, before the offence is committed, it has implemented a model suitable to prevent offences of the kind that occurred.

#### **1.4 Sanctions provided for by Legislative Decree 231/2001 and the process of ascertaining the offence**

If acts or conduct occur which fall within the ambit of Legislative Decree 231/2001, the company will be subject to:

- **monetary sanctions:** up to a maximum of Euro 1,549,370.69 (and preventive attachment for precautionary purposes);
- **disqualification sanctions,**  
as well as:
  - confiscation (and preventive confiscation on a precautionary basis);
  - publication of the sentence (if a disqualification sanction is imposed).

Disqualification sanctions last for no less than three months and no more than two years (however, pursuant to Article 14 subsection 1 of Legislative Decree 231/2001, they "*target the specific activity to which the offence attributable to the entity refers*").





They may involve:

- disqualification from carrying out the activity;
- suspension/revocation of authorisations, licenses or concessions that facilitate the commission of the offence;
- prohibition on dealing with the public administration;
- exclusion from credit facilities, funding, grants or subsidies and the revocation, as appropriate, of those already granted;
- prohibition on advertising goods or services.

Disqualification sanctions apply only to offences for which provision is made for them specifically<sup>21</sup>, if any one of the following conditions is satisfied:

- a) the entity has significantly benefited from the offence and the offence was committed by persons in senior management positions or by persons subject to the management and direction of others in circumstances where, in this last case, the commission of the offence was caused or facilitated by serious organisational failures;
- b) in case of a repeat offence.

Disqualification sanctions apply to legal entities on a definitive basis whenever the requirements set forth under Article 16 of Legislative Decree 231/2001 are met. However, generally speaking they are also applicable on a provisional basis.

### **1.5 Guidelines issued by the professional association (Confindustria, the Italian Employers' Federation)**

According to Article 6, subsection 3, of the Decree, *“Organisational and management models may be adopted, while ensuring that the requirements referred to in subsection 2 are present, based on codes of conduct drafted by representative professional associations and submitted for review to the Ministry of Justice which, in collaboration with the competent ministers, may - within 30 days - comment on the suitability of the models to prevent offences under the Decree”*.

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<sup>21</sup> These are: offences against the public administration, referred to in Articles 24 and 25 of Legislative Decree 231/2001, computer crimes and the illegal processing of data pursuant to Article 24-bis of Legislative Decree 231/2001, certain crimes against the public trust such as the counterfeiting of money referred to in Article 25-bis of Legislative Decree 231/2001, criminal offences aimed at terrorism or subversion of the democratic order pursuant to Article 25-quater of Legislative Decree 231/2001, practices of female genital mutilation referred to in Article 25-quater1 of Legislative Decree 231/2001, crimes against persons pursuant to Article 25-quinquies of Legislative Decree 231/2001, crimes of manslaughter and serious or grievous injury committed in violation of workplace health and safety rules, pursuant to Article 25-septies of Legislative Decree 231/2001, crimes of receiving, money-laundering and use of money, goods or benefits of illicit origin, pursuant to Article 25-octies of Legislative Decree 231/2001.



Confindustria (the Italian Employers' Federation) adopted "*Guidelines for drafting organisation, management and control models pursuant to Legislative Decree 231/2001*" (the "**Confindustria Guidelines**"), the latest version of which was approved by the Ministry of Justice in March 2014.

The recommended Confindustria Guidelines and also the associated recent case law were taken into account in drafting the QVC Italia Model.

According to the Confindustria Guidelines, the following characteristics are essential to drafting a suitable organisation, management and control model:

1. **identification of risks** i.e. analysis of company structures to highlight the areas and sectors of activity where criminal conduct envisaged by the Decree might occur, and to identify the manner in which it might occur;
2. **design of the control system** (*protocols*), i.e. assessment of the existing control system and of any potential adaptation thereof in order to ensure that risks previously identified can be effectively counteracted.

The following are important components of a system of preventive controls of offence risks:

- adoption of a Code of Conduct with reference to the offences considered;
- adoption of an adequately formalised and clear organisational system, particularly in relation to the assignment of responsibilities;
- adoption of manual procedures and IT procedures;
- adoption of a system of authorisation and signature powers;
- adoption of a management control system;
- adoption of a communications and personnel training system.

The components highlighted above should be based on the following principles:

- each operation, transaction, action should be verifiable, documented, consistent and appropriate;
  - no person should manage an entire process independently;
  - the control system should document the implementation of controls.
3. **appointment of a Supervisory Body**, i.e. a body tasked with overseeing the model's operation, effectiveness, compliance and updating.
  4. **an independent disciplinary system**, or a system of disciplinary mechanisms for infringements of the Code of Conduct and of the organisation, management and control model.

## **1.6 Workplace health and safety offences: notes and reference**

In relation to the assessments contained in the QVC Italia Model pertaining to offence risk in the area of workplace health and safety, account should be taken of applicable





prevention laws in force and, in particular, of Legislative Decree No. 81 of 9 April 2008 (*"Consolidation Act on Workplace Health and Safety"*), as amended and supplemented.

This complex system of rules in fact constitutes an additional "*system*" of binding principles and mandatory compliance obligations whose concrete application at management level (if suitably integrated into the organisational model) may help reduce to an *acceptable* level the possibility of an offence being committed through the unpremeditated infringement of prevention rules.

Note, here, that QVC Italia has its own Risk Prevention and Protection Service, which carries out its activities in collaboration with Workers' Safety Representatives.

In compliance with the provisions of Legislative Decree 81/2008 (*"Implementation of Article 1 of Law No. 123 of 3 August 2007, on the protection of health and safety in the workplace"*), QVC Italia has implemented and regularly updates the "Risk Assessment Document" pursuant to Article 17 subsection 1, letter a) of the aforementioned Decree, with reference to all personnel and the entire organisational structure of the company, also appointing an Occupational Physician.

Finally, QVC Italia has a suitably-trained team assigned to manage fire emergencies and first aid. Persons assigned to emergency management are identified in the Emergency Plan.



## **CHAPTER 2**

### ***THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF QVC ITALIA S.R.L.***

#### **2.1 Introduction. Actions by QVC Italia to apply the provisions of Legislative Decree 231/2001 within the Company**

This document (in its General Section and in the subsequent Special Section) incorporates the organisation, management and control model (the “**Model**”) adopted by QVC Italia S.r.l. (“**QVC Italia**”, or the “**Company**”). It contains the organisation, management and control principles that the Company has put together in the context of its corporate activities, consistently with QVC values at global level, with a view to preventing offences that could potentially trigger the administrative liability of the company pursuant to Legislative Decree 231/2001.

The QVC Italia Model was drawn up and implemented in conformity with the requirements of Legislative Decree 231/2001 and in harmony with the principles and high ethical standards for effectively managing the company's activities, rooted in the governance culture of the Company and of the Group to which it belongs<sup>22</sup>.

The QVC Italia Model was formally approved by resolution of the Company's Board of Directors, pursuant to the provisions of Article 6 subsection 1, letter a) of Legislative Decree 231/2001, which states that the adoption and effective implementation of the Model are acts of competence issuing from senior management.

By this resolution, which made the Model binding on all persons working for QVC Italia who are considered to be recipients of its provisions (the “**Recipients**”) within the meaning of Legislative Decree 231/2001, the Company's management body also established a special body tasked with overseeing and monitoring the Model's operation, compliance and updating, as envisaged by Article 6 of Legislative Decree 231/2001 (the “**Supervisory Body**”), designating its first members.

QVC Italia's Board of Directors - subject to the Supervisory Body's opinion (as required by law) - is responsible and thus empowered to supplement and/or amend the content of the Model by passing resolutions to this effect, if organisational or regulatory changes or corporate activity modifications occur which necessitate amending or updating the

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<sup>22</sup> When drawing up the Model, account was also taken of the following: the "Position Paper" of the Italian Association of Internal Auditors of October 2001; the *Assonime* Circular no. 68 of 19 November 2002; the UNI/INAIL Guidelines for a health and safety management system in the workplace (OHSMS) of 28 September 2001.



Model, or if the Model is found to have shortcomings or lacunae, also as a result of infringements and/or evasions encountered within the Company.

The Company's management body must, finally, guarantee effective compliance by all Recipients with prevention protocols that are applicable, under the Model's terms, to corporate functions that are "subject to offence risk", for this purpose availing of support and recommendations from the Supervisory Body.

The department managers of QVC Italia - above all its Chief Executive Officer - are required (within the scope of their respective powers) to periodically verify the efficacy and effectiveness of procedures whose purpose is to prevent the commission of predicate offences. If they consider it necessary to amend and/or update those procedures, they make a documented report to the Supervisory Body, which will then take action as provided for by Chapters 4 and 6 below.

Updates and modifications to the Model are notified to Recipients pursuant to Chapter 6.

The Model's Annexes may be modified by the competent corporate function also without the Model being formally amended, subject to authorisation from the General Manager and after consulting with the Supervisory Body.

## **2.2 General observations on the main areas in which QVC Italia is exposed to risks of commission of predicate offences**

Considering the specific types of activities attributable to its corporate purpose, QVC Italia's overall "sensitivity" to problems associated with proper prevention of predicate offences may be categorised, in general, as non-significant.

However, if one takes into account only the most significant areas of the Company's exposure to potential liability under Legislative Decree 231/2001, the following should be borne in mind:

- a) due to its dealings with public authorities to implement its corporate activities (see also Chapter 3, § 3.1), QVC Italia presents a moderate risk profile in relation to the commission of the *offences against the Public Administration* referred to in Articles 24 and 25 of Legislative Decree 231/2001:
  - (i) in the context of its normal administrative, taxation and accounting etc. compliance functions, and associated dealings with institutional and local public authorities (e.g. Revenue Agency, Financial Police, etc.);
  - (ii) in the context of dealings with Italian public agencies (Supervisory Authority for the protection of communications (AGCOM), Italian Competition Authority (AGCM), Data Protection Authority, Ministries of Health and Economic Development, various local public authorities, etc.), or international public agencies (Member States' Permanent Representations to the European Union, etc.), for lobbying purposes;
  - (iii) in the context of dealings with supervisory authorities (Supervisory

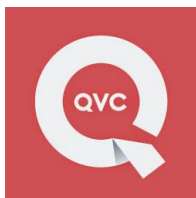


Authority for the protection of communications (AGCOM), Italian Competition Authority (AGCM)) for the management of issues related to the commercial advertising of products presented in television shows and on QVC proprietary platforms in general;

- (iv) for purposes of managing formalities associated with the issuance of authorisations (e.g. Ministry of Health), acquisition of licenses, payment of excise duties related to the various phases of the Company's operations;
- b) the fact that QVC Italia is commercially involved in the provision of services exposes this company, like any other company, to the potential risk of commission of some of the corporate offences referred to in Article 25-ter of Legislative Decree 231/2001;
- c) the promotion and marketing of products intended for sale in Italy through the QVC platforms exposes the Company to a moderate level of risk of commission of the offences against industry and commerce pursuant to Article 25-bis.1 of Legislative Decree 231/2001 and of the copyright offences pursuant to Article 25-novies of Legislative Decree 231/2001, with reference to the possibility of:
  - (i) irregular/deceptive commercial practices when advertising/promoting such products;
  - (ii) non-conformities of such products (or parts thereof) with quality standards referred to in promotions on its proprietary platforms;
  - (iii) slavish imitations of other products, infringement of trademarks and patents, discrepancies in "Made in Italy" indications and CE marks, etc., identified in products advertised on QVC platforms;
- d) Pursuant to Article 24-bis of Legislative Decree 231/2001 dealing with computer crimes and the illegal processing of data, QVC Italia's operations also expose the company to potential risk associated with the use of complex IT tools whose purpose is to manage data relevant to the Company's operations (data of customers, agents, suppliers, etc.).

However, the matters dealt with above do not fully exhaust the specific risk areas present in QVC Italia's organisational structure and activities, and other categories of criminal conduct are also of relevance for the purposes of Legislative Decree 231/2001, however marginal.

To this end, the results of the careful and exhaustive mapping of the Company's level of risk exposure - and the analysis of the likely configuration of risk - represent the methodological basis for the task of drawing up this Model and are substantiated in the process evaluation forms whose purpose is to identify at-risk activities defined with reference to each corporate function considered relevant (see below, Chapter 3, § 3.5), and also in special descriptive subsections of the individual sections of the Special Section.



### 2.3 The methodology applied to define the Model

The risk analysis activities, the drafting of protocols for the prevention of predicate offences within QVC Italia and, in general, the elaboration of the various components referable to the Model, were implemented with the assistance of professionals with expertise in drafting organisation, management and control models within the framework of Legislative Decree 231/2001.

The methodology defined in order to draw up the Model, in terms of organisation, definition of operating procedures, structuring into phases and in terms of assignment of responsibilities between the various corporate functions, was developed with a view to ensuring the quality and reliability of the results and also the effectiveness and efficiency of the operational solutions adopted.

A systemic outlook was adopted in developing the project, in terms of adequacy and suitability of the result, optimal adherence of the Model's provisions to the actual corporate environment of the Company and potential of the Model to "maintain" itself over time, with obvious benefits for the Company in terms of reducing risks/offences and developing virtuous organisational synergies within the Company.

The project was divided into the phases summarised in the table below, identified in logical-methodological terms rather than in terms of temporal sequence.

<b>Phase 1</b>	<p><b><i>Launch of the project to draft the Model and to identify processes and activities within whose context the offences referred to in Legislative Decree 231/2001 may be committed</i></b></p> <ul style="list-style-type: none"><li>➤ defining the project, in its complexity, as agreed with QVC Italia's top management;</li><li>➤ establishing an operational team dedicated to the project;</li><li>➤ gathering and analysis of relevant documentation;</li><li>➤ identifying, in a preliminary way, the processes/activities within whose context the offences referred to in Legislative Decree 231/2001 ("sensitive" processes/activities) could in theory be committed.</li></ul>
<b>Phase 2</b>	<p><b><i>Identification of sensitive areas and control safeguards</i></b></p> <ul style="list-style-type: none"><li>➤ identifying persons who operate on whatever basis for QVC Italia, within its various organisational segments, who are active in the sensitive areas referable to QVC Italia's organisation and activities, based on the functions and responsibilities assigned;</li><li>➤ gathering essential information of relevance to these persons and the activities within their respective remit, by: (i) analysing documentation provided during Phase 1, including documentation pertaining to the delegated powers and powers of attorney, organisational charts and organisational schemes of the various</li></ul>



	<p>corporate functions of QVC Italia, and to the operating instructions applicable to each of these functions; (ii) holding a series of operational team meetings so that a more in-depth examination can be conducted of the most important issues relating to degree to which the Company is exposed to the risk of commission of predicate offences under the Decree.</p> <p>➤ identifying existing control mechanisms in order to determine the effectiveness of those mechanisms in terms of preventing offences and concrete areas of intervention.</p>
<b>Phase 3</b>	<p><b>Gap Analysis</b></p> <p>➤ identifying the organisational requisites of a suitable organisation, management and control model pursuant to Legislative Decree 231/2001 in the context of the company being examined and in relation to the risk areas identified;</p> <p>➤ planning of actions to "reinforce" the existing control system (preventive protocols, processes and procedures).</p>
<b>Phase 4</b>	<p><b>Drawing up the Model</b></p> <p>Preparing the document incorporating the Model, subdivided into all its components and operating rules, in compliance with applicable regulatory provisions and in accordance with <i>Confindustria</i> Guidelines (see § 2.5 below for a description of the Model's general content).</p>

The Model's content was communicated to the various function managers to ensure it be fully understood and applied and also to facilitate its approval by the Company.

## 2.4 Leading principles, key aims and features of the QVC Italia Model

The Model expresses QVC Italia's commitment to adopt all measures necessary to ensure that the company's activities are characterised by respect for the law and are inspired by principles of integrity, transparency and traceability.

More specifically, the Model aims to ensure that all activities of QVC Italia:

- comply fully with legislative and regulatory provisions and internal procedures, and also with the principles of conduct to which the Group is committed (see below, § 2.6);
- pursue purposes that are clear and legitimate and are not aimed at unlawfully benefiting the Company or its representatives or employees;
- are properly justified and documented, and are therefore amenable to control.

If the provisions of the QVC Italia Model should diverge from specific information provided in the professional association's Guidelines (if any), this shall not undermine the underlying correctness and validity of the Model itself. Directives from the



professional association are general in nature, by definition, given that organisation and management models must obviously be drawn up by reference to the concrete circumstances of the entity.

QVC Italia considers that by adopting and, in particular, effectively implementing the Model, the Company will not only qualify for the exemption from liability envisaged by Legislative Decree 231/2001, but it will also witness a general improvement of its internal organisational structure and operation.

The Model has identified a series of preventive protocols whose purpose is to address the risk of commission of predicate offences within QVC Italia, where this risk has not yet been adequately addressed by existing organisational rules and measures. Together with these protocols, a disciplinary regime has been set up to support the rules, procedures and protocols under the Model.

In short, the QVC Italia Model formalises and clarifies the assignment of responsibilities, solid reporting lines and the description of operational duties, providing specifically for general control principles such as, for example, the segregation of functions and suitable reciprocal control mechanisms.

The Model is therefore a structured and organic system of control principles, procedures and activities (prior and subsequent controls), which encompasses all aspects of the Company's activities, by clearly separating operational duties and tasks from those of a strictly supervisory or control nature. More particularly, the controls involve (with differing responsibilities and levels) the contribution of the Company's internal departmental managers and of all persons carrying out activities on behalf of QVC Italia on whatever basis, and thus they are an essential aspect of its normal day-to-day activities.

## **2.5 Structure of the QVC Italia Model**

The QVC Italia Model consists of a "General Section" and a "Special Section", containing a number of sections drawn up for the various offence categories contemplated by Legislative Decree 231/2001, to which the Company is considered to be vulnerable.

The Model's General Section identifies the essential features of QVC Italia's organisational structure and also the general principles of management that are valid for all company activities and not just for "at-risk" activities.

This and the next chapters of the General Section contain, in order:

- a brief description of QVC Italia's organisational structure and activities, and of the system of controls applicable to these activities;
- the principles underlying the rules, organisational measures and procedures whose purpose is to prevent the commission of predicate offences ("*protocols*");
- the rules pertaining to the establishment and functioning of the Supervisory Body;





- the sanctions applicable for infringements of the Model's rules and provisions;
- the rules regulating the procedures for promoting and updating the Model.

The Model's Special Section contains a description of:

- the various predicate offence categories of relevance to the Company in terms of the potential commission of offences, identified specifically based on the unusual nature of QVC Italia's activities;
- the sensitive processes/activities and associated protocols and specific principles of conduct;
- the institutional duties entrusted to the Supervisory Body in connection with the various at-risk areas, and the specific information flows activated between the various corporate functions and the Supervisory Body.

## **2.6 The Group's Ethics & Compliance policies, the Code of Conduct and Ethics and the Global Business Partner Code of Conduct**

QVC Italia is committed to operating in accordance with ethical principles whose purpose is to ensure that the Company's activities, the pursuit of its corporate purpose and its development in Italy are characterised by compliance with applicable legislative and regulatory provisions. For this purpose, the Company subscribes to the Ethics & Compliance policies issued by the Group internationally (**Annex 1** - [http://myqvc.qvcdev.qvc.net/it\\_IT/company/US/ethics](http://myqvc.qvcdev.qvc.net/it_IT/company/US/ethics)), as well as to the Group's Code of Conduct and Ethics (**Annex 2** - [http://myqvc.qvcdev.qvc.net/it\\_IT/company/US/ethics](http://myqvc.qvcdev.qvc.net/it_IT/company/US/ethics)).

The above rules of business conducts, which all employees can access on a special section of the company intranet, seek to define a series of "business ethics" principles to which the Group companies (in line with Group values recognised internationally) adhere, and with which they demand compliance by the Company's governing bodies and employees and by all persons who collaborate on any basis whatsoever in pursuing the company's goals.

QVC Italia is committed to effectively disclosing and disseminating information on rules and codes of conduct which all of its employees must adhere to in order to ensure that the Company's activities are implemented according to rules and standards determined by the Ethics & Compliance policies and the Code of Conduct and Ethics, as well as by the applicable law provisions.

Lastly, considering that the conduct of the Company's Business Partners and of their subcontractors can affect the Company and its reputation, QVC Italia also adheres to the Qurate Retail Group Global Business Partner Code of Conduct (**Annex 3**), which identifies the standards Business Partners, as well as their subcontractors, are required to maintain, to ensure that their conduct is in line with the principles adopted by the QCV Group and the Qurate Retail Group.





If the applicable law and the Global Business Partner Code of Conduct cover the same subject, Business Partners are expected to comply with the higher standard.

The task of ensuring that the Ethics & Compliance policies in place at QVC Italia, as well as the Group Code of Conduct and Ethics and the Global Business Partner Code of Conduct are applied correctly and continuously within the company is entrusted to its Supervisory Body, in collaboration with the competent departments of the Company and with the Group's Ethics and Compliance function (and the Qurate Retail Group).

QVC Italia reiterates that the Group's Ethics & Compliance policies, the Group Code of Conduct and Ethics and the Global Business Partner Code of Conduct are binding in nature, so that disciplinary sanctions may be imposed in proportion to the seriousness of any infringements established.

#### ***2.6.1 Relationship between the Model and the standards of business conduct in force at the Group (i.e., the Group's Ethics & Compliance policies, the Code of Conduct and Ethics and the Global Business Partner Code of Conduct)***

The provisions of the Model are consistent with and conform to the principles of conduct contained in the Group's Ethics & Compliance policies, in the Code of Conduct and Ethics and in the Global Business Partner Code of Conduct, although in fact the Model is specifically geared towards compliance with Legislative Decree 231/2001.

In this respect:

- the Group's Ethics & Compliance policies, the Code of Conduct and Ethics and the Global Business Partner Code of Conduct are a mechanism that can be applied in a general way and their purposes is to formalise the principles of business ethics which the Group has made its own, and which must be safeguarded and respected by all personnel in the company and also by those who deal with the Company on any basis whatsoever;
- the Model, by contrast, reflects specific provisions contained in Legislative Decree 231/2001, whose purpose is to prevent the commission of the predicate offences defined by that Decree.

In their concrete implementation, both the above sets of instruments have a common purpose: to safeguard legality in the course of company activities and operations, also separately from potential situations of liability alleged against its officers or representatives. Each Recipient of the principles contained in those instruments is aware that the intention to act in QVC Italia's interest or for its benefit does not in any circumstances justify acts or conduct contrary to the provisions of the Model and of the standards of business conduct in force at the Group, which are indispensable and must be absolutely prioritised.

## **2.7 Recipients of the Model. The effective implementation of the QVC Italia**



### **Model.**

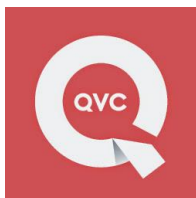
The following persons are recipients of the Model's provisions, within the meaning of Legislative Decree 231/2001 ("**Recipients**"), and they are required to comply with same, to the extent of their respective remits:

- the Chief Executive Officer and the other members of QVC Italia's corporate bodies;
- managers and, in general, the heads of the various company functions responsible for concretely directing and managing activities, internally and externally;
- employees and all non-company personnel of QVC Italia, in whatever capacity, including those who operate on an occasional and/or temporary basis;
- all those who have commercial and/or financial dealings of any kind with the Company, or who act on its behalf on foot of specific mandates.

The Recipients - each within the functions, powers and tasks assigned to them on any basis on behalf of QVC Italia and, in any case, as reasonably required, consistent and coherent with the nature and contents of the working relationship they have in place with QVC Italia - must strictly comply with the Model's provisions and, in general, conduct themselves always in accordance with the criteria of lawfulness, integrity and transparency, and also avoid conduct, acts or omissions which hinder or prevent compliance with the Model and the associated monitoring of its application by the Supervisory Body.

Recipients are therefore forbidden from:

- engaging in conduct that reflects the forms of conduct referred to by Legislative Decree 231/2001, or that is otherwise contrary to applicable law;
- engaging in conduct that is inconsistent with the rules of conduct laid down by the Company and by the Group, namely:
  - (i) the internal procedures adopted by the Company in any form (procedures, internal circulars, service orders, etc.);
  - (ii) the principles and prevention protocols of the Model;
  - (iii) the provisions contained in the Group's Ethics & Compliance policies, in the Group Code of Conduct and Ethics and in the Global Business Partner Code of Conduct.



### **CHAPTER 3**

#### **THE ORGANISATIONAL AND CORPORATE STRUCTURE OF QVC ITALIA. IDENTIFICATION OF "AT-RISK" AREAS**

##### **3.1 Brief description of QVC Italia and of the Group and their respective operations. Corporate aims and mission**

QVC Italia is a limited liability company incorporated under Italian law with a sole shareholder (this is QVC Italia Holdings LLP).

QVC, Inc. - founded in 1986 and currently controlled by the Qurate Retail Group ("Group") - which operates in the multimedia retail sector; QVC Italia is subject to the management and coordination of the Group pursuant to the provisions of Article 2497-bis of the Civil Code.

Since its incorporation, the Group has specialised in retail sales of both food and non-food products (such as, for instance, clothing and accessories, jewellery, beauty products, household products and electronic articles) by broadcasting on TV networks.

The company significantly expanded during the following decades, entering markets in Europe and Asia (Great Britain, Japan, Germany, Italy, China and France), and it has also expanded its sphere of operations to non-televisual multimedia.

**QVC Italia**, founded in 2010, promotes and sells on the Italian market products from various local and international manufacturers, through a multi-channel platform that includes not only transmission on TV channels but also a website, social media and mobile phone apps (iOS and Android).

QVC Italia's corporate purpose - as described in the company Articles of Association (Article 4) - sees it operating in the following sectors:

*(...)*

- A) broadcasting, publishing and/or information- and performance-related, production, management and marketing of television channels, container programs and block programming, using all existing or future technical distribution methods, by air, cable, and satellite, both subscription-free (free-to-air) and encrypted (pay-TV);*
- B) production, management and marketing of audio-visual programs in any form and for any right of use and economic exploitation;*
- C) production, management and marketing of websites and interactive services;*



- D) retail sale of goods and services however conducted, including teleshopping, websites, catalogues and through retail stores;*
  - E) production of printed advertising material and publications that serve the corporate purpose, and are also aimed at promotional and advertising activities to consumers;*
  - F) management of advertising revenue associated with the aforementioned activities and/or with other communications means owned by third parties, either directly by its own sales force, or indirectly by assignment to specialised third parties;*
  - G) commercial management of rights ancillary to the aforementioned activities, i.e. the management of merchandising, licensing, home video distribution operations independently and/or through intermediaries;*
  - H) realisation of musical editions and associated publications, excluding daily newspapers, production and distribution of musical editions and records, disks, cassette and audio-visual products in gender;*
  - I) devising, producing, organising, sponsoring and marketing performances in the film and recording and theatre sectors, films-telefilms and audio-visual content in general, of any format and duration, and any other existing or future audio and/or visual solution, and also artistic, cultural and recreational shows and events;*
- (...)”.*

QVC Italia's multimedia platforms offer 17 hours live each day, seven/seven, 364 days a year, with a Customer Support Service active 24 hours a day to promptly satisfy customer requests.

QVC Italia also offers its customers a series of after-sales support services.

The Company has around 660 employees and has its own registered and administrative offices in Via Guzzina 18 in Brugherio (MB), where the TV studios and Call Centers are also located.

The Company also has warehouses in the big logistics hub of Castel San Giovanni (PC).

The Company deploys its personnel under indefinite employment contracts, both full- and part-time.

### **3.2 Key aspects of QVC Italia's internal organisation**

The following is the corporate governance structure at QVC Italia, a company with sole quotaholder based on the traditional management model:

- **Quotaholders' Meeting**, authorised to pass resolutions at ordinary and extraordinary meetings on matters reserved to it by law;



- **Board of Directors**, vested with the widest powers for the ordinary and extraordinary administration of the Company, including the power to carry out all acts necessary or appropriate to implementing and achieving the corporate purposes, but excluding acts that are reserved to the Shareholders' Meeting. The Board of Directors currently consists of two members, all of whom are answerable to the Group organisation.
- **Chief Executive Officer**, who is also the Chairperson of the Board of Directors and exercises powers of ordinary current administration assigned by the Board of Directors. The Chief Executive Officer is also QVC Italia's most senior manager within the organisational structure with direct reporting lines, and represents the Company within the limits of his/her delegated powers, reporting to the Board of Directors on its operating performance and outlook, and on the Company's most important operations;
- **Board of Statutory Auditors**, tasked with monitoring: a) compliance with law and with the company Articles of Association; b) adherence to the principles of correct administration; c) the adequacy of the Company's administrative, organisational and accounting structure, and its actual operation;
- **External audit firm**, enrolled in the special register kept by CONSOB (Stock Exchange Regulatory Authority) and in the Ministry of Justice Register, appointed by the Shareholders' Meeting to audit the Company's accounts.

\*

QVC Italia's internal structure is described and formalised in the **Organisation chart**, which defines the various organisational units and the direct reporting lines, and highlights the roles, functions and responsibilities of the various company departments within the Company's organisational structure (see **Annex 4**).

Familiarity with the company Organisation Chart and its dissemination within QVC Italia are ensured by the fact that employees are free to consult and access it at any time.

The Human Resources Department sends the Supervisory Body the Organisation chart together with any amendments made from time to time, immediately after their adoption.

QVC Italia's organisational structure is informed by the following principles:

- a) clear and precise specification of job duties and associated responsibilities, and of reporting lines;
- b) assignment of powers to represent the Company in general terms, exclusively to the Chairperson - Chief Executive Officer (CEO), within limits that are compatible with this figure's job duties;



- c) allocation of responsibilities and activities among authorised representatives in accordance with the Plan for allocation of responsibilities laid down by the Board of Directors and by the CEO, also in accordance with Group directives;
- d) expenditure powers conferred, within the company organisation, consistently with the job duties of each responsibility holder, and for amounts not exceeding specific thresholds, with individual signatory authority for each function manager (but subject to joint signatory authority where expenditure exceeds those limits);
- e) clear direct reporting lines in the Organisation chart and an equally well-defined structure of functional or dotted line reporting to senior management figures at international Group level.

QVC Italia's internal organisation is based in part on a "matrix" structure, within which there are functional reporting lines to persons from the organisation of the holding company QVC, Inc.

The structure is therefore based on the principle of separation of functions. The principle applied here is one of clear segregation between commercial ("Market") and technical functions, and between technical functions on the one hand and administrative, financial, accounting and human resources management functions on the other.

In this context, the Organisation chart divides the corporate Departments into:

- a) Market functions;**
- b) Global functions.**

QVC Italia's CEO reports functionally (dotted line) to the International CEO (who, in turn, reports to the Global CEO) and the following 3 Market functions of QVC Italia report directly to the QVC Italia's CEO:

- Brand Marketing & Communication
- Merchandising Planning & Programming;
- TV Sales and Talent
- Broadcasting and Studio Operations
- E-Commerce & Creative Content.

Global functions, by contrast, report directly to "Global Function Managers" at the parent company QVC, Inc., and are responsible for the US market and for the guidelines applicable to the global market.

The following are QVC Italia's Global functions:

- Finance & Strategy / Business Planning & Analysis;
- Human Resources;



- Legal Affairs;
- Customer Services (Operations);
- CREWS (Safety, Facility, Security;
- Supply Chain;
- Logistics;
- Information Technology;
- Quality Assurance;
- TV Engineering.

### 3.3 Outsourced services as part of QVC Italia's operations

Given the technical-organisational complexity of the type of services offered to customers, and also the relatively small size of the Company's corporate structure, QVC Italia outsources activities that are part of its operating cycle, by signing special business agreements and then engaging in ongoing relationships with third parties (outsourcing).

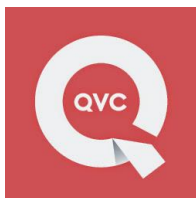
The outsourcing of the following business operations are particularly worthy of mention in the context of this model:

- A) the most part of the services of logistics and Inbound and Outbound handling of goods, which are entrusted in their entirety to an external Logistic Provider and managed by the latter using its own personnel (employed and supplied by third party cooperatives);
- B) procurement activities, centralised at the US holding company;
- C) activities which, based on the Company's membership of the Group internationally, are managed directly at group level. The following activities are worth mentioning in particular:
  - (i) outsourcing of the management of supplier accounts and (in part) customer accounts to the Group's associated company based in Poland;
  - (ii) outsourcing of part of the IT services to various associated companies (Poland, Germany) (e.g. IT Helpdesk, server maintenance services, development of IT applications for the management of numerous activities, etc.).

According to case law and legal scholarship<sup>23</sup>, when drawing up and effectively implementing an organisational Model capable of excluding liability for the offences referred to in Articles 24 *et seq.* of Legislative Decree 231/2001, due account should be taken of areas of risk to which QVC Italia is exposed as a direct result of business arrangements (of the type just described) under which it assigns to another business

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<sup>23</sup> See Court of Trani, separate section of Molfetta, 26 October 2009.



operator/legal entity the task of managing part of its activities or implementing specific works, thus enabling one or more legal entities that are separate from the main entity to operate in tandem within the same process of production of goods and/or services.

This consideration reflects, as a priority, the need to carefully map the specific risks deriving from these particular legal and commercial relations and dealings with third party entities, and the commentary contained in § 3.5 below is of reference in this regard. Functions should not be excluded from this risk-mapping process which are *intrinsic to the enterprise's business cycle* even if they are outsourced to persons or entities who act in close coordination with the Company with a view to achieving a single business purpose.

One should also bear in mind, after these risk-mapping activities are carried out, that QVC Italia's procedures should provide for the following minimum necessary requirements, in order to properly regulate activities that belong to the at-risk areas in question:

- 1) there should be prior checking of the technical/professional competence of contractors or self-employed workers to implement the works, services and supplies to be outsourced or to be assigned under a works or supply contract;
- 2) detailed information should be provided to the aforementioned persons on the specific risks present in the area where they are to operate, and on the prevention and emergency measures adopted in relation to the activities in question.

### **3.4 Internal system controls and principles applicable within the Company and within its group**

QVC Italia's system of internal controls refers to the totality of rules, organisational structures and procedures whose purpose is to ensure the smooth operation and proper functioning of the enterprise, and also to provide reasonable certainty that the following objectives will be achieved:

- a. compliance of the company activities with applicable regulatory provisions and with company directives;
- b. reliability and integrity of the information system;
- c. efficiency and adequacy of business processes;
- d. protection of the assets of the Company and of the Group.

In pursuing these objectives, QVC Italia's internal organisation abides by the following general principles:

- ***separation of functions and duties***: by properly distributing responsibilities and planning adequate authorisation levels, in a way that avoids overlap or duplication of functions, or allocations of responsibility that concentrate critical activities in the hands of a single individual;





- ***clear and formal assignment of powers and responsibilities:*** specifying the limits to the exercise of said powers or responsibilities consistently with the job duties assigned, and the relevant roles within the organisational structure;
- ***existence of codes of conduct*** which ensure that company activities comply with laws and regulations and safeguard company assets;
- ***proceduralisation of activities subject to offence risk***, for the following purposes:
  - a. defining and regulating the procedures and timeframes for carrying out those activities;
  - b. guaranteeing the traceability of transactions, operations and acts by means of adequate documentary supports that specify the reasons for and the characteristics of the operation, and identifying the persons involved in various ways in the operation (authorisation, implementation, recording and verification of the operation);
  - c. guaranteeing, as necessary, that decision-making processes may be rendered "objective" and limiting discretionary company decisions that are not linked to predefined objective criteria;
- instituting, implementing and documenting *activities of control and supervision* of processes and of at-risk activities;
- establishing *safety mechanisms* which ensure that information is adequately protected against physical or logical access to company data and information system assets, particularly in regard to management and accounting systems.

By providing for the establishment of an independent Supervisory Body (see Chapter 4 below), the Model ensures that the latter's activities are integrated and coordinated with existing internal system controls.

Hence the Model does not modify the pre-existing functions, responsibilities and objectives of the internal system controls, but seeks to provide better guarantees that company practices and activities will conform to the corporate regime by which at-risk activities are regulated.

Company personnel in all departments and at all levels are made aware of the need for controls, of the existence of those rules and procedures and also of the need for commitment in implementing those controls. The regulatory mechanisms are implemented throughout the company, although with different levels of involvement and responsibility.

### **3.5 Whistleblowing: reports of offences or irregularities that workers learn of in the course of their duties**

A "**Whistleblower System**" has been put in place in the Company, in the context of initiatives of the Group aimed at reaffirming the principles of corporate social responsibility. This system was designed in order to enable employees of all the Group



companies to report and inform senior management of suspected misconduct, and infringement of the Group's policies and guidelines.

Employees can use the Whistleblower System also to communicate ideas that may assist in developing a work environment that respects the values of transparency, fairness and ethical conduct, which should always characterise the work and contribution of those operating within Group companies.

The Whistleblower System is accessible on a special site web, and a special e-mail address for transmitting reports is provided.

One notes, in this context, that on 15 November 2017 the Italian Parliament definitively approved the draft law containing “*Measures to safeguard persons who report offences or irregularities that come to their attention in the context of a public or private employment relationship*”, better known as the Whistleblowing Law.

The draft law provides for the protection of private and public sector workers. More particularly, it marks an important turning point in terms of a more pervasive awareness of internal systems for the reporting of infringements in the private sector context.

In fact, the protection afforded to company or non-company personnel who report wrongdoing or infringements of the Model that come to their attention in the course of their duties, has been extended to the private sector.

Organisational Models must now provide for the following, pursuant to the provisions of three new subsections of Article 6 of Legislative Decree 231/2001:

- adequate information channels that, while guaranteeing that the reporting party's identity will remain confidential, enable persons in senior management positions or their subordinates to submit detailed reports of illegal conduct or infringements of the Model;
- at least one alternative reporting channel that guarantees the reporting party's privacy;
- the prohibition of retaliation or discrimination against the reporting party for reasons directly or indirectly associated with the report;
- adequate sanctions against persons who infringe these measures for the protection of the reporting party, and also against persons who wilfully or negligently make reports that turn out later to be unfounded.

The reporting employee is further protected by the fact that any retaliatory/discriminatory dismissal or de-skilling of that employee will be rendered null and void in legal proceedings, and the burden of proof lies on the employer to prove that measures taken against the reporting employee have nothing to do with the reports made.



### **3.6 Defining the scope of the risk analysis. The "sensitive areas"**

Based on the provisions of the above subsections, it is important to determine the scope of the regulatory provision in question in order to identify areas and activities of QVC Italia that are subject to the risk of commission of predicate offences listed under Legislative Decree 231/2001. In other words, it is important to identify the activities and the areas which expose QVC Italia to liability based on these activities and areas being vulnerable to the commission of unlawful acts or conduct by its employees.

The scope of the subjective preconditions of Legislative Decree 231/2001 must, however, first be determined. More specifically, the persons whose unlawful conduct can give rise to the extension of liability to the Company must be identified. These are:

- senior management personnel;
- personnel subject to the management or supervision of others.

Moreover, the analysis should also focus on persons outside the company organisation but with whom QVC Italia deals on a regular and ongoing basis, in order to verify whether they concretely exist:

1. powers of direction by QVC Italia i.e. the power to hand down specific and binding orders and directives in relation to implementing the assignment granted, and the methods or procedures for implementing same;
2. powers of control over the various phases of implementation of the work performance;
3. powers of reprimand.

The matter should be dealt with separately depending on the specific nature of each of the various counterparts (outsourcer, outside professionals, consultants and suppliers, other commercial partners).

In relation to outsourcers (see above, § 3.2.3: e.g. Logistic Provider, subsidiaries of the Group, etc.) - bearing in mind that these are parties that provide ongoing services for QVC Italia's benefit - dealings with these parties should be included in the context of risk mapping activities in order to enable the Company's actual operations to be fully reconstructed.

However, the inclusion of these parties within the context of offence risk mapping activities for QVC Italia will be limited to reconstructing the operational mechanisms that hypothetically permit or encourage the commission of predicate offences through or in complicity with outside parties.

In light of these considerations, therefore, the Company considers that the mapping of activities subject to offence risk should be extended, by including outsourcers within the Model in relation to activities directly linked to the Company's operational cycle, whereas the acts and conduct of outsourcers in the context of the typically independent organisational activities of an independent contractor would be excluded.



The exclusion of these parties from the list of Recipients of the Model does not detract from the aforementioned parties' commitment to ensure compliance with the Group's Ethics & Compliance procedures and policies, by enshrining this commitment in suitable contractual mechanisms and also by ensuring continuous information about and familiarisation with the Model's key provisions.

In relation to services provided to external parties/entities, the Company considers that, in order to exclude its own involvement in any proceedings instituted against the entities for whom the services are provided, the activities and processes of managing dealings with these entities should be carefully attended to in the same way as when monitoring "internal" risk areas, in order to avert the risk that QVC Italia could be held liable for contributing to or complicity in offences committed by others.

Based on information received about the organisational structure and activities of the various Company functions, a series of "sensitive" areas have been defined for QVC Italia, i.e. areas that are vulnerable to the risk of commission of one or more of the predicate offences listed in Legislative Decree 231/2001 (the "**Sensitive Areas**").

For each of the Sensitive Areas highlighted within the Company, the following elements have been identified:

1. the risk factors;
2. the prevention protocols applicable to each activity involved, in order to avert conduct inconsistent with the principles set out in the Model and in the Group's Ethics & Compliance policies, and also to further reduce - to an acceptable level - the risks associated with the factors referred to in subsection 1;
3. the control safeguards.

The elements described are detailed in the process evaluation forms for the "*Evaluation of processes in order to identify at-risk activities under Legislative Decree 231/2001*", drawn up for each corporate function considered relevant for the purposes of the Model, and attached to this document (see **Annex 5**).

Based on the recommendations made, which the Supervisory Body can take into account in the course of its activities, the protocols specified in the Model's Special Sections have been drawn up and should be applied to the organisation of the Company's activities after the Model is adopted.

## **CHAPTER 4**

### ***THE SUPERVISORY BODY***

#### **4.1 Identifying the Supervisory Body**

Article 6, letter b) of Legislative Decree 231/2001 requires - as a condition for securing exemption from administrative liability - that an *internal body with independent powers of initiative and control* should be tasked with overseeing the organisation, management and control model operation, compliance and updating.

More specifically, the independence criteria imposed by the Decree require that the Supervisory Body of QVC Italia should act outside the Company's operational processes when carrying out its duties, as members of the QVC Italia Board of Directors without direct reporting lines to individual managers within the corporate structure.

The Company's Board of Directors considers it necessary to assess whether or not the following criteria are present when selecting the Supervisory Body of QVC Italia:

- ***independence***, i.e.:
  - independent operational status of the Supervisory Body;
  - independent powers of initiative and control;
  - absence of important operational duties;
  - membership of the senior management body;
  - ability to interface directly with all of QVC Italia's internal functions;
- ***professionalism***, i.e. the set of tools, techniques and know-how which the Supervisory Body must possess (adequate specialist expertise in carrying out inspections and giving advice, statistical sampling, techniques for the analysis and assessment of risks and measures for the containment of risks, flow charting of procedures, processes, law and administrative-accounting techniques, etc.);
- ***continuity of action***, achieved by having a member of the company organisation inside the Supervisory Body.

Given the above considerations, compliance with the requirements of Legislative Decree 231/2001 is best ensured by assigning the functions and powers of the Supervisory Body to a collegial body established *ad hoc* and consisting of:

- a person from the Company's internal organisation with adequate expertise in the organisational, legal and corporate compliance area, whose profile reveals a reasonable degree of non-direct operational involvement in the Company's business activities;
- a person from the Group international organization, holding responsibilities within the areas of either internal controls or internal audit or compliance



- an independent outside professional who satisfies the professionalism, integrity and independence criteria envisaged by law for auditors, and who also has specific expertise in the legal, administrative and management area and also in the implementation of organisation, management and control models within the meaning of Legislative Decree 231/2001.

## **4.2 Term of office and requirements for appointment**

QVC Italia's Board of Directors appoints the Supervisory Body by a specific resolution, duly substantiated, which also determines its remunerations and its term of office, in general not less than 3 years (but exceptions are allowed, where duly substantiated).

The Board is also responsible for periodically assessing the adequacy of the Supervisory Body in terms of its organisational structure and conferred powers, passing resolutions to make any changes and/or supplements which it considers necessary.

In particular, the Board of Directors assesses whether or not the following requirements are satisfied, both when the Supervisory Body is first established and during the course of its mandate:

- members of the Supervisory Body, from the date of their appointment and for the entire duration of their office:
  1. should perform functions within the Company that are not closely associated with the operational management of the business;
  2. should not engage in significant business dealings with the Company, apart from their employment relationship, or with senior managers who have operational delegated powers and who belong to the organisation of the Company and of its Company in Italy;
  3. should not have convictions for offences that the Model seeks to prevent.
- the members of the Supervisory Body are required to immediately notify the Board of Directors and the Supervisory Body if the requirements and criteria referred to in the previous paragraph are no longer satisfied;
- failure to meet the requirements of eligibility, integrity and professionalism envisaged by the Civil Code for membership of the Board of Directors shall cause automatic cessation from membership of the Supervisory Body;
- the cases of incompatibility referred to in subsections 1-3 above, and supervening legal incapacity, shall trigger automatic cessation from office;
- the members of the Supervisory Body may only be removed from office for just cause, except for cases of automatic forfeiture of office;
- the failure to participate in more than two consecutive meetings without good reason, constitutes just cause for removal from office;
- if a permanent member of the Supervisory Body should resign from or



automatically forfeit office, the other member shall promptly notify the Board of Directors of this circumstance, and the latter shall find a substitute without delay. The newly appointed member will remain in office until the date of expiry of the three-year mandate underway at the time of appointment.

#### **4.3 Rules for convening the Supervisory Body and for its operation**

In view of the unusual nature of the responsibilities assigned to the Supervisory Body and the specific professional tasks associated therewith, the Supervisory Body is supported by all the other functions inside the company when performing its supervisory and control duties, and it can also enlist the assistance of external parties where their professional contribution and expertise should prove necessary.

QVC Italia provides the Supervisory Body with the secretarial support necessary for its activities, and will make a space available to it at the Company's offices, whenever the Supervisory Body so requests.

The Supervisory Body applies the following principles in regulating the rules of its operation, which are gathered together in special Regulations that it draws up and unanimously approves:

- the Supervisory body is chaired by its external member. The Regulations entrust the Chairperson with powers to initiate and coordinate activities;
- the Supervisory Body is convened by the Chairperson or, if the latter is not present, by its other member if deemed appropriate;
- the meeting is convened in written form - also by fax or e-mail - and the meeting call notice is received at least 5 days prior to the date set for the meeting, or, if urgent, at least 2 days prior to that date. Even if these meeting formalities are not observed, meetings shall in any case be deemed to be validly convened if both serving members of the Supervisory Body are present;
- meetings may also be held using video-or teleconferencing facilities, with the participants attending from different places, as long as the following conditions are observed: the collective meeting structure is observed, the principles of good faith and equal treatment of members are respected, the participants' identity is ascertained, and they are able to follow the proceedings of the meeting in real-time;
- the majority of the serving members must attend the meetings in order for them to be valid;
- the Supervisory Body adopts resolutions by majority decision; in the event of disagreement when only two members attend the meeting, the Chairperson's vote shall prevail;
- The Supervisory Body draws up minutes for each meeting, signed by all of its members.



In addition to the foregoing, the Regulations should also provide for the following, in order to ensure the continuity of the Supervisory Body's monitoring activities and of its dealings with the competent company departments:

- the scheduling of checks;
- no less than four meetings per annum of the Supervisory Body;
- no less than two checks per annum of the at-risk areas, in order to verify compliance with applicable procedures;
- each member's entitlement to carry out individual inspections in addition to the aforementioned annual inspections, in agreement with the other Supervisory Body member;
- the procedures for drawing up the spending plan and the urgent intervention fund to be submitted to the Company's management body in order to secure the financial resources necessary for its activities;
- the procedures for managing financial resources and the procedures for drawing up the statement of account;
- the keeping of an archive of documentation on the activity carried out, as well as the archiving procedures deployed;
- the procedures by which to follow up communications (including anonymous) that report circumstances of relevance to the Model's implementation or to the administrative liability of the Company;
- the necessary format and content of documents, related to the at-risk areas, which the various company functions are obliged to transmit to the Supervisory Body on a regular basis or at the latter's request.

#### **4.3.1 *Supervisory Body's Budget***

At the beginning of each financial year, the Board of Directors gives the Supervisory Body the budget necessary to enable it to perform its functions optimally; the Supervisory Body will be able to exceed the given threshold if it can prove that it needs a higher budget figure, and if the management body ratifies this subsequently.

The Supervisory Body, when submitting the new spending plan the following year, provides a statement describing its use of the financial resources granted by the Board of Directors. When providing this statement, the Supervisory Body justifies any expenditure incurred in excess of the amount allocated, explaining the reasons for the urgent and exceptional circumstances involved.

#### **4.4 *Functions and powers of the Supervisory Body***

Although the Board of Directors has ultimate responsibility for adopting the Model, the Supervisory Body is entrusted with monitoring and overseeing:

- a. the effectiveness and adequacy of the Model in relation to the Company's





corporate structure and to its ability to prevent or avert the commission of offences;

- b. compliance with the Model's provisions by employees, collaborators, and - for the relevant provisions - by outsourcers, agents, suppliers and other third parties;
- c. the need to update the Model when it becomes necessary to adapt it to changes in the company and/or in the regulatory regime.

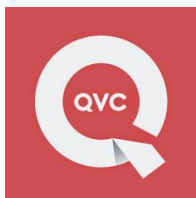
In implementing these responsibilities, the Supervisory Body shall:

I. with reference to **verifying the Model's effectiveness**:

- examine company activities in order to update the mapping of areas or activities subject to offence risk;
- coordinate with the Department of Human Resources to draw up and define training programs for personnel and the content of periodic communications to be transmitted to employees, collaborators and outsourcers to provide them with the requisite awareness and basic knowledge of the provisions and standards referred to in Legislative Decree 231/2001;
- monitor and oversee initiatives undertaken to promote knowledge and understanding of the Model;
- in collaboration with company functions in charge, update the internal company network space that contains all information of relevance to the Model and to the evolution of applicable regulatory provisions.

II. with reference to **verifying compliance with the Model**:

- carry out periodic targeted inspections of specific acts or operations undertaken by QVC Italia within the context of areas or activities subject to offence risk;
- coordinate with company functions (also by holding special meetings) in order to ensure the optimal monitoring of activities. To this end, the Supervisory Body has free access to all company documentation which it considers relevant, and QVC Italia personnel should keep it continuously informed:
  - a) about aspects of the Company's activities that could expose the Company to the risk of commission of one of the predicate offences;
  - b) about dealings with outsourcers and other third parties who operate on the Company's behalf in the context of sensitive activities/operations;
- collect, process and store important information relating to compliance with the Model, and also update the list of information required to be transmitted or kept available to the Supervisory Body;
- activate and conduct internal investigations, interfacing regularly with the relevant corporate functions in order to obtain additional information on investigative aspects;
- coordinate with the Department of Human Resources & Workplace Services to assess the advisability of imposing disciplinary sanctions, without prejudice to



the competence of these functions to implement the sanction and associated disciplinary procedure.

III. with reference to making proposals to **update the Model** and monitor their implementation:

- based on the results emerging from the verification and control activities, give a periodic appraisal of the Model's adequacy in relation to the provisions of Legislative Decree 231/2001 and the provisions of the Model, and also of its operation;
- in relation to these appraisals, draw up proposals to adapt the Model to best practice and submit those proposals periodically to senior management. Special emphasis should be given to improvements to systems for the management of financial resources (both incoming and outgoing) which are necessary in order to introduce mechanisms that can detect atypical financial flows characterised by high margins of discretion;
- periodically verify the implementation and effective functionality of the corrective solutions/actions proposed;

In the context of its activities, the Supervisory Body shall maintain the utmost discretion and confidentiality, its sole point of contact being the QVC Italia Board of Directors.

#### **4.5 Supervisory Body's reports to QVC Italia's management body**

Full adherence to law requires the Supervisory Body to report directly to the QVC Italia Board of Directors, in order to ensure its full independence in performing the duties entrusted to it.

The Supervisory Board reports on the implementation of the Model and on the emergence of any associated critical issues. In particular, it submits an **annual report** to the Board of Directors describing the state of implementation of the Model, indicating the interventions that have been carried out, any critical issues encountered and the state of implementation of the preventive measures (protocols) provided for by the Model, as well as any *corrective and improvement interventions* that have been suggested or planned. The Supervisory Body's plan of activities for the following year is attached thereto.

If urgent, or if one of its members should so request, the Supervisory Body shall immediately report the results of its activities to the Board of Directors, in writing.

In any case, the Supervisory Body must promptly report upon any infringement of the Model that comes to its attention through a report which it receives and considers well-founded, as per § 4.6 below, or which it has itself established during the course of its own activities.

The Board of Directors of QVC Italia can at any time convene the Supervisory Body,



which, in turn, is entitled to request (through the competent functions or persons) a hearing if urgent.

The Supervisory Body shall, furthermore, coordinate with the competent functions of QVC Italia for the different specific operational aspects.

#### **4.6 The system of information flows and reports to the Supervisory Body**

The Supervisory Body should be informed of any events that could lead to the Company's liability pursuant to Legislative Decree 231/2001, by means of reports from management, employees, consultants, outsourcers, agents and business partners of QVC Italia.

The following should be notified to the Supervisory Body in the corporate context:

- *on a regular basis*, information/data/news previously identified by the Supervisory Body and/or formally requested by the latter from individual departments or units of QVC Italia ("**information flows**");
- *on an occasional basis*, any other information of any kind, including information that originates from third parties and relates to the implementation of the Model in areas that are sensitive to offence risk, and to compliance with the provisions of Legislative Decree 231/2001, which could prove useful to the Supervisory Body in implementing its responsibilities ("**reports**").

Information pertaining to the following matters shall, however, be notified to the Supervisory Body in writing or electronically:

- measures and/or information from judicial police departments or any other public authority which indicate that investigative activities are to be conducted for the predicate offences pursuant to Legislative Decree 231/2001, including proceedings against persons unknown;
- reports which employees transmit to QVC Italia in cases where judicial proceedings are brought against them for one of the predicate offences pursuant to Legislative Decree 231/2001;
- reports or memoranda prepared by corporate departments as part of their supervisory functions, which may reveal facts, acts, events or omissions that are problematic from the point of view of compliance with the provisions of Legislative Decree 231/2001 or of the Model;
- information concerning the commencement of investigations for failure to comply with the Model's principles of conduct and protocols, and also information about any sanctions imposed.

#### **4.7 Procedures for transmitting, assessing and archiving reports**



The following provisions apply in relation to the procedures for transmitting the aforementioned information/data/news to the Supervisory Body:

- the company departments involved must transmit the relevant information flows to the Supervisory Body according to procedures and timeframes defined by the Supervisory Body itself;
- reports that provide evidence or point to suspicion of infringement of the Model and/or of its protocols and/or of the principles enshrined in the Group's Ethics & Compliance policies must be received in writing from the relevant company departments, anonymously if necessary, or using email or other electronic means. An email address has been specially set up for the transmission of reports ([organismodivigilanza@qvc.com](mailto:organismodivigilanza@qvc.com)), which can be accessed exclusively by Supervisory Body members.
- the Supervisory Body acts to protect reporting parties against any form of retaliation, discrimination, penalisation or other consequence deriving from a notification, ensuring that their identity will be kept secret, and lifting the veil on this confidentiality only if required to do so by law or to safeguard the rights of QVC Italia or of third parties;
- the Supervisory Body assesses the reports received and evaluates the appropriateness of taking further action, if necessary allowing the reporting party and/or the person responsible for the alleged infringement to be heard.

The Supervisory Body archives any information or report made to it pursuant to this Model, in a confidential file (electronic or hardcopy) for 10 years. Only members of the Supervisory Body are entitled to access this archive or database and read or transcribe the information contained therein.



## **CHAPTER 5**

### ***THE DISCIPLINARY SYSTEM***

#### **5.1 Introduction**

Drawing up a system of sanctions that are commensurate with breaches of the Model's protocols or of the rules of the Group's Ethics & Compliance policies is a necessary precondition to guarantee that the Model can be effectively implemented and, accordingly, that the Supervisory Body can take effective action in the course of its duties. The adoption of such a disciplinary system is, as mentioned, an essential precondition for exempting the entity from administrative liability pursuant to Article 6, subsection 1, letter e) of Legislative Decree 231/2001.

The disciplinary system must gear its sanctions according to the type of relationship that exists between the Recipient and the entity. This system in fact addresses all QVC Italia personnel, as does the Model, including senior managers, non-company personnel and third parties who operate on the Company's behalf; in some cases it imposes sanctions that are disciplinary in nature and, in other cases, the sanctions have contractual/business implications instead.

The disciplinary system and associated sanctions operates independently of the existence or outcome of any criminal proceedings instituted in the courts, where the conduct in question also involves the commission of a predicate offence within the meaning of Legislative Decree 231/2001.

In order to clarify in advance the criteria for correlating between the misconduct of workers and the disciplinary measures imposed, the acts and conduct of employees and other third parties may be classified as follows:

1. conduct that reveals a failure to implement written or verbal orders handed down by QVC Italia and group directives pertaining to at-risk activities, such as:
  - infringement of procedures, regulations, written or verbal internal instructions;
  - infringement of the Ethics & Compliance policies and/or the Code of Conduct of the Group;
  - infringement, avoidance or culpable deactivation of one or more of the Model's protocols;
2. conduct that reveals a serious breach of discipline and/or breach of duty of care and diligence at work which radically undermines the Company's confidence in the offender in question, such as the conduct referred to in subsection 1 above, carried out in the course of at-risk activities, whose



purpose unequivocally involves or suggests the commission of an offence to the detriment of QVC Italia;

3. conduct that causes QVC Italia serious moral or material detriment and makes it impossible for the employment contract to continue even temporarily, such as conduct involving one or more offences or offence categories or the conduct referred to in subsection 1 above, committed with wilful intent.

## 5.2 Sanctions for subordinate personnel

In relation to employees, limits to the power of imposing sanctions are laid down by Article 7 of Law 300/1970 (the "Workers' Statute") and by the National Collective Labour Agreement (CCNL), both in relation to the sanctions applicable (which in principle are "typified" by linkage with specified disciplinary offences) and in relation to the manner of exercise of this power.

QVC Italia considers that the disciplinary system currently in force at the Company satisfies the prescribed criteria of effectiveness and deterrence, in line with the provisions of the National Collective Labour Agreement (CCNL) in force.

Non-compliance and/or infringement by QVC Italia employees of the general principles of the Model, of the rules of conduct provided for by the Group's Ethics & Compliance policies, and by the Liberty Interactive Code of Conduct, as well as of company procedures, regulations or instructions, therefore constitutes a breach of the obligations deriving from the employment relationship and is a disciplinary offence.

In relation to applicable sanctions, these will be adopted and applied in conformity with the procedures envisaged by national collective labour agreements applicable to the employment relationship. More particularly, for non-managerial employees, the following sanctions can be imposed: a) verbal cautions; b) written warnings; c) fines; d) suspension and dismissal.

Subject to the existence of a correlation between the disciplinary measures applicable and the fact circumstances in relation to which they may be imposed (the *principle of correlation*), when imposing a disciplinary sanction there must also be proportionality between the offence and the sanction (the *principle of proportionality*).

The Supervisory Body must continuously oversee the adequacy of the disciplinary system to the provisions of Legislative Decree 231/2001.

## 5.3 Sanctions for managerial personnel

If managers infringe the general principles of the Model, the rules of conduct provided for by Ethics & Compliance policies, the Liberty Interactive Code of Conduct and the other protocols provided for by the Model, the Company will take measures against the



responsible parties which it deems appropriate in view of the importance and seriousness of the infringements in question, also taking into account the particular bond of trust that exists between the Company and the worker/manager in question.

The following sanctions may, in general, be imposed on managerial personnel a) fines; b) suspension; c) dismissal.

For serious offences, the Company may terminate the employment contract in advance or apply an alternative sanction that it considers to fit the gravity of the act or conduct in question, up to early termination of the employment contract without notice pursuant to Article 2119 of the Civil Code. This is the case because the act or conduct will be deemed to have been carried out contrary to the Company's will and in the interest and/or for the benefit of the manager in question and/or of third parties.

#### **5.4 Measures taken against outsourcers, suppliers and other third parties (agents, business procurement agents, consultants)**

A necessary condition in order for contracts of any kind entered into with QVC to be valid (particularly supply, outsourcing, agency and consultancy contracts), is that the contracting party in question undertakes to abide by the principles set forth in the Model and by the principles provided for by the Group's Ethics & Compliance policies and by the Liberty Interactive Code of Conduct.

These contracts should have termination clauses or rights of withdrawal which favour the Company without penalty, where the latter terminates or withdraws from such contracts due to the commission of offences or of the acts or conduct referred to in the offences, or in the event of infringement of the principles of the Model and/or of the Group's Ethics & Compliance policies and/or of the Liberty Interactive Code of Conduct.

The Company reserves the right, however, to seek compensation for loss if the Company incurs loss as a result of such conduct, such as where sanctions provided for by Legislative Decree 231/2001 are imposed against QVC Italia.

#### **5.5 Table of infringements of the Model and criteria for applying appropriate sanctions**

The Company has identified, in the following table, certain types of infringement to which specific sanctions are associated, derived from the National Collective Labour Agreement (CCNL) applied in the company, which are applicable to all Recipients subject to the relevant gradations and specificities.

<b>Infringements</b>	<b>Sanctions</b>
<b>Failure to comply with the</b>	<ul style="list-style-type: none"><li>• Verbal caution</li></ul>





Infringements	Sanctions
<b>Group's Ethics &amp; Compliance policies and the Liberty Interactive Code of Conduct</b>	<ul style="list-style-type: none"> <li>• Written caution</li> <li>• Fine not exceeding four hours basic pay</li> <li>• Suspension from work without pay for up to a maximum of ten days</li> <li>• Dismissal with notice</li> <li>• Termination of the employment contract</li> </ul>
<b>Failure to comply with the supervisory elements referred to in the Model's protocols, due to negligence and without exposing QVC Italia to objective "231 risk"</b>	<ul style="list-style-type: none"> <li>• Written caution</li> <li>• Fine not exceeding four hours basic pay</li> <li>• Suspension from work without pay for up to a maximum of ten days</li> <li>• Dismissal with notice</li> <li>• Termination of the employment contract</li> </ul>
<b>Failure to notify the Supervisory Body as required by the protocols</b>	<ul style="list-style-type: none"> <li>• Written caution</li> <li>• Fine not exceeding four hours of basic pay</li> <li>• Suspension from work without pay for up to a maximum of ten days</li> <li>• Dismissal with notice</li> <li>• Dismissal without notice, with non-disciplinary precautionary suspension as appropriate</li> <li>• Termination of the employment contract</li> </ul>
<b>Conduct subject to offence risk (as detailed in the Model) which potentially/actually results in legal proceedings being instituted against QVC Italia pursuant to Legislative Decree 231/2001</b>	<ul style="list-style-type: none"> <li>• Suspension from work without pay for up to a maximum of ten days</li> <li>• Dismissal with notice</li> <li>• Dismissal without notice, with non-disciplinary precautionary suspension as appropriate</li> <li>• Termination of the employment contract</li> </ul>
<b>Conduct aimed unequivocally and intentionally at the commission of an offence pursuant to Legislative Decree 231/2001</b>	<ul style="list-style-type: none"> <li>• Dismissal with notice</li> <li>• Dismissal without notice, with non-disciplinary precautionary suspension as appropriate</li> <li>• Termination of the employment contract</li> </ul>



Infringements	Sanctions
<b>Conduct that triggers the application of measures provided for by Legislative Decree 231/2001 against QVC Italia</b>	<ul style="list-style-type: none"><li>• Dismissal without notice, with non-disciplinary precautionary suspension as appropriate</li><li>• Termination of the employment contract</li></ul>

The sanction adopted must in any case be commensurate with the infringement, applying a logic that attempts to balance between the offending conduct and the disciplinary, using the following parameters:

- level of responsibility and independence of the offender;
- existence of previous infringements by the offender, if any;
- deliberateness of the offender's conduct or the seriousness of that conduct i.e. the level of risk to which QVC Italia may reasonably conclude it was exposed as a result of the conduct in question;
- other particular circumstances associated with the infringement.



## **CHAPTER 6**

### ***PROMOTING AND UPDATING THE MODEL***

#### **6.1 Provision of training and information for QVC Italia personnel**

Cognisant of the importance of providing training and information based on a key prevention protocol, QVC Italia undertakes to ensure that its personnel will be familiar with the key provisions of Legislative Decree 231/2001 and the obligations deriving therefrom, and with the provisions of the Model.

For the purposes of implementing the Model, the activities of training, information-provision and awareness-raising for its personnel are managed by the competent company function in close coordination with the Supervisory Body and with the managers of the other company functions that are involved in applying the Model.

The activities of training, information-provision and awareness-raising apply to all personnel, including senior managers, and should be provided for and implemented when a worker is recruited or an employment relationship commences, when a worker's function or responsibilities change, when the Model is amended or when further circumstances of fact or law occur which require the aforementioned activities to take place, so as to ensure that the provisions of Legislative Decree 231/2001 may be correctly applied.

After this document is approved, the following is provided for:

- all existing personnel will be notified, first of all, that QVC Italia has adopted an organisation and management model;
- new recruits will be then supplied with an information kit containing the following (in addition to any material indicated by additional company policies or procedures pertaining to information security and confidentiality, workplace health and safety etc.): the National Collective Labour Agreement (CCNL), the text of Legislative Decree 231/2001, this document "*Organisation, Management and Control Model pursuant to Legislative Decree 231/2001*" and the Group's Ethics & Compliance policies, thus ensuring that new recruits will have all key knowledge required.
- QVC Italia employees will then sign a special form in acknowledging familiarity with and accepting the aforementioned information documents;
- Specific training activities to be organised at regular intervals in classroom courses (with solutions that certify that the training courses were taken), under the Supervisory Body's supervision.

The communications and training activities should deal with mechanisms such as the following: powers of authorisation, solid line reporting, procedures, information flows



and anything that contributes to transparency in day-to-day operations, as well as the content of the Group's Ethics & Compliance policies.

All communications and training activities are sponsored by senior management and require maximum participation and attention from those for whom they are provided.

In order to ensure that knowledge of the Model is effectively promoted and that QVC Italia personnel receive adequate information about the content of Legislative Decree 231/2001 and about the obligations deriving from the implementation thereof, the Company shall make available a dedicated area on the internal company network, updated by the Supervisory Body (where one will be able to access and consult not only the documents comprising the information kit mentioned above, but also the forms and instruments envisaged for submitting reports to the Supervisory Body, and any other relevant documentation).

## **6.2 Information provision for third parties**

Company departments engaged in institutional contacts with persons or entities that have contractual dealings with QVC Italia (particularly agents and other business procurement agents, suppliers, consultants and persons outside the business organisation who manage activities that form part of the QVC Italia operational cycle under outsourcing arrangements), provide those persons or entities - in coordination with the Supervisory Body - with special information on the policies and procedures that QVC Italia has adopted pursuant to the Model, on the content of the Group's Ethics & Compliance policies, and on the legal effects that conduct in violation of the Model or applicable regulatory provisions might have on their contractual relationships.

Specific provisions to regulate such effects are included in the relevant contracts, if feasible, such as termination clauses or clauses granting rights of withdrawal to cover cases of infringement of the Ethics and Compliance policies and/or protocols defined by the Model.

## **6.3 Updating and adapting the Model**

The Board of Directors passes resolutions to update the Model and to amend and/or supplement its provisions if this should become necessary as a result of:

- a. infringements of the Model's provisions;
- b. changes to internal organisation of QVC Italia and/or to the procedures by which it implements its activities;
- c. regulatory changes and developments in case law and legal scholarship on legal issues of relevance for the purposes of Legislative Decree 231/2001;
- d. controls conducted by the Supervisory Body.

As soon as they have been approved, the changes and instructions for their immediate application are notified to the Supervisory Board, which will ensure that QVC Italia



promptly brings those changes into operation and that the changes in question are properly notified and communicated inside and outside the company.

The Supervisory Body will also inform the Board of Directors of QVC Italia (by providing a suitable report to this effect) of the outcome of activities undertaken in compliance with the resolution requiring the Model to be updated and/or adapted.

In any case, the Supervisory Body retains specific functions, duties and powers in relation to looking after, developing and constantly updating the Model.

In particular, in order to ensure that the changes to the Model are implemented promptly and effectively, the Supervisory Body is delegated the periodic task of making changes of a descriptive nature to the Model, if considered necessary, as well as changes to the content of the Model's Annexes.

When submitting its summary annual report, the Supervisory Body (see above, Chapter 4) prepares a special memo summarising the changes made under its delegated power, so that they may be ratified by resolution of the senior company management.

In any case, the Board of Directors retains exclusive competence to pass resolutions updating and/or adapting the Model as a result of the following factors:

- a. supervening enactment of regulatory provisions or developments in case law and legal scholarship pertaining to the administrative liability of entities;
- b. identification of new sensitive activities, or changes to those previously identified, also - as relevant - linked with new activities embarked on by QVC Italia;
- c. formulation of observations by the Ministry of Justice pursuant to Article 6 of Legislative Decree No. 231/2001 and Articles 5 *et seq.* of Ministerial Decree No. 201 of 26 June 2003;
- d. commission by Recipients of the offences referred to by Legislative Decree 231/2001 or, more generally, of significant infringements of the Model;
- e. identification of shortcomings and/or lacunae in the Model's provisions following checks of its effectiveness.

The Model will in any case be reviewed regularly, based on suitable update proposals formulated by the Supervisory Body.



**ORGANISATION, MANAGEMENT AND CONTROL MODEL  
PURSUANT TO LEGISLATIVE DECREE 231/2001  
OF  
QVC ITALIA S.R.L.**

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**SPECIAL SECTION**



## **Introduction**

\* \* \*

This Special Section has been compiled on the basis of the results of mapping activities carried out with a view to identifying areas vulnerable to the commission of “predicate” offences within the meaning of Legislative Decree No. 231 of 8 June 2001 (entitled “*Regulation of the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Law No. 300 of 29 September 2000*” published in the Official Gazette No. 140 of 19 June, 2001, as amended and/or supplemented: the “**Legislative Decree 231/2001**”) in the context of the activities of QVC Italia S.r.l. (“**QVC Italia**”, or the “**Company**”). This mapping led to company activities and areas being identified which reveal a risk - to varying degrees - of conduct that could give rise to administrative liability on the Company's part (see General Part, Chapter 3, § 3.6).

The Special Section, which contains a series of rules of conduct and prevention protocols that apply to QVC Italia's normal business activities (see General Part, Chapter 3, § 3.1), is applicable to the Model's Recipients, as defined in the General Part.

The same rules, principles and standards as defined below must also be adhered to by all of the Company's consultants, non-company personnel, outsourcers, etc. who perform on the Company's behalf the same activities that are part of its operating cycle.

More specifically, the Special Section aims to:

- define the prevention protocols and the rules of conduct to which the Company's employees and non-company collaborators must adhere, if the Model's provisions are to be correctly applied;
- support the Company's Supervisory Body and the heads of other corporate functions in carrying out control, monitoring and verification activities.

This Special Section is linked to the policies enacted in the Ethics & Compliance field by the Group internationally, to the provisions of the Code of Conduct and Ethics and of the Global Business Partner Code of Conduct, as well as - more generally - to the principles of conduct contained in company and group rules and standards and in specific compliance documents which regulate the conduct of Recipients in the various operational areas, with the aim of preventing conduct that is irregular or inconsistent with the Company's directives.

For a complete description of the offence categories referred to by Legislative Decree 231/2001 which bear theoretical relevance to QVC Italia's structure and operations, full reference is made to the treatment contained in the special “List of Offenses” referred to in **Annex 6** to the Model.





Here, however, we will simply refer briefly to these offence categories and, if necessary, give some concrete examples of potential misconduct in this context.



## **1. OFFENCES COMMITTED IN DEALINGS WITH THE PUBLIC ADMINISTRATION**

### **1.1 Scope**

The purpose of this section of the Special Section is to describe the criteria and to regulate roles, responsibilities and standards of conduct that Recipients must adhere to in managing dealings with and compliance obligations vis-a-vis the Public Administration (State, independently operating public enterprises and administrations, local authorities and their consortia and associations, Chambers of Commerce, etc.) and the Public Supervisory Authorities (Italian Data Protection Authority, Antitrust Authority, etc.), for the purposes of preventing the commission of offences in the context of dealings with the Public Administration referred to in Article 24 and 25 of Legislative Decree 231/2001.

### **1.2 Sensitive Areas subject to offence risk**

The protocols contained in this document apply to all of QVC Italia's organisational functions and also to the other subjects who carry out activities on the Company's behalf and who, in performing the duties of their remit, are involved in managing dealings and compliance obligations vis-a-vis public subjects, including public officials, public service officers and Public Supervisory Authorities (hereinafter, the "Public Administration"), or who carry out activities relevant to QVC Italia's corporate purpose in the context of dealings with natural or legal persons associated directly or indirectly with public interest entities.

The term "**Public Administration**" for the purposes of this document includes, for example:

- public subjects i.e. primarily Members of Parliament of the Italian Republic, public administrations such as the State administrations, independently-operating State enterprises and administrations, the Regions, Provinces, Communes and their consortia and associations, universities, Chambers of Commerce, Industry, Craft Trades and Agriculture and their associations, non-profit-seeking public bodies at national, regional and local level, units and entities of the National Health Service (SSN);
- public officials i.e. those who - as public employees or private individuals - may or are required to implement the will of the Public Administration or exercise powers of



authorisation<sup>1</sup> or certification<sup>2</sup>, within the context of a public law power;

- public service officers i.e. those who provide a public service but lack the powers of the public official or who, although acting in the context of an activity that is regulated under a public function's forms, do not exercise the typical powers of a public function and do not carry out simple tasks or provide merely material labour;
- Public Supervisory Authorities i.e. specially independent and impartial entities whose purpose is to protect certain interests of constitutional importance such as, in general, the smooth operation of the Public Administration, free competition, the safeguarding of professional confidentiality, etc.: the Supervisory Authority for the protection of communications (AGCOM), the Italian Competition Authority (AGCM), the Italian Data Protection Authority etc.

The relationships, dealings and compliance obligations referred to in this document become relevant in the following contexts, for example:

- when dealing with Italian and international/EU public bodies or entities for lobbying purposes (directly or through external specialised Public Affairs consultants);
- when participating in open public tendering procedures and/or alternative procedures announced by public bodies (open or restricted procedures);
- when receiving and managing grants/subsidies/loans disbursed by public or public law bodies to the Company;

(Example: dealings with Confindustria, Assolombarda, Federmanager, participation in training tendering procedures of Fondimpresa, Fondirigenti, etc.)

- when managing legal, tax and corporate affairs;

(Example: dealings with the Chamber of Commerce, Courts, Registry Office, Notaries Public etc.)

- when managing personnel for administrative, social security and social welfare purposes;

(Example: dealings with the Ministry of Labour, National Social Security Institute (INPS), National Institute for Insurance against Occupational Accidents (INAIL), the Labour Inspectorate, the Provincial Employment Centre, dealings with the universities for the management of internships, etc.)

- when obtaining and/or renewing authorisations, permits, licenses etc;

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<sup>1</sup> The concept of authorisation power includes not only coercive power but also any discretionary activity carried out in relation to persons who are on an unequal footing vis-a-vis the authority (see Supreme Court of Cassation, United Chambers 11/07/1992, No. 181).

<sup>2</sup> The concept of certification power includes all those activities of documentation to which the legal order attributes probative value, at whatever level.



(Example: dealings with the Ministry of Health, the Italian Copyright Authority (SIAE), Customs, local authorities, the Regional Environmental Protection Agency (ARPA), the Milan Health Protection Agency (ATS), the Local Health Authority (ASL) of Monza and Brianza, the Fire Service, the body responsible for keeping the national Register of entities obliged to finance systems for the management of Electric and Electronic Waste pursuant to Regulation 185/2007, etc.)

- when inspections, preliminary investigation procedures and similar procedures are being carried out;

(Example: Financial Police for the disposal/destruction of products intended for sale on the platforms, National Social Security Institute (INPS), National Institute for Insurance against Occupational Accidents (INAIL), the Labour Inspectorate, the Milan Health Protection Agency (ATS), the Local Health Authority (ASL) of Monza and Brianza, the Carabinieri food-control squad (NAS), officials with duties in the environmental, health and safety fields etc.)

- in dealings with representatives of the Government or regional and local bodies (e.g. Ministries of Health and Economic Development, Lombardy Region, Province of Monza and Brianza, Commune of Brugherio) etc.;

(Example: dealings with local authorities, public contracting parties or public bodies hosted at an event, etc.)

- when managing litigation (labour law cases, tax disputes, litigation with competitors, outside agents/consultants/business partners, outsourcers, suppliers of goods and services, corporate litigation, etc.);

(Example: dealings with the courts, court officials, etc.)

- in dealings with Public Supervisory Authorities: (i) for ordinary ongoing dealings - also in case of inspections - relating to the performance of activities regulated by applicable regulatory provisions; (ii) for dealings to obtain authorisations, licenses and permits for the performance of the Company's activities; (iii) for communicating corporate/business information and data of any kind;

(Example: dealings with the Italian Competition Authority (AGCM) and with the Supervisory Authority for the protection of communications (AGCOM) in order to manage issues involving the commercial advertising of products presented on TV shows, dealings with the Italian Data Protection Authority, etc.)

- (i) when managing software applications of public bodies or Supervisory Authorities, or provided by third parties on behalf of the latter, as well as electronic communications connections (incoming and outgoing); (ii) transmission of data in electronic format to public administrations, public bodies or Supervisory Authorities;



(Example: the Revenue Agency, the tax authorities, the Italian Data Protection Authority etc.)

### **1.3 Examples of criminal conduct relevant to the nature of the Company's operations, for offence categories involving dealings with the Public Administration**

The potentially relevant offence categories are described below, as well as examples of criminal conduct that pertain to the subject matter of Articles 24 and 25 of Legislative Decree 231/2001.

#### **Embezzlement to the detriment of the State** (Art. 316-bis, Penal Code)

##### **➤ Example**

This unlawful conduct occurs if, following the disbursement of loans for the purpose of recruiting personnel, adapting corporate structures or training personnel or assistants (presenters, models, agents, outsourcers), the Company uses these funds for purposes other than for which the loan was intended.

#### **Misappropriation of funds to the detriment of the State** (Art. 316-ter, Penal Code)

##### **➤ Example**

This unlawful conduct can occur in circumstances where the Company receives loans after producing or issuing false documents or declarations (e.g. related to the number of participants in training courses or to the number of employees belonging to special categories).

#### **Aggravated fraud** (Art 640, Penal Code)

##### **➤ Example**

This unlawful conduct occurs in circumstances where the Company produces false information (e.g. supported by false documentation) for purposes of participation in an open public tendering procedure announced by a Public Administration body, or to circumvent formal complaints or notices issued following inspection by a Supervisory Authority.

#### **Aggravated fraud to obtain public funds** (Art. 640-bis Penal Code)

#### **Computer fraud** (Art. 640-ter, subsection 2, Penal Code)

##### **➤ Example**

The Company (also through its consultants, agents, non-company collaborators or outsourcers) might in this case, for instance, illegally access the information system of a Supervisory Authority with a view to manipulating information contained therein, or the information system of the Revenue Agency's archive, in order to modify (i.e. reduce) any liability required to be satisfied.



## **Bribery**

**Acceptance of bribes in return for the exercise of official functions** (Art. 318, Penal Code)

**Incitement to bribery** (Art. 322 Penal Code)

**Acceptance of bribes in return for an act contrary to official duties** (Art. 319, Penal Code)

**Bribery in judicial proceedings** (Art. 319-ter subsection 2, Penal Code)

**Bribery of a person entrusted with a public service** (Art. 320, Penal Code)

### ➤ **Example**

A potential risk of corruption exists where the Company's employees are involved in managing contacts with public officials in the context of lobbying and/or securing authorisations/certifications, etc.: for instance, benefits could be promised to public officials of the Ministries of Health and Economic Development, or to public officials contacted directly or through a public relations intermediary, in return for reassurance as to specific regulatory policies or the issuance of permits.

A similar risk applies in the context of Financial Police inspections, workplace safety inspections pursuant to Legislative Decree 81/2008, visits by the National Institute for Insurance against Occupational Accidents (INAIL), etc., when the official in question is induced to ignore legal breaches or non-compliance or to waive/reduce sanctions associated with any findings made.

When managing dealings with suppliers, agents, consultants, contract counterparties or outsourcers, bribery risk exists where persons directly or indirectly associated with public officials are liable to be favoured (e.g. by giving commercial advisers and/or advertising consultants much higher fees than those consonant with industry standards or by diverting monies to persons or entities linked to the Public Administration).

Bribery can also be committed in the context of selecting, recruiting and managing the career path of employees, if an intention is manifested to favour persons who are directly or indirectly linked to the Italian Public Administration or to international/EU public bodies.

**Extortion** (art. 317 Penal Code)

### ➤ **Example**

This offence category differs from bribery in that the public official or public service officer him or herself exerts pressure on or intimidates a private individual to provide a favour or benefit.

**Unlawful inducement by an official to give or promise a benefit** (319-quater Penal Code)

### ➤ **Example**



This offence category contains elements of bribery and extortion, and involves the inducement of a private individual by a public official or public service officer.

**Embezzlement, extortion, bribery, unlawful inducement by an official to give or promise a benefit and attempted bribery of members of European Union bodies and officials of the European Union and of foreign States** (Art. 322-bis, Penal Code)

➤ **Example**

These offences could potentially be committed during lobbying activities in the context of normal dealings with Member States' Permanent Representations to the European Union.

#### **1.4 Procedural principles for the management of dealings with the Public Administration in reference to the nature of QVC Italia's operations**

The same rules, principles and standards as defined below must also be adhered to by all of the Company's consultants, non-company personnel, outsourcers etc. who carry out the same activities on its behalf that are part of QVC Italia's operating cycle.

***Direct and indirect dealings with the Public Administration, with international public bodies and with any public interest entity***

All Recipients of this Model are obliged to comply with the following rules of conduct when directly or indirectly managing relations and dealings with the Public Administration:

- Dealings with the Public Administration should be characterised by maximum transparency, collaboration and availability, fully respecting its institutional role and complying with applicable legislative provisions, with the rules of conduct specified in the Code of Conduct and Ethics and in QVC's Global Anti-Corruption Policy, as well as with this Special Section, promptly implementing its provisions and compliance obligations.
- Dealings with the Public Administration should be managed exclusively by persons properly authorised under the existing system of delegated powers.
- If extraordinary events or critical issues arise that cannot be dealt with by the normal management of dealings with the Public Administration, the staff member in question should immediately notify the situation to his/her direct superior and also to the Supervisory Body, so that the appropriate action can be taken. .
- A staff member should not give effect to any attempt to obtain illicit benefits from an official of the Public Administration which he/she is likely to receive or of which he/she merely becomes aware, and he/she should instead immediately notify the situation to one's direct superior and also to the Supervisory Body, so that the appropriate action can be taken.
- Participation in open public tendering procedures - directly or through agents and/or





consultants and/or intermediaries - should be conducted in compliance with the principles, criteria and provisions provided for by the Code of Conduct and Ethics and the company policies and procedures, with particular reference to QVC's Global Anti-Corruption Policy.

- Derogations or exemptions from standard economic and legal conditions in contracts are not permitted where the counterparty in question is a public body/Public Administration, a public official or public service officer or a person/entity associated directly or indirectly with public interest entities.
- Where public officials or public service officers are involved in carrying out inspections (e.g. judicial, tax, administrative etc. inspections), contacts with such persons should always be handled in the presence of at least two persons from the Company's organisation who sit at the same level in the chain of command, and are expressly assigned to this task; they are required to notify the Supervisory Body in good time of each inspection activity, using the appropriate internal communication channels.
- The Supervisory Body should examine the outcome of each inspection and make a report thereof in its records, attaching a copy of documentation which it considers relevant for the purposes of the Model.
- Information gathered by company personnel - whatever their position in the company - during activities that involve commercial dealings with third parties shall always be deemed "reserved and confidential". Therefore, this information should not be disclosed to third parties (including persons linked directly or indirectly with the Public Administration) with a view to providing any potential form of benefit.
- The Human Resources Department, in coordination with the Managing Director, is responsible for recruiting new QVC personnel or non-company collaborators of any kind, based on objective rules for the assessment of professional qualifications and experience. A newly recruited staff member's overall pay should be in line with the pay scales of those who hold similar functions and responsibilities, and persons who are directly or indirectly in a position to carry out activities or roles associated with the Public Administration should be granted no preferential status.
- Each aspect of the process of selecting and recruiting important managerial staff should in all circumstances be supervised and should involve the Group's competent international functions.
- The suppliers of products to be sold on QVC proprietary platforms should be managed in a way which ensures that multiple estimates are provided by different counterparties, which can be compared to one another in terms of the type of products/services offered, evaluating the most favourable quality-price ratio. The rules for identifying suppliers should rule out the risk that the choice of suppliers might be based on influence or inappropriate pressure or on the expectation of securing benefits, based on the possibility of selecting suppliers who are linked to persons associated with the Public Administration.
- Buyers should not conduct a new purchase of products or services destined for sale on QVC proprietary platforms unless this is authorised in advance by the Merchandising



Planning & Programming Department Head.

- In the context of lobbying activities in Italy or abroad, Recipients should not - while acting as representatives of the Company - seek to influence the judgement of any employee or representative of the Public Administration, or person associated with it, by promising or giving money, gifts or loans or by providing other illicit incentives.
- The management of gifts to third parties outside the QVC Italia organisation should comply strictly with the Group's standards of conduct, with the provisions of the Gifts and Hospitality Offering Policy and the principles provided in the Group's Code of Conduct and Ethics. Gifts are authorised by the Group's Ethics & Compliance Manager.
- Documentation produced in the gifts management context should be properly kept and preserved in order to ensure the traceability of gifts made.
- If the Company applies for subsidies or loans from the Public Administration with a view to organising training courses or refresher training course for employees, the Learning & Development division will prepare the supporting documentation for participation in the relevant tendering procedure, under the close supervision of the Human Resources Department Head, ensuring that the information provided in the attached documentation is correct and complete so that the possibility of providing false, untruthful or misleading information is ruled out.
- Those responsible for managing and utilising the resources received should ensure - in close coordination with the competent functions of the Finance & Strategy Department - that these resources are used precisely as intended.
- Donations or loans provided by QVC Italia to third-party organisations engaged in charitable activities should be previously authorised by the competent functions (particularly by the Group's Ethics & Compliance Manager). In the case of foreign organisations, the management of contributions should comply strictly with the Group's Charitable Contributions to Foreign Charities Policy.
- Each corporate function - whether part of QVC Italia's internal organisation chart or outsourced from other Group companies - and each third party that operates on the Company's behalf or is entrusted with managing outsourced activities that are part of the Company's operating cycle (e.g. tax consultant, external logistics services operator, etc.) is responsible for archiving and storing all documentation produced within the context of that function's or third party's activity as regulated in this section of the Special Section, including documentation transmitted electronically to public bodies. This would include, for example:
  - all documentation produced in the context of participation in any public interest procedure (e.g. applications for participation, self-certifications, guarantees, bank references, etc.);
  - licenses, authorisations etc. associated with the Company's activity or obtained for other purposes, and agreements with the contractual counterparts - public bodies (e.g. certifications/certificates of the multi-firm agent competent for Customs, documentation related to the Electric and Electronic Waste (RAEE) registry, etc.);



- documents, records, balance sheets, forms, statements etc. related to the management of legal, tax and corporate matters or to the management of personnel for administrative, social security and social welfare purposes.
- When managing dealings with the suppliers of products intended for sale on QVC proprietary platforms, the competent functions should ensure that there are no under-the-table agreements with specific suppliers/groups of suppliers from the public arena, and that no inappropriate pressure is applied to have those operators included on the list of suppliers.
- Fees and commissions to be granted to external consultants for lobbying activities in Italy and abroad, to business procurement agents, to PR agencies, to agencies in charge of managing advertising spaces and/or to other external consultants entrusted to manage (exclusively or partially) dealings with any third party associated directly or indirectly with Public Administration bodies and/or public interest bodies, should be determined in compliance with objective quantitative parameters that are defined with a view to ensuring that the operations of the appointed functions are fully transparent.
- All employees of the Company who have dealings with the Public Administration and/or with parties directly or indirectly associated with it (also through dealings with intermediaries/consultants of various kinds) should not only ensure compliance with all of the principles and rules provided for by this Model, but should also sign a special document describing the sensitive operations or activities carried out, if so requested.
- Contracts signed with agents, external consultants and operators who handle outsourced activities should contain a special declaration by which those parties declare their awareness of the rules and standards referred to in Legislative Decree 231/2001 and of their implications for the Company, and also a special clause that determines what happens if those rules and standards are infringed (e.g. express termination clauses, penalties).
- Those in charge of operations to identify potential suppliers (also involving the use of agents or business procurement agents) should ensure that current dealings with them be fully documented, by regularly updating the relevant information and, if required, issuing special written reports for each reference period.
- In the context of Business Development activities realised independently or in collaboration with any business partners (agents, business procurement agents, etc.), each meeting with third parties answerable to the Public Administration or indirectly associated with any Italian or international public body should be tracked and detailed in suitably prepared meeting reports which specify the meeting agenda, location, participants, matters discussed and any decisions reached.
- In any case, the full traceability of such contacts is guaranteed, as a copy of inbound and outbound communications and information/data exchanges must be kept.
- The Brand Marketing & Communication Department coordinates with the Managing Director and with the relevant Group functions in charge in order to determine the relevant promotional, marketing and commercial public relations activities to be carried



out, establishing a suitable budget, within whose context promotional events are authorised by a different function from the function involved in its actual organisation.

- Documentation related to the accreditation criteria for commercial partners for marketing purposes should be kept continuously updated and complete.
- In relation to the payment of monies, on any basis, to natural or legal persons associated directly or indirectly with the Public Administration, competent Finance & Strategy Department personnel should provide evidence - at intervals defined by the Supervisory Body - that reconciliation activities are carried out which ensure that financial amounts paid out and payments actually made are accurately reconciled.
- Third parties engaged on the Company's behalf in outsourced activities that fall within the Company's operating cycle (first of all, the heads of the competent functions of the external logistics services operator) ensure that all requests made by the Company and/or Supervisory Body for further information and clarification in relation to the foregoing are duly satisfied, subject to periodic checks, as expressly provided for at contractual/group policy level and according to the procedures provided for therein.
- Furthermore, third parties involved in handling outsourced activities for QVC Italia are obliged to promptly ensure that complete and exhaustive information is provided on any other matter of relevance to the implementation of the activities for the Company.

#### ***Management of compliance obligations vis-a-vis the Public Administration***

All of the Model's Recipients, and other parties required to adhere to these provisions, must comply with the following rules of conduct in the management of compliance obligations vis-a-vis the Public Administration:

- Compliance obligations pertaining to the Public Administration should be observed and relevant documentation prepared in compliance with applicable legislative provisions, with the rules of conduct referred to in the Group's Ethics & Compliance policies at international level and with the provisions of the Code of Conduct and Ethics and of the Global Business Partner Code of Conduct, as well as in compliance with the provisions of this section of the Special Section.
- Compliance obligations pertaining to the Public Administration should be implemented with the utmost diligence and professionalism in order to ensure that clear, accurate, complete, reliable and true information is provided, and that any conflicts of interest are avoided and, where they arise, are reported according to suitable forms and procedures. The documents should be drawn up carefully and accurately and in a language that is clear, objective and exhaustive.
- All related documentation should be verified and signed by the competent manager in charge.
- If the compliance steps are carried out using a Public Administration IT/electronic communications system, it is forbidden to alter that system and the data contained therein in any manner whatsoever, undermining or harming the Public Administration in any way.



- In relation to dealings with the Public Supervisory Authorities, the Company adopts suitable procedures for recording the relevant activity, and defines the most appropriate rules to ensure that each compliance obligation is promptly implemented.
- Communications and payments made to social security and social welfare bodies (for example: National Social Security Institute (INPS), National Institute for Insurance against Occupational Accidents (INAIL), supplementary personal assistance) should be true and accurate. Those entrusted with drawing up and/or collecting information operate under the strict supervision of the Human Resources Division, ensuring that the data obtained are tallied with the sources that feed them, and that these sources provide all the correct data necessary, or obtaining assurances to this effect from those responsible for producing the requisite information.

### **1.5 Information Flows to the Supervisory Body**

The Company's internal functions as well as those outside the corporate organisation who are entrusted with managing outsourced functions included in the operating cycle of the Company's insurance company (see above) shall notify the following information to the Supervisory Body (at intervals defined by the latter) if they are required, during the course of their activities, to manage dealings with the representatives of Italian or international public bodies or with parties associated in various ways with same:

- A) with reference to the management of dealings with Public Supervisory Authorities:
- particularly relevant situations that have given rise to findings/requests for feedback from the Authorities related to the Company's communications, detailing:
    - the Public Supervisory Authority;
    - the company structure involved;
    - the subject-matter of the communication;
    - the date of the communication;
    - the type of finding formulated/feedback requested by the Authority.
- B) with reference to any other type of dealing with representatives of the Public Administration:
- critical issues that emerged during the process (e.g. unsuccessful compliance steps and reasons for same, findings resulting from inspections and any associated sanctions imposed on the Company, unlawful requests to the personnel made by Public Administration officials, etc.);
  - each new at-risk activity and/or any change of existing at-risk activities within its remit;
  - any known exemption from or infringement/suspected infringement of implementation procedures and/or standards of conduct regulated by this protocol, by applicable legislative provisions and by the provisions of the Group's Ethics & Compliance policy and



the principles of the Code of Conduct and Ethics and of the Global Business Partner Code of Conduct.

In addition to the information flows specifically defined (i) in the context of the principles of conduct referred to in the above subsection, involving the activities referred to in this Special Section and (ii) in the policies adopted by the Company, the Supervisory Body obtains (*inter alia*) the following documents/information:

- from each competent Department, the list of gifts and donations that are not part of normal business courtesy practices or are inconsistent with operating procedures and company directives, specifying who made them and who received them;
- from the Merchandising Planning & Programming Department, upon request for purposes of sample checks, a copy of documentation pertaining to the process of selecting suppliers of products destined for sale on QVC proprietary platforms;
- from the Merchandising Planning & Programming Department, upon request for purposes of sample checks, a copy of documentation produced by suppliers to manage the contractual relationship for the supply of goods and/or services;
- from the competent corporate functions, the list of documents and communications transmitted to the Public Supervisory Authorities;
- from the Finance & Strategy Department, a copy of correspondence with public bodies/officials other than correspondence relating to periodic tax compliance obligations;
- from the competent corporate functions, the lists of consultancy appointments granted to third parties, specifying the nature of the appointments and those which were not subject to the ordinary authorisation process and the reasons for this;
- from the Human Resources Department, a copy of applications to participate in tenders for the disbursement of public funds for the training of personnel.

The Supervisory Body periodically carries out sample checks on the databases of the information systems that support the implementation of all the activities dealt with under this section of the Special Section.



## **2. CORPORATE OFFENCES AND THE OFFENCES OF RECEIVING, MONEY-LAUNDERING AND USE OF MONEY, GOODS OR BENEFITS OF ILLICIT ORIGIN, AND OF SELF-LAUNDERING**

### **2.1 Scope**

The purpose of this section of the Special Section is to describe the criteria and to regulate roles, responsibilities and standards of conduct that Recipients must adhere to in managing at-risk activities associated with the offence categories provided for by Article 25-ter and Article 25-octies of Legislative Decree 231/2001.

### **2.2 Areas of activity deemed sensitive**

The following are the main sensitive activities or operations in the Company in the context of the aforementioned offences:

1. bookkeeping and preparation of the financial statements;
2. management of dealings with the Public Supervisory Authorities.
3. management of purchasing and payments;
4. dealings with the various business and financial counterparties, activities involving end customers and/or suppliers (in the context of purchase and/or sale contracts involving counterparties, and financial transactions);
5. incoming financial flows;
6. economic movements involving dealings of all types;
7. intercompany dealings (intercompany collaboration agreements, provision of services, outsourcing management of activities pertaining to the Company's operating cycle, purchase and/or sale, management of financial flows in the context of dealings with other Group companies).

### **2.3 Examples of criminal conduct relevant to the nature of the Company's operations, with reference to corporate offences and the offences of receiving, money-laundering/self-laundering, use of money, goods or benefits of illicit origin**

Certain potentially relevant offence categories are described below, as well as examples of criminal conduct that pertain to the subject matter of Articles 25-ter and 25-octies of Legislative Decree 231/2001.

**False corporate communications** (Art. 2621, Civil Code)





➤ **Example**

- fictitious sales or purchases of goods in Italy or abroad (carried out using false invoicing methods, by falsifying quantities sold or purchased and their prices, etc.);
- issuance of false invoices for the provision of services, done in order to increase the amounts received;
- sale of goods at fictitious prices, and inserting such fictitious data into the financial statements;
- overestimation of the value of tangible and intangible fixed assets (start-up and enlargement costs, advertising costs, marketing costs, rights to utilise copyright-protected work/intellectual property, etc.);
- underestimation of the amount of depreciation, of both intangible and tangible fixed assets;
- incorrect valuation of fixed financial assets, receivables, leftover stock and other entries;
- commercial and/or financial transactions with foreign entities of the Group, in order to produce “artificial” price adjustments (by distorted use of the transfer pricing mechanism).

**Obstructing auditors in the course of their duties** (Art. 2625, Civil Code)

➤ **Example**

- failure by directors to accede to a request for information from the Board of Statutory Auditors or the external statutory auditor involving the application of a specific provision to the Company, by concealing documentation (with or without the use of deceptive stratagems) capable of revealing or evidencing the processes of application of such provision in the company;
- partial production or altered production by directors of documentation requested by the Board of Statutory Auditors or by the external statutory auditor.

**Hindering public supervisory authorities in the exercise of their functions** (Art. 2638, Civil Code)

➤ **Example**

This offence takes the form of imposing any obstacle to the exercise of supervisory functions (by act or omission) and includes: (i) the transmission by the Company of false or misleading communications to the Public Supervisory Authorities: Supervisory Authority for the Protection of Communications (AGCOM), Italian Competition Authority (AGCM), Italian Data Protection Authority etc.; (ii) the concealment of mandatory communications.

**Corruption in the private sector** (Art. 2635, Civil Code)

➤ **Example**

The offence can occur when any person belonging to or acting on the Company's behalf gives or promises money or other benefits, in the Company's interest or for its benefit, to another party with whom he/she has contractual dealings with a view to the marketing/distributing of products on QVC's proprietary platforms or the provision of its services (i.e. dealings with an



end-customer/consumer, supplier, business partner, intermediary, outsourcer, etc.), who in turn causes detriment to that party's own company by infringing the obligations of that party's office or the obligations of good faith and loyalty.

The risk of bribery may be associated with conduct that reveals an intention to provide much higher fees to commercial and/or advertising consultants than is consistent with industry standards, or when monies are diverted to specific third parties.

Bribery can also be committed in the context of selecting, recruiting and managing the career path of employees, in the context of conduct whose purpose is to favour persons who are directly or indirectly linked to specific third parties.

For purposes of illustration, Company representatives are liable to engage in at-risk conduct in the context of the following activities:

- o directly donating monies;
- o donating gifts of significant value;
- o entering into commitments at off-market conditions as part of a process of negotiating a commercial partnership;
- o paying more than what is actually owed, in the context of managing contractual dealings;
- o allowing extended payment terms that are significant in view of the nature of the contractual relationship, given the amounts and time periods involved.

**Receiving** (Art. 648, Penal Code)

**Money-laundering** (Art. 648-bis, Penal Code)

**Use of money, goods or benefits of illicit origin** (Art. 648-ter, Penal Code)

**Self-laundering** (Article 648-ter.1 Penal Code)

➤ **Example**

- signing fictitious contracts for the sale of capital goods owned by the Company;
- issuing invoices for non-existent transactions or for the provision of services not in fact guaranteed;
- economic movements whose purpose is to launder monies of illicit origin pertaining to any kind of supply of the Company's goods;
- use of the proceeds of a previous tax offense to purchase a batch of new equipment in the company's interest;
- use of goods of illicit origin (e.g. stolen) which are then used or transferred to the parent company.

The offences referred to in Article 25-octies of Legislative Decree 231/2001 require knowledge on the agent's part of the illicit origin of the monies and/or other benefit in question. For there to be receiving, however, it is enough that the activity in question has the general purpose of producing or securing a benefit. By contrast, the offences referred to in Articles 648-bis, 648-ter and 648-ter.1 of the Penal Code require specific intent to hide the illicit origin.



Additionally, the offence of using money, goods or benefits of illicit origin requires the aforementioned purpose to be achieved by using resources in the context of economic or financial activities.

#### **2.4 Procedural principles to prevent risks of commission of corporate offenses, offences of corruption in the private sector, of receiving, money-laundering and using money, goods or benefits of illicit origin, as well as self-laundering in the Company's corporate environment**

A number of operating principles are listed below which apply to the Company's external collaborators and also to all third parties with whom they have contractual dealings (external consultants, Business Partners, outsourcers, etc.).

##### ***Keeping accounts, drawing up financial statements, reports, corporate communications in general***

The processes of recording, compiling and auditing the accounting records and of drawing up financial statements, reports and corporate communications provided for by law are regulated by procedures which are inspired by the following principles:

- It is forbidden to engage in actions whose purpose is to provide misleading information when representing the Company's profit-and-loss, capital and financial position.
- It is forbidden to engage in actions whose purpose is to undermine the interests of shareholders and creditors of the Company, using targeted and fraudulent methods.
- A special software should be used to prepare the accounting records which - by employing systems of differentiated access based on tasks performed and by using guided and restricted sequential processes - ensures that the relevant information is entered in full and that no correction can be made without the author, the date and the original record being highlighted.
- Personnel in charge of the Company should ensure that applicable accounting standards are complied with and that any exemptions to their application, if without justification, are promptly reported to the Finance & Strategy Department Head and to the Supervisory Body.
- All Recipients are expressly forbidden from engaging in any operation or initiative that could place them in a conflict of interest with the company, whether actual or potential.
- Appropriate rules should be, and are adopted to ensure the separation of functions of the person periodically involved in implementing the transaction, the person who records the transaction in the accounts and the person who audits the transaction.
- The Finance & Strategy Department Heads should ensure, in the context of managing dealings with external auditors, that requests received and processed are traceable, highlighting the documentation produced.



- There should be proper management of files containing copies of contracts with suppliers, consultants and Business Partners.
- The Company monitors to ensure that the outsourced client management system cannot be accessed by persons entrusted with registering or paying invoices payable.
- The sequencing of invoices issued and the registration of invoices payable should be randomly checked at least every quarter.
- The correctness of accounting records should be randomly checked at least every quarter.
- The Finance & Strategy Department Head should report to the Supervisory Body on the results of the aforementioned checks.
- Payslips are always subject to authorisation from the Human Resources Department.

***Compliance with mandatory information obligations imposed by law and/or order of the Supervisory Authority; inspections by the Supervisory Authority***

All Recipients of this Model should comply with the following rules of conduct:

- Company heads ensure that all communications required under applicable legislative and regulatory provisions to be made to the Public Supervisory Authorities, to the market or to shareholders should be correct, prompt, true and complete.
- It is forbidden to engage in delay or obstruction with a view to hindering, delaying or misleading supervisory and control activities carried out by Public Supervisory Authorities.
- Company heads ensure that the Public Supervisory Authorities receive full and immediate cooperation, and that full and complete documentation and information is provided in good time.
- The Company identifies (internally from its own organisational structure) a person responsible for managing the inspections of each Public Supervisory Authority, and defines suitable procedures to regulate the traceability of requests received and the delivery of documentation to the Supervisory Authority, the filing and storage of information supplied, the obligation of initial notification of and reporting on the closure of the activities.
- The Supervisory Body carries out appropriate checks on the correctness of data and information which the relevant functions transmit to the Public Supervisory Authorities, to facilitate the process of verifying the completeness and veracity of documentation produced.

***Prevention of the risk of commission of the offence of corruption in the private sector***

All Recipients of this Model should comply with the following rules of conduct:

- Dealings with customers and, more generally, compliance steps pertaining to the



Company's "active cycle" should be characterised by the utmost transparency, collaboration and availability and should fully comply with applicable legislative provisions, with the standards of conduct referred to in the Group's Ethics & Compliance policies at international level, with the provisions of the Code of Conduct and Ethics and of the Global Business Partner Code of Conduct, as well as with the provisions of this Special Section, promptly and diligently implementing the relevant requirements and compliance obligations.

- There should be a clear distinction of roles between the handling of the customer service activities (Call Center) and the responsibilities for reaching settlements in the event of disputes of any kind pertaining to the products (Supervisors).
- Dealings with customers, suppliers and other business partners of QVC Italia should be managed exclusively by persons suitably authorised under the existing system of delegated powers. The process of negotiating commercial conditions with contractual partners is conducted according to the Company's specific corporate and/or group policies, based on precise general criteria for the allocation of responsibilities, definition of roles involved, etc.
- The assessment of new business partners of any kind should be based on objective and transparent criteria and on the strict application of the Group's Business Associates Due Diligence Procedures.
- If extraordinary events or critical issues should arise that cannot be dealt with in the normal course of managing dealings with the Company's business partners and with business intermediaries, personnel should immediately inform their direct superiors and also the Supervisory Body of the situation, so that the appropriate action can be taken.
- A staff member should not give effect to any attempt to obtain illicit benefits from a customer/supplier/other business partner/intermediary/consultant/outsourcer of which he/she is a recipient or which he/she merely becomes aware of, and this situation should instead be immediately notified to one's direct superior and also to the Supervisory Body, so that the appropriate action can be taken.
- When contracts are being renewed with the Group's suppliers and business partners in Italy, the relevant company functions should assess the technical conditions and determine the relevant quotation in strict compliance with the criteria and limits laid down by the Company and/or by the Group's guidelines, and also in compliance with company circulars and procedures.
- Information gathered by company personnel during the course of their activities - whatever their position in the Company - should always be considered "private and confidential". Therefore, this information should not be disclosed to third parties (including persons linked directly or indirectly with customers, competitors and/or suppliers of the Company) with a view to providing any potential form of benefit.
- The recruitment of personnel or of non-company collaborators by QVC Italia should follow specific and transparent rules for assessing the relevant professional qualifications



and experience, and the total remuneration of a newly recruited staff member should be in line with the pay scales of those who hold similar functions and responsibilities in the Company; and no preferential status should be granted to persons who may - directly or indirectly - carry out activities or act in roles linked to current and/or potential customers, competitors and/or suppliers of QVC Italia.

- The selection of suppliers of products to be sold on QVC proprietary platforms should be based on clear and complete cost estimates that can be compared with one another in terms of the type of products/services offered, enabling the most favourable quality-price ratio to be assessed.
- Recipients, insofar as they operate on the Company's behalf, should not attempt to influence the judgment of persons who are close to or are associated with or operate on behalf of existing and/or potential customers, competitors and/or suppliers of QVC Italia, by promising or giving money, gifts or loans, or by providing other illicit incentives.
- In order to ensure optimum compliance with the aforementioned rules, the Supervisory Body's opinion should be sought in relation to gifts that are, for any reason, deemed incompatible with the foregoing.
- The management of gifts to third parties outside the QVC Italia organisation should comply strictly with the Group's standards of conduct. Gifts are authorised by the Group's Ethics & Compliance Manager.
- Documentation produced in the context of managing gifts should be properly kept and preserved in order to ensure the traceability of gifts made.
- If the Company's suppliers engage in initiatives to support QVC Italia in procuring business or facilitating commercial dealings with one or more of the Company's private customers, the function(s) that receives any associated offers shall involve the Legal Department and also consult with the Supervisory Body in advance.
- The question of what fees and commissions should be paid to commercial intermediaries of any kind should be determined in compliance with objective quantitative parameters, defined in order to ensure the transparency of the processes followed by the competent functions.

#### **Prevention of risks of commission of the offences of receiving, money-laundering and use of money, goods or benefits of illicit origin, and of self-laundering**

The Recipients of the Model and all third parties with whom the Company has contractual dealings are obliged to comply with the following rules of conduct:

- to conduct themselves honestly, transparently and collaboratively, in compliance with applicable laws and with internal and/or group company policies/procedures, in the context of all activities pertaining to the data management of suppliers/customers/business, foreign or otherwise;



- not to engage in business dealings with natural or legal persons known or suspected to belong to criminal organisations or otherwise operating outside of the law such as, for purposes of illustration, persons associated with money-laundering, drug-trafficking, charging exorbitant interest;
- not to use anonymous means to transfer significant sums of money;
- to continuously monitor company financial flows, paying particular attention to properly managing the central and peripheral cash desk, ensuring that appropriate procedures are generally followed, documented, and correctly applied;
- to identify and register the data of natural and legal persons other than business partners or other counterparties attributable to the Public Administration, with whom the Company enters into contracts in Italy or abroad, and to verify that those persons are not resident or headquartered in, or are linked in any way to, countries designated as non-cooperative by the Financial Action Task Force against Money Laundering (FATF). If the counterparties referred to in this at-risk area are linked in any way to one of these countries, then the relevant decisions will have to be specifically approved by the Finance & Strategy Department Head;
- to ensure that all agreements stipulated with business counterparts provide for the settlement of the transaction by bank transfer or by credit card.

With reference to QVC Italia's dealings with suppliers and business/financial partners of various kinds:

- to verify the commercial and professional reliability of the aforementioned third parties;
- to pay producers the purchase price of goods for sale on QVC Italia platforms exclusively by bank transfer to the current account at the bank indicated by the supplier, after the relevant individual formalities have been finalised;
- to verify that suppliers and business and financial partners are not headquartered or resident in, or linked with, countries designated as non-cooperative by the Financial Action Task Force against Money Laundering (FATF); if the suppliers and partners are linked in any way to one of these countries, then the relevant decisions will have to be specifically approved by the Finance & Strategy Department Head;
- to guarantee the transparency and traceability of any investment agreements with other companies;
- to assess the economic credentials of any joint venture investments made (in terms of average market prices, use of trusted professionals for due diligence operations, etc.).

With reference to the management of incoming financial flows and credit control:

- to carry out formal and substantive controls of incoming company financial flows; these controls should take into account the registered office of the counterparty company (e.g. tax havens, countries at risk of terrorism, etc.), of the credit institutions used (headquarters of the banks involved in the operations) and of any shell companies and trusts deployed for any extraordinary transactions or operations;





- not to accept money and bearer securities (checks, money orders, certificates of deposit, etc.) for amounts exceeding Euro 5,000, unless through authorised intermediaries such as banks, electronic money institutions and Poste Italiane S.p.A.;
- to preserve evidence - in suitable records contained in computer archives - of banking transactions of current accounts opened in countries where less restrictive transparency rules are applied, for total amounts in excess of Euro 5,000;
- to ensure that the Corporate Finance function complies with objective and formalised criteria for the management of credit recovery activities, with particular reference to the timeframes and procedures by which the relevant paperwork is entrusted to external legal consultants.

## 2.5 Information Flows to the Supervisory Body

Recipients who, in the course of their activities, find that they are required to manage sensitive activities within the meaning of Article 25-ter and/or Article 25-octies of Legislative Decree 231/2001, should notify the following minimum information to the Supervisory Body at intervals defined by the latter:

- with reference to the management of dealings with the Public Supervisory Authorities, reporting of information about:
  - particularly relevant situations that have given rise to findings/requests for feedback from the Supervisory Authorities in relation to communications made by the Company, detailing:
    - company structure involved;
    - subject matter of the communication;
    - date of the communication;
    - type of finding formulated/feedback requested by the Supervisory Authority.
  - particularly relevant situations pertaining to inspections/controls being carried out by the Public Supervisory Authority, detailing:
    - date of the inspection/control;
    - subject matter of the inspection/control;
    - corporate department coordinating the inspection/control;
    - results/requirements.
- with reference to granting and managing assignments for third parties, reporting of information pertaining to contracts signed during the period;
- reporting of any failure to comply with the principles of traceability and separation of functions;
- reporting of any known exemption from or infringement/suspected infringement of implementation procedures and/or standards of conduct regulated by this protocol and by the Model;





- reporting of proposals for amendments to the procedures/protocols within one's particular remit, in the wake of any problems or critical issues found during checks and controls;
- reporting of each new at-risk activity and/or any change of existing at-risk activities;
- reporting of any known exemption from or infringement/suspected infringement of implementation procedures and/or standards of conduct regulated by this protocol, by applicable legislative provisions in the area, by the procedures and by the Model.

With reference to QVC Italia's financial statements and other corporate communications, taking into account the fact that it is subject to certification by the external auditors, the following is a list of the Supervisory Body's duties and responsibilities:

- a. monitoring the effectiveness of internal procedures and of the rules of corporate governance provided for to avert offences of false corporate communications;
- b. examining particular reports from Recipients and carrying out assessments deemed necessary or appropriate in light of such reports;
- c. ensuring that the external audit firm maintains the independence necessary to guarantee that documents prepared by QVC Italia are properly audited and checked.



### **3. OFFENCES AGAINST INDUSTRY AND COMMERCE AND COPYRIGHT OFFENCES**

#### **3.1 Scope**

The purpose of this section of the Special Section is to describe the criteria and to regulate roles, responsibilities and standards of conduct that Recipients must adhere to in managing at-risk activities associated with (i) the offences against industry and commerce provided for by Articles 473 and 474 of the Penal Code, referred to in Article 25-bis of Legislative Decree 231/2001; (ii) the predicate offences against industry and commerce pursuant to Article 25-bis.1 of Legislative Decree 231/2001; (iii) the copyright offences referred to in Article 25-novies of Legislative Decree 231/2001.

#### **3.2 Sensitive activities in the context of the aforementioned offences**

The following are the main activities that are vulnerable to the commission of copyright infringement offences, which have been identified in the Company:

- (i) the promotion and marketing of products through sale on TV shows and on other QVC platforms and, in general, QVC Italia's normal commercial activities;
- (ii) the organisation and planning of activities involving the disclosure or dissemination of news/information and/or advertising related to the QVC brand;
- (iii) the acquisition of copyright-protected material (for use in relation to products intended for sale in shows, and also for advertising and promotional purposes);
- (iv) the creation and implementation of advertising campaigns, Brand Awareness initiatives, commercial partnerships, Branded Content operations, commercial offers to end customers, in various forms (hard copy/electronic, events organisation, telepromotions, etc.);
- (v) the development of content for shows;
- (vi) jewellery hallmarking procedures for jewellery presented in shows;
- (vii) management of the company's computer and electronic communications system and of software licenses.

#### **3.3 Examples of criminal conduct relevant to the nature of the Company's operations, with reference to offences against industry and commerce and copyright offences**

The potentially relevant offence categories are described below, as well as examples of criminal conduct in this context.



**Disruption of the freedom of industry or commerce** (Art. 513, Penal Code)

**Unfair competition with threats or violence** (Art. 513-bis, Penal Code)

**Fraud against national industries** (Art. 514, Penal Code)

**Fraudulent trading** (Art. 515, Penal Code)

**Sale of non-genuine food substances as genuine** (Art. 516, Penal Code)

**Sale of industrial products with misleading signs** (Art. 517, Penal Code)

**Manufacture and sale of goods by usurping industrial property rights** (Art. 517-ter, Penal Code)

**Forgery of geographical indications or designations of origin of agri-food products** (Art. 517-quater, Penal Code)

➤ **Examples**

- misleading presentation of products and/or of specific technical characteristics thereof in QVC Italia's television shows and other platforms;
- the marketing and sale on QVC Italia platforms of products that fail to conform with the characteristics indicated or agreed, or are counterfeited, distinguished by signs that are false and/or that undermine the proprietary rights of others;
- hallmarking of jewellery appearing in shows that present false or mendacious information.

**Offences referred to in Articles 171, 171-bis, 171-septies and 171-octies of the copyright law**

➤ **Examples**

- unlawful use of copyright-protected content (logos, trademarks, slogans, etc.), belonging to third party commercial operators or to individuals, in the context of sale activities or promotional offers associated with QVC Italia's activities;
- use of non-original programs for work-related reasons, in order to save on licensing fees required in order to use original software.

### **3.4 Procedural principles to prevent risks of commission of the aforementioned offences in view of the nature of the Company's operations**

QVC Italia ensures that full attention is given to managing the sensitive areas referred to in § 3.2 above, both when selling products on QVC proprietary platforms, and in the context of its promotional/advertising activities.

In this context, more specifically:



- The Company, when establishing commercial dealings of an active or passive character, carries out all verifications and checks that are required by company regulations, protocols and procedures, or that appear to be called for based on the subjective characteristics of the third party with whom the Company comes into contact and/or on the objective characteristics of the service in question, also through the strict application of the Group's Business Associates Due Diligence Procedures.
- The Advertising Compliance function collaborates with the reference Buyer (in close coordination with the Quality Assurance function, in the context of operational product checks) during the entire phase of acquisition of products destined for sale on QVC platforms, with the aim of monitoring in advance to ensure that the characteristics of those products are in line with the characteristics represented and promised.
- Those assigned to present products on TV shows should strictly adhere to the guidelines provided and to the scripts prepared by the Advertising Compliance function in order to ensure that misleading advertising and/or the false and/or incomplete communication of technical characteristics is consistently avoided.
- The Advertising Compliance function carries out sample checks to ensure that scripts agreed for live broadcasts are properly applied by the TV show presenters in question, and that they adhere to the reference guidelines.
- The Company ensures that persons who are engaged to present TV shows receive proper, full and in-depth training on the relevant topics (for product lines).
- All of the competent functions adhere strictly to company rules that regulate the procurement of products destined for sale on QVC proprietary platforms, and that regulate methods of presentation to customers and the management of relations with same.
- In order to ensure that the provenance of goods purchased from third parties is properly checked, the Company adopts special internal procedures to avert the risk of purchasing products from third-party suppliers who lack title, also in the case of product substitutions, and also to verify the quality and certification of the products and the title of the third parties who are assigning the associated industrial property rights.
- Recipients shall refrain from any conduct towards the Company's customers and competitors which may involve threats of violence and, in general, they shall refrain from unprofessional conduct that could have the effect of unduly distorting competition;
- The competent functions verify the origin and characteristics of goods purchased from suppliers of any kind, in order to ascertain beyond reasonable doubt that the goods in question conform to the characteristics indicated or agreed, are not counterfeited or distinguished by signs that are false and/or that undermine the proprietary rights of others.

In the context of safeguards to prevent offences related to the infringement of copyright-protected work of intellectual property, it is expressly forbidden to make available to third parties, to disseminate, duplicate or reproduce, transmit, place on QVC platforms for marketing



and/or promotional purposes, by using the television channel, the internet platform or other channels, or in any case to exploit any copyright-protected work of intellectual property, images or works of any kind without the requisite authorisations, or to unlawfully utilise the software or databases of third parties.

A further general safeguard for the aforementioned purposes is that all Recipients are obliged to strictly apply the Group's rules, requirements and directions pertaining to the protection of third-party software.

With reference to preventing the unlawful use of software and databases, the Human Resources Department and the Information Technology Department (within the respective remit of each) guarantee:

- that each individual user is accountable for his/her data backup and storage activities, within the broader context of safeguards put in place by the Company to protect the security, integrity and confidentiality of data;
- the prohibition against installing and utilising software of any kind without a proper user licence;
- the prohibition (unless especially authorised for reasons of service) against connecting to and consulting, navigating, streaming and downloading data from websites that should be considered illegitimate in light of the internal organisational provisions in question (especially websites that permit the data privacy of natural and legal persons to be infringed, facilitate software piracy activities or infringe copyright and intellectual property rules);
- the prohibition against altering the standard configurations of company software and hardware;
- the prohibition against circumventing security rules applicable to corporate computer tools and internal and external connection networks.

The following mandatory provisions also apply:

- When managing dealings with external operators directly appointed by QVC Italia to provide a creative input into promotional campaigns, the Company guarantees that the correct use of any identifying/distinguishing material attributable to third parties is carefully monitored (also by providing specific instructions to the external agencies involved from time to time).
- The Company guarantees, in general, full compliance with copyright rules when planning, managing and implementing activities for the preparation and transmission of communications and promotional offers, also through suitable coordination with specialised agencies in charge of the process of preparing all or part of the material and/or content aimed at the market.



### **3.5 The Supervisory Body's role**

Without prejudice to the Supervisory Body's discretionary authority to conduct particular checks following reports received, said Body periodically carries out sample checks on the sensitive activities described in § 3.2 above, in order to verify that they are being properly carried out in light of the principles described in this section of the Special Section.

To this end, the Supervisory Body is guaranteed free access to all relevant company documentation, with particular reference to the management of end customers, the purchase and sale of products of any kind, the management of promotional and advertising material and of any dealings with third party operators for related activities, the management of dealings with the mass media and with external consultants involving marketing issues, etc.



## **4. COMPUTER CRIMES**

### **4.1 Scope**

The purpose of this section of the Special Section is to describe the criteria and to regulate roles, responsibilities and standards of conduct that Recipients must adhere to in the prevention of the computer crimes referred to in Article 24-bis of Legislative Decree 231/2001.

### **4.2 Areas of activity deemed sensitive**

The primary area of company activities vulnerable to the commission of computer crimes, is the management and monitoring of access to computer and electronic communications systems, which include processes related to the following:

- management of the user profile and authentication process;
- management and protection of workstations;
- management of access externally;
- management and protection of networks;
- management and protection of Data Warehouses;
- management of system outputs and storage devices;
- physical security (including security of cables, network devices, etc.).

### **4.3 Examples of criminal conduct relevant to the nature of the Company's operations, with reference to computer crimes**

The potentially relevant offence categories are described below, as well as examples of criminal conduct that pertain to the subject matter of Articles 24-bis of Legislative Decree 231/2001.

**Material falsification (Falsità materiale) by a public official in official documents**

**Material falsification by a public official in administrative certificates or authorisations**

**Material falsification by a public official in certified copies of public or private documents and in certificates attesting to the content of documents**

**False statement (Falsità ideologica) by a public official in public documents**

**False statement by a public official in administrative certificates or authorisations**



**False statement in certificates committed by persons performing an essential public service**

**Material falsification committed by a private party**

**False statement by a private party in a public document**

**Falsification in register entries and notifications**

**Falsification in a private deed**

**Falsification in a signed blank sheet Private document**

**Falsification in a signed blank sheet Public document**

**Other types of falsification in a signed blank sheet Applicability of the provisions on material falsification**

**Use of a false document**

**Suppression, destruction and concealment of authentic instruments**

**Falsification by public officials providing a public service**

➤ **Examples**

- in general, the commission of acts or conduct by employees or non-company collaborators of QVC Italia involving any one of the acts of falsification intended to modify an electronic document of probative value;
- the inclusion of false data on computer storage devices evidencing economic transactions;
- the commission - in the course of private dealings with the Company's contractual partners (customers, dealers, suppliers) that involve the use of electronic tools - of acts or conduct aimed to compromise the authenticity thereof;
- the counterfeiting of a computer program i.e. the unauthorised reproduction of the original version of the program by creating: (i) servile copies (use of an executable program without access rights in order to obtain copies identical to the original); (ii) derivative copies (created from a source program which is accessed in order to create a new program containing complementary functions to the original one).

**Unauthorised access to a computer or electronic communications system**

➤ **Examples**

- unauthorised access to the computer system of a competitor/supplier, in order to obtain confidential information and/or to remove data contained in that system (even if the data in question is not actually removed);
- access by an employee to areas of the company server which he/she cannot access by inputting his/her password;





- unauthorised reproduction - by copying - of company programs and confidential information, carried out by accessing the company operating system of a competitor/customer;
- unauthorised access to a private database containing accounting information/data of a third-party company, also where there are no access keys or other internal safeguards (in view of the fact that the authorised party's intention to exclude outsiders can generally be taken for granted, even in the absence of such safeguards).

**Unauthorised possession and distribution of access codes to computer or electronic communications systems**

**Distribution of computer equipment, devices or programs designed to damage or interrupt a computer or electronic communications system**

➤ **Examples**

- producing, importing, reproducing and disseminating equipment, devices or programs aimed at damaging a computer system or altering its operation: this conduct is particularly insidious as the introduction of the devices feeds the black market;
- a QVC Italia employee acquires knowledge of the access codes to a third party entity's computer system, and either unlawfully holds or distributes same;
- a QVC Italia employee damages its computer system in order to destroy data contained therein which could prove unlawful conduct on the Company's part;
- an employee/collaborator procures access codes to computer systems in order to access the internal system or to access customer systems with a view to carrying out operations for the Company's benefit.

**Unlawful interception, obstruction or interruption of computer or electronic communications**

**Installation of equipment designed to intercept, obstruct or interrupt computer or electronic communications**

➤ **Examples**

- unauthorised installation of spyware i.e. software that enables various information to be obtained from the computer system being targeted;
- sending a great amount of data to a server in order to block it or slow it down and thus impede its proper use ("denial of service");
- attacking a web server by replacing the start page of the competitor/customer with a different page ("defacing");



- unauthorised installation of equipment likely to interrupt communications pertaining to a computer system, in order to impede a competitor's participation in a tendering procedure.

#### **Damage to data**

##### **Damaging computer information, data or programs**

##### **Damaging computer information, data or programs used by the State or other public bodies or which are provided as a public service**

##### **Damaging computer or electronic communications systems**

##### **Damaging computer or electronic communications systems provided as a public service**

#### **➤ *Examples***

- a Company employee spreads viruses in the computer system of a competing company in order to damage that system/make it unusable;
- programs are illegally installed for the specific purpose of damaging or altering the operation of a computer system of other parties.

##### **Inappropriate and unauthorised use, falsification or alteration of credit or payment cards, or of any other similar document or instrument that facilitates cash withdrawals or the purchase of goods or the provision of services, the possession or transfer or acquisition of such cards or documents of illicit origin or otherwise falsified or altered, and the production of payment orders using same**

#### **4.4 Procedural principles to prevent risks of commission of computer crimes in view of the nature of the Company's operations**

With specific reference to the problems associated with IT risk, the Company - cognisant of the incessant development of applicable technologies and of the significant operational, organisational and financial commitment required at all levels of the company in this context - aims to put in place effective information security policies. More specifically, such information security is achieved by: (i) safeguarding existing systems and information from potential attacks (based on organisational policies geared towards creating a corporate culture that takes security seriously, and also on a technological policy that deploys tools and means to prevent and respond to attacks of various kinds); (ii) guaranteeing optimal service continuity.

A number of operating principles are listed below which apply to QVC Italia's external collaborators and also to all third parties who operate on the Company's behalf (agents, external consultants, outsourcers, etc.).

All of the Recipients of this Model are forbidden (with reference exclusively to obligations



provided for in company procedures and in specific contractual clauses, respectively) from engaging or collaborating in or contributing to conduct that falls within the offence categories considered for the purposes of Article 24-bis of the Decree.

Recipients are, in particular, forbidden from:

- falsifying public or private electronic documents of probative value;
- illegally accessing the computer or electronic communications system of public and private subjects;
- illegally accessing one's own computer or electronic communications system in order to alter and/or delete data and/or information;
- unlawfully holding and using codes, keywords or other methods of accessing a computer or electronic communications system belonging to a competitor company or customer, whether public or private, in order to obtain confidential information;
- unlawfully holding and using codes, keywords or other methods of accessing one's own computer or electronic communications system in order to obtain confidential information;
- procuring and/or producing and/or distributing equipment and/or software in order to damage a computer or electronic communications system belonging to a public or private subject, or the information, data or programs contained therein, or to facilitate the interruption (total or partial) or alteration of its operation;
- fraudulently intercepting, obstructing or interrupting communications pertaining to a computer or electronic communications system belonging to public or private subjects, in order to obtain confidential information;
- installing equipment for the interception, obstruction or interruption of communications of public or private subjects;
- modifying and/or deleting data, information or programs of private individuals or public entities, or which are provided as a public service;
- damaging computer or electronic communications data or programs of others;
- destroying, damaging, or rendering unusable computer or electronic communications systems provided as a public service.

Therefore Recipients are obliged:

1. to comply with the provisions of company policies and procedures pertaining to:
  - the use of personal computers;
  - the use of the company network;
  - the management of passwords;
  - the use of magnetic media;



- the use of laptops;
  - the use of e-mail, internet and related services;
  - the management of access to the computer systems of third parties, and applicable limitations based on type of service;
  - the protection of personal data and the confidentiality of know-how;
2. to use information, applications and equipment for work/office-related activities or for personal activities to the extent of what is allowed under the Company's applicable internal policies;
  3. not to lend or give third parties computer equipment of any kind, without prior authorisation from the Information Technology Department;
  4. in case of loss or theft, to promptly inform the Information Technology Department and formally report the matter to the judicial authorities;
  5. not - for any reason whatsoever - to bring into and/or keep in the company any confidential documentation and/or computer material belonging to third parties (in hard copy or electronic form using company instruments), unless such material has been obtained with the specific consent of those third parties, and the same applies to applications/software that have not been approved in advance by the Information Technology Department, or whose origin is dubious;
  6. not to transfer outside the company and/or transmit files, documents or any other confidential documentation owned by the Company or by another Group company, unless for purposes closely related to the performance of one's duties and tasks and, in any case, subject to authorisation from one's immediate superior;
  7. not to leave one's PC unattended and/or accessible to others, or allow it to be used by others (colleagues, relatives, friends, etc.);
  8. to avoid using the password of another company user, even for access to protected areas in the name and on behalf of that user, unless specifically authorised by the Information Technology Department; if a user receives knowledge of another user's password, he/she must immediately notify the Information Technology Department of this;
  9. to avoid using software and/or hardware tools that can intercept, falsify, alter or suppress the content of communications and/or electronic documents;
  10. to use the internet connection for purposes and for the time strictly necessary in order to carry out the activities requiring a connection;
  11. to adhere to the procedures and standards envisaged for the use of IT resources, promptly notifying the competent functions of any unusual or problematic uses and/or operation of same;



12. to refrain from using the available IT tools outside the context of the requisite authorisations;
13. to scrupulously comply with applicable procedures when requesting authorisation for access to information systems as required by company needs, also with respect to authorisations to be issued by customers for services that require access to computer systems pertaining to said customers;
14. to observe any other specific rule for access to the systems and protection of the data and applications of the Company;
15. to utilise the relevant protective software provided by the Company, remotely accessing the Internet using a company laptop (on non-QVC Italia networks);
16. to scrupulously adhere to the provisions of corporate security policies for the protection and control of computer systems.

#### **4.5 The Supervisory Body's role**

The Supervisory Body's activities are carried out in close collaboration with the Information Technology Department, and also - for the relevant aspects within their remit - with the managers of the Human Resources Department and of the Legal Department. There should, for this purpose, be a complete and continuous information flow between these organisational units and the Supervisory Body in order to optimise verification activities, leaving to the Supervisory Body the primary task of monitoring compliance with the Model and the adequacy of the Model.

The Supervisory Body's checks and controls seek to verify that the Company's activities conform to the principles specified in this section of the Special Section, and also to existing and future internal procedures, thereby implementing the provisions of said Special Section.

For purposes of illustration, the Supervisory Body:

- monitors to ensure that the aforementioned procedures are continuously adapted and updated in light of the control principles indicated in this section of the Special Section;
- ensures that Company measures to ensure the security of the data processed and the prevention of possible breaches of third party rights, are also properly applied in all of the Company's organisational units;
- encourages the correct formalisation of appropriate internal procedures for the management of access to computer and electronic communications systems, to ensure that the duties and tasks of each QVC Italia employee are consistently and objectively correlated to the specific need for access to the aforementioned systems, and that



requests for access are, accordingly, conditional on authorisations to be issued based on those needs;

To this end, the Supervisory Body should be guaranteed free access to all company documentation of relevance to the sensitive activities considered here.



## **5. OFFENCES OF MANSLAUGHTER AND SERIOUS OR GRIEVOUS INJURY COMMITTED IN VIOLATION OF WORKPLACE HEALTH AND SAFETY RULES**

### **5.1 Scope**

The purpose of this section of the Special Section is to describe the criteria and to regulate roles, responsibilities and standards of conduct that Recipients must adhere to in the prevention of the offences referred to in Article 25-septies of Legislative Decree 231/2001.

### **5.2 Areas of activity deemed sensitive**

All activities carried out at the Company by employees and non-company collaborators inside company premises may be characterised as sensitive activities i.e. activities that are vulnerable to the commission of the offences of manslaughter and serious or grievous injury committed in violation of workplace health and safety rules.

However, there is a low probability that the at-risk activities will actually materialise in the commission of offences in practice, given the nature of QVC Italia's organisational structure and operations and in view of the sector within which it carries out the activities within its corporate purpose.

### **5.3 Examples of criminal conduct relevant to the nature of the Company's operations, with reference to the offences of manslaughter and serious or grievous injury committed in violation of workplace health and safety rules**

The potentially relevant offence categories are described below, as well as examples of criminal conduct in this context.

**Manslaughter:** (Art. 589, Penal Code)

**Serious or grievous personal injury** (Art. 590 subsection 3 of the Penal Code)

**N.B.: These offences are relevant for our present purposes only if they are committed in violation of workplace health, safety and accident prevention rules.**

- ***Example:***

These offences may be committed in the event of death of one or more staff members, serious or grievous bodily harm or occupational illness caused inadvertently, but negligently, due to the failure to put in place suitable measures to protect the health and safety of workers during their working activity, in accordance with applicable regulatory provisions.

Serious risks to personnel can arise from the failure to put in place/comply with adequate



emergency procedures, or the failure to install/maintain technological and electrical systems as envisaged by applicable regulatory provisions.

Note that the aforementioned offences involve negligence and are thus unpremeditated, by contrast with all the other offences referred to by Legislative Decree 231/2001 which are exclusively premeditated in nature.

#### **5.4 Procedural principles to prevent risks of commission of the aforementioned offences in view of the nature of the Company's operations**

A number of general principles which are applicable to the Model's Recipients are listed below.

- I** It is forbidden to engage or collaborate in or contribute to conduct that could fall within the offence categories considered for the purposes of Article 25-septies of Legislative Decree 231/2001 and Article 300 of Legislative Decree 81/2008.
- II** In the context of the aforementioned conduct, all Recipients are subject to the following obligations in particular:
  - a. to operate in compliance with applicable Italian and international standards and regulations;
  - b. to respect the rules of this section of the Special Section, as well as internal rules and company/group directives and policies, and the provisions contained in QVC Italia's Risk Assessment Document (DVR);
  - c. depending on their respective competences, to attend training courses periodically provided by the Company, also in order to update one's knowledge of the changing framework of rules referred to herein.
- III** In order to rule out the risk that the offences of manslaughter and serious or grievous injury could be committed, all persons who are responsible for ensuring compliance with the obligations provided for by Legislative Decree 81/2008 - and based on internally delegated duties and responsibilities duly formalised, insofar as applicable to each person based on their respective competences - are obliged to establish and maintain methods, tools and procedures to prevent non-compliance in this context. For purposes of illustration, therefore, these persons shall (according to their respective competences):
  - a. identify and plan prevention and protection measures in order to ensure compliance with the provisions of Legislative Decree 81/2008 in the context of activities of an organisational character such as management of emergencies, first aid, periodic safety meetings, consultations with Workers' Safety Representatives (RLS) etc.;
  - b. put in place the necessary health surveillance activities and information and training provision for workers;





- c. carry out an annual risk assessment in the area of workplace health and safety in order to ensure compliance with the provisions of Legislative Decree 81/2008 on technical-structural standards related to equipment, systems, workplaces, chemical, physical and biological agents, putting in place the relevant prevention and protection measures. In this context, the competent functions shall implement a systematic company control plan dealing with the following: areas and activities of the company which require controls, procedures for implementing checks, methods of reporting;
- d. check that planned prevention and protection measures are in fact implemented, ensuring that at-risk situations are monitored and that the intervention programs envisaged by the Risk Assessment Document are properly progressed;
- e. ensure that the Workers' Safety Representative (RLS) is enabled, in accordance with applicable legislative provisions, to access company documentation of relevance to the assessment of risks and associated prevention measures, and to request relevant information in this regard;
- f. ensure that work areas are inspected and assessed by persons who are duly authorised by law and have the appropriate technical training and expertise. The Occupational Physician and the Risk Prevention and Protection Service Manager (RSPP) carry out visits to workplaces in which workers are exposed to specific risks, and they conduct sample inspections of other work environments;
- g. properly oversee and verify the application and efficacy of the procedures adopted and of the safe-working instructions provided;
- h. ensure that an adequate system of disciplinary sanctions is put in place that takes into account the particular seriousness of the infringements mentioned above;
- i. act transparently and collaboratively with bodies assigned to carry out control activities - e.g. the Labour Inspectorate, the Local Health Authority (ASL), the Fire Service etc. - when checks/inspection procedures are being carried out;
- j. promote in-house provision of information and training on the risks associated with activities carried out, on the prevention and protection measures and activities put in place, on first aid procedures, fire safety and workforce evacuation measures;
- k. ensure that - in the context of provisioning, supply and procurement contracts - provisions are included which require the relevant counterparties to comply with applicable workplace health and safety rules.

All Recipients shall in any case observe the following key rules of conduct:



- IV** comply with applicable legislative provisions, internal regulations and directions handed down by company departments and by the competent public authorities;
- V** ensure the proper use of work equipment and tools as well as transport means and other work appliances, and also the proper use of safety equipment and devices;
- VI** immediately report any potential or actual hazard, taking direct action in urgent cases to eliminate or minimise the hazard, where possible, and to the extent of one's powers and capabilities.

### **5.5 The Supervisory Body's role**

The Supervisory Body has the following responsibilities in the workplace health and safety field:

- it monitors the adequacy of and compliance with the Model and company procedures pertaining to workplace health and safety;
- it examines any reports of infringements of the Model - including reports not promptly verified by the competent persons or departments - involving possible inadequacies and deficiencies in the workplace or in work equipment or protective equipment provided by the Company, or pointing to a workplace health and safety hazard inside company premises;
- it monitors the functionality of the entire system of prevention put in place by QVC Italia in the context of workplace health and safety;
- it formulates proposals for the Company's senior management to update the Model, the preventive system or company procedures in force, if necessary or advisable in view of any deficiencies encountered, or following significant infringements, or following changes to the organisational structure resulting from scientific and technological advances.

The Supervisory Body must receive periodic reports in the area of workplace health and safety, and in particular:

1. the minutes of the periodic meeting referred to in Article 35 of Legislative Decree 81/2008;
2. all data pertaining to occupational accidents at the Company.