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.

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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**") [1] 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 are applicable to entities directly and independently.

1.2 The "predicate" offences

[1]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 "predicate 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, 25-terdecies , 25-quaterdecies, 25-quinquiesdecies and 25-sexiesdecies 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 (including the specific offences of misappropriation of public funds, 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, etc., as indicated in Articles 24 and 25 of the Decree)[2];

[2] 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), fraud in public utilities (Article 356 of the Penal Code), fraud in agriculture (Article 2, Law No. 898 of 23 December 1986), misappropriation of public funds (Article 314, subsection 1, of the Penal Code), misappropriation of public funds by taking advantage of the error of others (Article 316 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), abuse of office (Article 323 of the Penal Code), and influence peddling (Article 346-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

– computer crime and the illegal processing of data, referred to in Article 24-bis of the Decree[3];

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 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.
Subsequently, 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.
Recently, Law No. 3 of 9 January 2019 (*"Measures to fight offences against the public administration and on the statute of limitation of the offence and political parties' and movements' transparency"*), also known as "*Legge Spazzacorrotti*" or "Bribe-Destroyer Law", included influence peddling (Article 346-bis of the Penal Code) among predicate offences. In addition, Law 3/2019 made effective the increased duration of the disqualification sanctions inflicted on the entity for the offences against the Public Administration envisaged by Article 25 of the Decree. With reference to said categories of offences, the law further provides that the increased duration does not apply if the entity *"before the first-instance judgment is passed, used its best endeavours to prevent the criminal conduct from having further consequences, to secure evidence of the offences and assist in the identification of the persons liable for the same or the seizure of the sums or other benefits transferred, and removed the organisational failures which had produced the offence through the adoption and implementation of organisation models suitable to prevent offences of the same kind"* (Article 25, subsection 5-bis, Legislative Decree 231/2001).
Finally, Articles 24 and 25 of Legislative Decree 231/2001 were further amended by Legislative Decree No. 75 of 14 July 2020 implementing in Italy Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law (the "PIF Directive"), which introduced the concept of the entity's liability for certain instances of fraud and misappropriation of public funds as well as for the offence of abuse of office.
[3] Article 24-bis was introduced into the Decree by Article 7 of Law No. 48 of 18 March 2008. These are the crimes 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

– organised crimes, referred to by Article 24-ter of the Decree[4];

– 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[5];

– offences against industry and commerce, referred to by Article 25-bis.1 of the Decree[6];

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.

[4] Article 24-ter was introduced into the Decree by Article 2 of Law No. 94 of 15 July 2009. These are the crimes 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.
In addition, Law 43/2019 amended Article 416-ter of the Penal Code on bargaining of votes between politicians and members of Mafia, in line with the numerous past legislative acts expressly intended to strengthen the repressive force of the provision and broaden its scope of application.

[5] 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).

[6] 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

– corporate crimes (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)[7];

– criminal offences aimed at terrorism or subversion of the democratic order, referred

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).

[7] 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 Civil 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 Civil 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 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.

Subsequently, 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.

Finally, Law No. 3 of 9 January 2019 (*"Measures to fight offences against the public administration and on the statute of limitation of the offence and political parties' and movements' transparency"),* also known as "*Legge Spazzacorrotti*" or "Bribe-Destroyer Law", further reworded the offences of bribery in the private sector (Article 2635 of the Civil Code) and incitement to bribery in the private sector (Article 2635-bis of the Civil Code).

to in Article 25-quater of the Decree[8];

- female genital mutilation practices, referred to by Article 25-quater1 of the Decree[9];
- crimes against persons (such as child prostitution, child pornography, trafficking in human beings and enslavement, referred to by Article 25-quinquies of the Decree[10];

[8] 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.
[9] Article 25-quater1 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.
[10] 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".

- offences of market abuse specified in Article 25-sexies of the Decree[11];

- 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[12];

- cross-border offences, specified by Article 10 of Law No. 146 of 16 March, 2006[13];

- 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[14];

11 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).
12 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.
13 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".
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).
14 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

- copyright offences referred to by Article 25-novies of the Decree[15]

- 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[16];

- environmental offences, referred to by Article 25-undecies of the Decree[17];

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.
[15] 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).
[16] 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.
[17] 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 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

- offences associated with the exploitation of labour or illegal employment of foreign citizens, referred to in Article 25-duodecies of the Decree[18];

- offences of racism and xenophobia, referred to in Article 25-terdecies of the Decree[19];

- offences of fraud in sports competitions, illegal practice of gaming or of betting and gambling by means of forbidden equipment, referred to in Article 25-quaterdecies of the Decree[20];

- tax offences, referred to in Article 25-quinquiesdecies of the Decree[21];

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).

[18] 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 (known as *"Consolidation Law on Immigration*"); in other words, whenever the criminal offence referred to in the above provision 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.

Moreover, the entity may incur liability under Article 25-duodecies whenever any one of the aggravated instances of the offence of aiding and abetting in the illegal entry of foreigners in Italy under Article 12, subsections 3, 3-bis, 3-ter and 5, of Legislative Decree No. 286/1998, occurs.

[19] 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.

[20] Article 25-quaterdecies of the Decree, introduced by Law 39/2019, entitled "*Ratification and implementation of Council of Europe Convention on the Manipulation of Sports Competitions made in Magglingen on 18 September 2014*"), extended entities' liability to the offences of fraud in sports competitions and illegal practice of the gaming or betting activities.

[21] Article 25-quinquiesdecies, introduced in the Decree by Law No. 157 of 19 December 2019, enacting (with amendments) Decree Law No. 124 of 26 October 2019, set forth "Urgent provisions on fiscal matters and requirements not to be postponed".

More specifically, Article 39, subsection 2, extended the number of the predicate offences entailing the entity's liability to the following offences: a) fraudulent tax return by means of invoices or other documents for non-existing transactions; b) fraudulent tax return by means of other artifices; c)

– smuggling offences, referred to in Article 25-sexiesdecies of the Decree[22].

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

issuance of invoices or other documents for non-existing transactions; d) concealment or destruction of accounting documents; and e) fraudulent tax payment dodging.
Subsequently, Legislative Decree No. 75 of 14 July 2020 implementing in Italy Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law (the "PIF Directive"), further added Article 25-quinquiesdecies, subsection 1-bis, stating that the entity is punishable for the commission of the offences of untruthful tax return, failure to file tax return and undue setting-off within fraudulent cross-border systems and in view of evading Value Added Tax (VAT) for an overall amount of no less than 10 million Euro.

[22] Article 25-sexiesdecies was introduced in the Decree by Legislative Decree No. 75 of 14 July 2020 implementing in Italy Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law (the "PIF Directive"). Article 25-sexiesdecies provides for the entity's liability for the following offences: smuggling in movement of goods across land borders and customs areas, smuggling in the movement of goods by sea, smuggling in the movement of goods by air, smuggling for illegal use of goods imported thanks to customs facilities, smuggling in customs warehouses, smuggling in the export of goods allowing for reimbursement of duties, and smuggling in temporary import and export, referred to in Presidential Decree No. 43 of 23 January 1973 ("*Consolidated Law on Customs Matters*").

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*"[23].

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;
- 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

[23] 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").

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[24], if any one of the following conditions is satisfied:

[24] 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

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".*

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.

In drafting QVC Italia's Model, the following documents were taken into account: the Confindustria Guidelines; the more recent document issued in February 2019 by CNDCEC (the National Council of Italian Certified Public Accountants and Accounting Experts) together with ABI (the Italian Banking Association), CNF (the Italian National Bar Association) and Confindustria itself, and entitled "*Consolidated principles for the drafting of organisation models and the Supervisory Body's activity and prospects for the review of Legislative Decree No. 231 of 8 June 2001*"[25]; and finally also the associated recent case law.

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

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.

[25] The document provides a number of hints for: (i) defining the principles to be followed by companies in drafting their organisation and management models under Legislative Decree 231/2001; (ii) identifying the standards of conduct for Supervisory Bodies' members; and (iii) drafting proposed legislative amendments in connection with the major application and procedural critical issues of the Decree.

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, whose composition must guarantee that certain specific requirements are fulfilled, including an adequate degree of autonomy and independence, professionalism and continuity of action.

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.

In addition, 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.

Lastly, it is worth pointing out that in 2020 the Company has acquired the ISO 45001 certification ("*Occupational health and safety management systems -- Requirements with guidance for use*") with respect to the field of "*Retail trade of any type of product made through television channels and e-commerce*". By doing so the Company has complied with the relevant international regulation, providing for the applicable requirements in relation to health & safety systems.

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, implemented and subsequently updated 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[26].

The QVC Italia Model was formally approved by resolution of the Company's Board of Directors dated 26 November 2018, 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 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.

[26] 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.

Nearly two years after the adoption of the Model, the Company, in accordance with Chapter 6, § 6.3 below, resolved to approve a project for the Model regular review and updating. Subsequently, the Supervisory Body put the project into practice and monitored its implementation.

The above activities have been finally brought to a conclusion with the Model version currently in effect, approved by QVC Italia's Board of Directors by the resolution of 27 January 2021.

* * *

The Company's management body must 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 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 as well as to some of the "tax crimes" referred to in Article 25-quinquiesdecies 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 thae 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 and subsequently update 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.

Phase 1	***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*** ➢ defining the project, in its complexity, as agreed with QVC Italia's top management; ➢ establishing an operational team dedicated to the project; ➢ gathering and analysis of relevant documentation; ➢ 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.

Phase 2	***Identification of sensitive areas and control safeguards*** ➢ 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 ("key officers"); ➢ gathering essential information of relevance to these persons and the activities within their respective remit, by: (i) carrying out a number of interviews with said key officers so as to gather more in-depth knowledge on the processes relating to each sensitive area; (ii) 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 corporate functions of QVC Italia, and to the operating instructions applicable to each of these functions; (iii) 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. ➢ identifying existing control mechanisms in order to determine the effectiveness of those mechanisms in terms of preventing offences and concrete areas of intervention.
Phase 3	***Gap Analysis*** ➢ 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; ➢ planning of actions to "reinforce" the existing control system (preventive protocols, processes and procedures).
Phase 4	***Drawing up the Model*** Preparing the document incorporating the Model, subdivided into all its components and operating rules, in compliance with applicable regulatory provisions and in accordance with *Confindustria* Guidelines (see § 2.5 below for a description of the Model's general content).

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.

* * *

As mentioned above, in the period 2020-2021 the Company implemented a project to review and update the Model in pursuance of § 6.3 (see below), to reflect the evolution in

QVC Italia's activities and internal organisation and adjust the Model to the changed legislation.

The actions so devised were put into place with the assistance of external professionals having expertise in the implementation of organisation models, based on the approach briefly outlined in the Table below.

Phase 1	***Launch of the project to review the Model*** ➢ gathering and analysing relevant documentation and obtaining the Supervisory Body's indications on the priorities defined for the purposes of the review; ➢ preliminarily identifying the processes/activities within whose context the new offences referred to in Legislative Decree 231/2001 could in theory be committed following the adoption of the Model, which are significant to QVC Italia; ➢ outlining a general framework of the main organisation novelties occurring within the Company and the Group following the adoption of the Model.
Phase 2	***Review and update of the Company's risk exposure mapping and integration of the control safeguards*** ➢ gathering essential information of relevance to the areas prone to risks of commission of the predicate offences introduced in the meantime (i.e., tax-related and specific types of smuggling offences), by: (i) carrying out new interviews to the reference key officers, so as to obtain more in-depth knowledge of the risk areas specifically involved; (ii) analysing the documents provided in the course of Phase 1; ➢ identifying the control mechanisms currently in place so as to verify their aptitude to effectively prevent the new predicate offences; ➢ identifying the main changes newly introduced in QVC Italia's and the Group's organisation as well as the consequences of the recent developments on the corporate activities relevant to the purposes of the Model; ➢ updating the Company's risk exposure mapping.
Phase 3	***Integration of the Model*** ➢ integrating the Model General Section; ➢ reviewing the Model Special Section and drafting a new section dealing with tax and smuggling offences prevention protocols;

	➢ updating the List of Predicate Offences in Annex 6 to the Model.

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*), as well as to the Group's Code of Conduct and Ethics (**Annex 2 -** *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 QVC 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 QVC 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 QVC 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 and/or principles, 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 QVC 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 600 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 employs its personnel under indefinite employment contracts, both full- and part-time, in addition it avails itself of independent contractors on a large scale.

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.

Based on the operative model currently adopted at the Group level, the Italian corporate Departments have functional reporting lines framed according to a "matrix" scheme and reporting to functions belonging to the Group parent company QVC, Inc. or to senior managers of the Group's supranational organisation comprising Countries other than USA and known as **QVC International (QI)**, as the case may be.

More specifically, QI's organisation supervises and coordinates the various non-U.S. markets and the operativity of QVC Global Business Services, a Poland-based legal entity acting as an outsourcer and providing various types of centralised services to the other European associated companies.

This recently implemented model makes it now possible to pursue greater strategic cohesion and a higher level of operative coordination among all the non-US markets, in a perspective of effective management of the major projects and investments, which are mainly developed according to Multi-Country logic.

The model is based on the principle of separation of functions. The line applied here is one of clear segregation between commercial and technical functions, and between technical functions on the one hand and administrative, financial, accounting and human resources management functions on the other.

At the international level, a series of Group functions, reporting to QI President, coordinate the lines of action also with reference to the Italian market, both at the commercial level (i.e., in addition to the CEOs responsible for the various single markets, the following functions: Strategy & Portfolio Management, Brand & Customer Engagement, Digital Store Experience, Performance & Retention Marketing, Advanced Analytics, Merchandise Development) and at the level of corporate functions (including, among others, QI Chief Financial Officer and the QI People function, competent for managing human resources at the Group level).

At the local level, QVC Italia's CEO reports functionally (dotted line) to the International CEO (who, in turn, reports to the Global CEO).

QVC Italia's Organisation chart is structured according to a division into corporate Departments based on the following scheme:

a) Market functions;

b) Global functions.

Specifically, QVC Italia's Market functions are:

- Brand & Customer Engagement;
- Merchandising;
- Digital Store & Content Strategy; and
- Broadcasting.

Again, based on the current model, the following are QVC Italia's Global functions:

- Finance (Corporate Finance and Business Planning & Analysis);
- Human Resources;
- Legal;
- Customer Services (Operations);
- CREWS (Safety, Facility, Security);
- Supply Chain;
- Logistics;
- Information Technology;
- Quality Assurance;
- Broadcast Engineering; and
- Liquidation.

A relevant aspect regarding the strictly local structure of QVC Italia's Governance, which is specific to the Italian situation, is the existence of three different boards supporting the CEO, comprising Senior members of the organisation and liaising among the operative functions in Italy as well as between the latter and the international organisation.

The boards specifically are:

Executive Leadership Team – characterised by very broad authority in the fields of internal communication, examination of new processes, Team Development, financial and sales reviews, Business Development, target regular updating, development of "Big Ideas" (i.e., the milestones in the Group's commercial strategy), updating of the "Guiding Principles" (i.e., the pillars of the Group's corporate culture), Customer Care, Technology Update, Risk Audit & Compliance, Budget Process, support to the operative model and promotion of change management, enhancing visibility, etc.

Commercial Leadership Team – composed of the functions comprising the Company's operative core, is competent for defining the business strategy for Italy (i.e., portfolio strategy, margin management, evolution in the TV sector, TV/e-commerce/social media integration processes, external relations management, development of coordinated actions to support/enhance sales) and for financially reviewing business and managing Sales & New Names initiatives.

Advisory Board – QVC Italia's "senior members' board", is competent for discussing corporate culture issues and general trends in locally-targeted lines of action as well as their connection with QI's directives. In particular, the Advisory Board is responsible for retaining in QVC Italia the competences acquired throughout the years, handling People Management matters (including growth opportunities abroad), liaising between QI and local issues and acting as a litmus test for the strategic decisions adopted by the Executive Leadership Team in respect of QI's "sentiment" as well as discussing Governance choices and implementing Global/International activities/policies.

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) a series of activities which, within QVC International's organisation, are wholly or partly centralised at Poland-based associated company QVC Global Business Services, namely:

   (i) the management of supplier accounts and (in part) customer accounts;

   (ii) certain aspects of the management of salaries and remunerations, withholding taxes, and social security and insurance contributions for employees and self-employed workers;

   (iii) part of the IT services (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 [27], 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

[27] 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 § 3.6 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.

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**") [28] 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 are applicable to entities directly and independently.

1.2 The "predicate" offences

[28] 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 "predicate 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, 25-terdecies , 25-quaterdecies, 25-quinquiesdecies and 25-sexiesdecies 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 (including the specific offences of misappropriation of public funds, 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, etc., as indicated in Articles 24 and 25 of the Decree)[29];

[29] 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), fraud in public utilities (Article 356 of the Penal Code), fraud in agriculture (Article 2, Law No. 898 of 23 December 1986), misappropriation of public funds (Article 314, subsection 1, of the Penal Code), misappropriation of public funds by taking advantage of the error of others (Article 316 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), abuse of office (Article 323 of the Penal Code), and influence peddling (Article 346-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

– computer crime and the illegal processing of data, referred to in Article 24-bis of the Decree[30];

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 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.
Subsequently, 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.
Recently, Law No. 3 of 9 January 2019 (*"Measures to fight offences against the public administration and on the statute of limitation of the offence and political parties' and movements' transparency"*), also known as "*Legge Spazzacorrotti*" or "Bribe-Destroyer Law", included influence peddling (Article 346-bis of the Penal Code) among predicate offences. In addition, Law 3/2019 made effective the increased duration of the disqualification sanctions inflicted on the entity for the offences against the Public Administration envisaged by Article 25 of the Decree. With reference to said categories of offences, the law further provides that the increased duration does not apply if the entity *"before the first-instance judgment is passed, used its best endeavours to prevent the criminal conduct from having further consequences, to secure evidence of the offences and assist in the identification of the persons liable for the same or the seizure of the sums or other benefits transferred, and removed the organisational failures which had produced the offence through the adoption and implementation of organisation models suitable to prevent offences of the same kind"* (Article 25, subsection 5-bis, Legislative Decree 231/2001).
Finally, Articles 24 and 25 of Legislative Decree 231/2001 were further amended by Legislative Decree No. 75 of 14 July 2020 implementing in Italy Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law (the "PIF Directive"), which introduced the concept of the entity's liability for certain instances of fraud and misappropriation of public funds as well as for the offence of abuse of office.
[30] Article 24-bis was introduced into the Decree by Article 7 of Law No. 48 of 18 March 2008. These are the crimes 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

- organised crimes, referred to by Article 24-ter of the Decree[31];
- 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[32];
- offences against industry and commerce, referred to by Article 25-bis.1 of the Decree[33];

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.

[31] Article 24-ter was introduced into the Decree by Article 2 of Law No. 94 of 15 July 2009. These are the crimes 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.
In addition, Law 43/2019 amended Article 416-ter of the Penal Code on bargaining of votes between politicians and members of Mafia, in line with the numerous past legislative acts expressly intended to strengthen the repressive force of the provision and broaden its scope of application.

[32] 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).

[33] 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

- corporate crimes (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)[34];

- criminal offences aimed at terrorism or subversion of the democratic order, referred

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).

[34] 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 Civil 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 Civil 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 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.

Subsequently, 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.

Finally, Law No. 3 of 9 January 2019 (*"Measures to fight offences against the public administration and on the statute of limitation of the offence and political parties' and movements' transparency"),* also known as "*Legge Spazzacorrotti*" or "Bribe-Destroyer Law", further reworded the offences of bribery in the private sector (Article 2635 of the Civil Code) and incitement to bribery in the private sector (Article 2635-bis of the Civil Code).

to in Article 25-quater of the Decree[35];

- female genital mutilation practices, referred to by Article 25-quater1 of the Decree[36];
- crimes against persons (such as child prostitution, child pornography, trafficking in human beings and enslavement, referred to by Article 25-quinquies of the Decree[37];

[35] 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.
[36] Article 25-quater1 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.
[37] 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".

- offences of market abuse specified in Article 25-sexies of the Decree[38];
- 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[39];
- cross-border offences, specified by Article 10 of Law No. 146 of 16 March, 2006[40];
- 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[41];

38 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).
39 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.
40 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)]:
(v) "is committed in more than one State";
(vi) "is committed in one State but a substantial part of its preparation, planning, direction or control takes place in another State";
(vii) "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";
(viii) "is committed in one State but has substantial effects in another State".
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).
41 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

- copyright offences referred to by Article 25-novies of the Decree[42]

- 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[43];

- environmental offences, referred to by Article 25-undecies of the Decree[44];

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.
[42] 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).
[43] 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.
[44] 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 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 associated with the exploitation of labour or illegal employment of foreign citizens, referred to in Article 25-duodecies of the Decree[45];

- offences of racism and xenophobia, referred to in Article 25-terdecies of the Decree[46];

- offences of fraud in sports competitions, illegal practice of gaming or of betting and gambling by means of forbidden equipment, referred to in Article 25-quaterdecies of the Decree[47];

- tax offences, referred to in Article 25-quinquiesdecies of the Decree[48];

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).

[45] 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 (known as *"Consolidation Law on Immigration*"); in other words, whenever the criminal offence referred to in the above provision 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.

Moreover, the entity may incur liability under Article 25-duodecies whenever any one of the aggravated instances of the offence of aiding and abetting in the illegal entry of foreigners in Italy under Article 12, subsections 3, 3-bis, 3-ter and 5, of Legislative Decree No. 286/1998, occurs.

[46] 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.

[47] Article 25-quaterdecies of the Decree, introduced by Law 39/2019, entitled "*Ratification and implementation of Council of Europe Convention on the Manipulation of Sports Competitions made in Magglingen on 18 September 2014*"), extended entities' liability to the offences of fraud in sports competitions and illegal practice of the gaming or betting activities.

[48] Article 25-quinquiesdecies, introduced in the Decree by Law No. 157 of 19 December 2019, enacting (with amendments) Decree Law No. 124 of 26 October 2019, set forth "Urgent provisions on fiscal matters and requirements not to be postponed".

More specifically, Article 39, subsection 2, extended the number of the predicate offences entailing the entity's liability to the following offences: a) fraudulent tax return by means of invoices or other documents for non-existing transactions; b) fraudulent tax return by means of other artifices; c) issuance of invoices or other documents for non-existing transactions; d) concealment or destruction of accounting documents; and e) fraudulent tax payment dodging.

– smuggling offences, referred to in Article 25-sexiesdecies of the Decree[49].

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

Subsequently, Legislative Decree No. 75 of 14 July 2020 implementing in Italy Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law (the "PIF Directive"), further added Article 25-quinquiesdecies, subsection 1-bis, stating that the entity is punishable for the commission of the offences of untruthful tax return, failure to file tax return and undue setting-off within fraudulent cross-border systems and in view of evading Value Added Tax (VAT) for an overall amount of no less than 10 million Euro.

[49] Article 25-sexiesdecies was introduced in the Decree by Legislative Decree No. 75 of 14 July 2020 implementing in Italy Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law (the "PIF Directive"). Article 25-sexiesdecies provides for the entity's liability for the following offences: smuggling in movement of goods across land borders and customs areas, smuggling in the movement of goods by sea, smuggling in the movement of goods by air, smuggling for illegal use of goods imported thanks to customs facilities, smuggling in customs warehouses, smuggling in the export of goods allowing for reimbursement of duties, and smuggling in temporary import and export, referred to in Presidential Decree No. 43 of 23 January 1973 ("*Consolidated Law on Customs Matters*").

conduct - "*organisation and management models suitable to prevent offences of the kind that occurred*"[50].

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;
- 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:

(v) that senior management adopted and effectively implemented - before the offence was committed - a model suitable to prevent offences of the type that occurred;

(vi) 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;

(vii) that the supervisory body was not responsible for any lack of/inadequate supervision over the model;

(viii) 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

[50] 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").

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[51], if any one of the following conditions is satisfied:

[51] 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

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".*

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.

In drafting QVC Italia's Model, the following documents were taken into account: the Confindustria Guidelines; the more recent document issued in February 2019 by CNDCEC (the National Council of Italian Certified Public Accountants and Accounting Experts) together with ABI (the Italian Banking Association), CNF (the Italian National Bar Association) and Confindustria itself, and entitled "*Consolidated principles for the drafting of organisation models and the Supervisory Body's activity and prospects for the review of Legislative Decree No. 231 of 8 June 2001*"[52]; and finally also the associated recent case law.

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

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.

[52] The document provides a number of hints for: (i) defining the principles to be followed by companies in drafting their organisation and management models under Legislative Decree 231/2001; (ii) identifying the standards of conduct for Supervisory Bodies' members; and (iii) drafting proposed legislative amendments in connection with the major application and procedural critical issues of the Decree.

5. **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;

6. **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.

7. **appointment of a Supervisory Body,** i.e. a body tasked with overseeing the model's operation, effectiveness, compliance and updating, whose composition must guarantee that certain specific requirements are fulfilled, including an adequate degree of autonomy and independence, professionalism and continuity of action.

8. **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

i) 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.

ii)

iii) 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.

In addition, 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.

iv)

v) Lastly, it is worth pointing out that in 2020 the Company has acquired the ISO 45001 certification ("*Occupational health and safety management systems -- Requirements with guidance for use*") with respect to the field of "*Retail trade of any type of product made through television channels and e-commerce*". By doing so the Company has complied with the relevant international regulation, providing for the applicable requirements in relation to health & safety systems.

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, implemented and subsequently updated 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[53].

The QVC Italia Model was formally approved by resolution of the Company's Board of Directors dated 26 November 2018, 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 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.

[53] 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.

Nearly two years after the adoption of the Model, the Company, in accordance with Chapter 6, § 6.3 below, resolved to approve a project for the Model regular review and updating. Subsequently, the Supervisory Body put the project into practice and monitored its implementation.

The above activities have been finally brought to a conclusion with the Model version currently in effect, approved by QVC Italia's Board of Directors by the resolution of 27 January 2021.

* * *

The Company's management body must 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 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 as well as to some of the "tax crimes" referred to in Article 25-quinquiesdecies 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 thae 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 and subsequently update 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.

Phase 1	***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*** ➢ defining the project, in its complexity, as agreed with QVC Italia's top management; ➢ establishing an operational team dedicated to the project; ➢ gathering and analysis of relevant documentation; ➢ 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.

Phase 2	***Identification of sensitive areas and control safeguards*** ➢ 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 ("key officers"); ➢ gathering essential information of relevance to these persons and the activities within their respective remit, by: (i) carrying out a number of interviews with said key officers so as to gather more in-depth knowledge on the processes relating to each sensitive area; (ii) 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 corporate functions of QVC Italia, and to the operating instructions applicable to each of these functions; (iii) 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. ➢ identifying existing control mechanisms in order to determine the effectiveness of those mechanisms in terms of preventing offences and concrete areas of intervention.
Phase 3	***Gap Analysis*** ➢ 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; ➢ planning of actions to "reinforce" the existing control system (preventive protocols, processes and procedures).
Phase 4	***Drawing up the Model*** Preparing the document incorporating the Model, subdivided into all its components and operating rules, in compliance with applicable regulatory provisions and in accordance with *Confindustria* Guidelines (see § 2.5 below for a description of the Model's general content).

f) 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.

g)

h) * * *

i)

As mentioned above, in the period 2020-2021 the Company implemented a project to review and update the Model in pursuance of § 6.3 (see below), to reflect the evolution in QVC Italia's activities and internal organisation and adjust the Model to the changed legislation.

The actions so devised were put into place with the assistance of external professionals having expertise in the implementation of organisation models, based on the approach briefly outlined in the Table below.

Phase 1	***Launch of the project to review the Model*** ➢ gathering and analysing relevant documentation and obtaining the Supervisory Body's indications on the priorities defined for the purposes of the review; ➢ preliminarily identifying the processes/activities within whose context the new offences referred to in Legislative Decree 231/2001 could in theory be committed following the adoption of the Model, which are significant to QVC Italia; ➢ outlining a general framework of the main organisation novelties occurring within the Company and the Group following the adoption of the Model.
Phase 2	***Review and update of the Company's risk exposure mapping and integration of the control safeguards*** ➢ gathering essential information of relevance to the areas prone to risks of commission of the predicate offences introduced in the meantime (i.e., tax-related and specific types of smuggling offences), by: (i) carrying out new interviews to the reference key officers, so as to obtain more in-depth knowledge of the risk areas specifically involved; (ii) analysing the documents provided in the course of Phase 1; ➢ identifying the control mechanisms currently in place so as to verify their aptitude to effectively prevent the new predicate offences; ➢ identifying the main changes newly introduced in QVC Italia's and the Group's organisation as well as the consequences of the recent developments on the corporate activities relevant to the purposes of the Model; ➢ updating the Company's risk exposure mapping.
Phase 3	***Integration of the Model*** ➢ integrating the Model General Section; ➢ reviewing the Model Special Section and drafting a new section

	dealing with tax and smuggling offences prevention protocols; ➢ updating the List of Predicate Offences in Annex 6 to the Model.

j)

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*), as well as to the Group's Code of Conduct and Ethics (**Annex 2 -** *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 QVC 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 QVC 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 QVC 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 and/or principles, 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:
    - (iv) the internal procedures adopted by the Company in any form (procedures, internal circulars, service orders, etc.);
    - (v) the principles and prevention protocols of the Model;
    - (vi) 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 QVC 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:

(…)

J) 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);

K) production, management and marketing of audio-visual programs in any form and for any right of use and economic exploitation;

L) production, management and marketing of websites and interactive services;

M) retail sale of goods and services however conducted, including teleshopping, websites, catalogues and through retail stores;

N) production of printed advertising material and publications that serve the corporate purpose, and are also aimed at promotional and advertising activities to consumers;

O) 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;

P) 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;

Q) 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;

R) 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 600 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 employs its personnel under indefinite employment contracts, both full- and part-time, in addition it avails itself of independent contractors on a large scale.

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:

k) clear and precise specification of job duties and associated responsibilities, and of reporting lines;

l) 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;

m) 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;

n) 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);

o) 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.

Based on the operative model currently adopted at the Group level, the Italian corporate Departments have functional reporting lines framed according to a "matrix" scheme and reporting to functions belonging to the Group parent company QVC, Inc. or to senior managers of the Group's supranational organisation comprising Countries other than USA and known as **QVC International (QI)**, as the case may be.

More specifically, QI's organisation supervises and coordinates the various non-U.S. markets and the operativity of QVC Global Business Services, a Poland-based legal entity acting as an outsourcer and providing various types of centralised services to the other European associated companies.

This recently implemented model makes it now possible to pursue greater strategic cohesion and a higher level of operative coordination among all the non-US markets, in a perspective of effective management of the major projects and investments, which are mainly developed according to Multi-Country logic.

The model is based on the principle of separation of functions. The line applied here is one of clear segregation between commercial and technical functions, and between technical functions on the one hand and administrative, financial, accounting and human resources management functions on the other.

At the international level, a series of Group functions, reporting to QI President, coordinate the lines of action also with reference to the Italian market, both at the commercial level (i.e., in addition to the CEOs responsible for the various single markets, the following functions: Strategy & Portfolio Management, Brand & Customer Engagement, Digital Store Experience, Performance & Retention Marketing, Advanced Analytics, Merchandise Development) and at the level of corporate functions (including, among others, QI Chief Financial Officer and the QI People function, competent for managing human resources at the Group level).

At the local level, QVC Italia's CEO reports functionally (dotted line) to the International CEO (who, in turn, reports to the Global CEO).

QVC Italia's Organisation chart is structured according to a division into corporate Departments based on the following scheme:

a) Market functions;

b) Global functions.

Specifically, QVC Italia's Market functions are:

- Brand & Customer Engagement;
- Merchandising;

- Digital Store & Content Strategy; and
- Broadcasting.

Again, based on the current model, the following are QVC Italia's Global functions:

- Finance (Corporate Finance and Business Planning & Analysis);
- Human Resources;
- Legal;
- Customer Services (Operations);
- CREWS (Safety, Facility, Security);
- Supply Chain;
- Logistics;
- Information Technology;
- Quality Assurance;
- Broadcast Engineering; and
- Liquidation.

A relevant aspect regarding the strictly local structure of QVC Italia's Governance, which is specific to the Italian situation, is the existence of three different boards supporting the CEO, comprising Senior members of the organisation and liaising among the operative functions in Italy as well as between the latter and the international organisation.

The boards specifically are:

Executive Leadership Team – characterised by very broad authority in the fields of internal communication, examination of new processes, Team Development, financial and sales reviews, Business Development, target regular updating, development of "Big Ideas" (i.e., the milestones in the Group's commercial strategy), updating of the "Guiding Principles" (i.e., the pillars of the Group's corporate culture), Customer Care, Technology Update, Risk Audit & Compliance, Budget Process, support to the operative model and promotion of change management, enhancing visibility, etc.

Commercial Leadership Team – composed of the functions comprising the Company's operative core, is competent for defining the business strategy for Italy (i.e., portfolio strategy, margin management, evolution in the TV sector, TV/e-commerce/social media integration processes, external relations management, development of coordinated actions to support/enhance sales) and for financially reviewing business and managing Sales & New Names initiatives.

Advisory Board – QVC Italia's "senior members' board", is competent for discussing corporate culture issues and general trends in locally-targeted lines of action as well as their connection with QI's directives. In particular, the Advisory Board is responsible for retaining in QVC Italia the competences acquired throughout the years, handling People Management matters (including growth opportunities abroad), liaising between QI and

local issues and acting as a litmus test for the strategic decisions adopted by the Executive Leadership Team in respect of QI's "sentiment" as well as discussing Governance choices and implementing Global/International activities/policies.

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:

D) 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);

E) procurement activities, centralised at the US holding company;

F) a series of activities which, within QVC International's organisation, are wholly or partly centralised at Poland-based associated company QVC Global Business Services, namely:

   (iv) the management of supplier accounts and (in part) customer accounts;

   (v) certain aspects of the management of salaries and remunerations, withholding taxes, and social security and insurance contributions for employees and self-employed workers;

   (vi) part of the IT services (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 [54], 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 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.

[54] See Court of Trani, separate section of Molfetta, 26 October 2009.

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 § 3.6 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:

e. compliance of the company activities with applicable regulatory provisions and with company directives;

f. reliability and integrity of the information system;

g. efficiency and adequacy of business processes;

h. 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:
  d. defining and regulating the procedures and timeframes for carrying out those activities;
  e. 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);
  f. 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 of which workers have become aware in the performance of their duties

3.5.1 Italian legislation on Whistleblowing

On 14 December 2017, Law 179/2017 was published in the Official Gazette, containing "*Provisions for the protection of those who report crimes or irregularities of which they have become aware in the context of a public or private employment relationship*", better known as the Whistleblowing Law.

Law no. 179/2017 for the protection of whistleblowers added paragraph *2-bis to Article 6 of Legislative Decree no. 231/2001* (hereinafter also referred to as "Decree

231"), which originally provided for the inclusion of a whistleblowing channel within the Organisation and Management Model adopted by the Company.

Paragraph 2-bis was last amended by Legislative Decree no. 24 of 10 March 2023, which transposed Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law and laying down provisions on the protection of persons who report breaches of national legal provisions.

The legislation on the reporting of violations is largely governed by Legislative Decree 24/2023 – to which reference should be made – which provides, as far as it is considered appropriate to highlight here:

vi) the possibility of reporting violations – i.e. conduct, acts or omissions that harm the interest of the entity – that are deemed to have been committed, including: (*i)* administrative, accounting, civil and criminal offences and (*ii*) relevant unlawful conduct pursuant to Decree 231, or violations of organisation and management models;
vii) the identification of a person, of an autonomous dedicated internal office or of an external and autonomous subject for the management of the reporting channel;
viii) the identification of specific channels, including IT channels, for internal reporting of violations, in written and/or oral form;
ix) the confidentiality and confidentiality of the information received and the protection of the personal data of the whistleblower and the reported person;
x) precise timing for the start, performance and conclusion of the investigation carried out by the entity managing the report;
xi) the prohibition of retaliation against the whistleblower, i.e. any behaviour, act or omission, even if only attempted or threatened, carried out as a result of the report, which causes or may cause the reporting person, directly or indirectly, unjust damage;
xii) the nullity of any retaliatory acts carried out against the whistleblower; in addition, the burden of proving that the negative measures taken against the whistleblower are based on reasons unrelated to the whistleblower is on the person who took those measures;
xiii) the provision of disciplinary sanctions: (*i*) for those who violate the confidentiality of the whistleblower; (*ii*) for those who send, with intent or gross negligence, unfounded reports (*iii*) in the event of retaliation against the whistleblower and (*iv*) in the event that the report has been obstructed or there has been an attempt to obstruct it.

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Finally, it should be noted that the issue of reporting is closely connected to that of the protection of personal data, also taking into account the entry into force, on 31 May 2018, of EU Regulation 2016/679: "*General Data Protection Regulation*" ("GDPR").

In particular, in accordance with the provisions of Legislative Decree 101/2018, aimed at harmonizing the contents of the Italian "Privacy Code" (referred to in Legislative Decree 196/03) with the European legislation referred to in the GDPR, entities are required to:

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- ensure the confidentiality and confidentiality of the information received;
- protect the identity of the whistleblower, of the reported and of the subjects involved in the reported facts, in accordance with the detailed provisions of the Whistleblowing Decree;
- use only the information that is necessary in relation to the specific case being reported, deleting any excess information;
- identify what information is relevant for the purposes of the investigation that is carried out as part of the management of the report;
- Inform everyone on the modalities and purpose relating to the processing of your data, providing information in line with the provisions of the Whistleblowing Decree and the applicable privacy legislation;
- allow access to data only to individuals rResponsible of the management of the procedure, subject to prior instructions. Limiting the sharing of personal data and/or the identity of data subjects to the subjects/functions strictly authorized to manage the reports, as well as limiting The transfer of personal data only when necessary and in accordance with the applicable privacy legislation;
- regulate, through a specific agreement on data processing, the possible involvement of external parties in the processing of personal data
- define appropriate and proportionate data retention methods and terms for the purposes of the whistleblowing procedureonline with the provisions of the Whistleblowing Decree;
- protect the information (including personal data) processed in the context of a report with appropriate security measures, in line with art. 32 GDPR;
- follow up on any requests to exercise privacy rights, within the limits provided for by privacy legislation and the Whistleblowing Decree.

3.5.2 Procedure for handling reports ("Whistleblowing Procedure")

The subsequent provisions of this paragraph regulate all the phases of the process of managing the reports received by the so-called "whistleblowers": from the making of the report to the receipt of the same by the recipient identified by the Model (see below), to the analysis and processing of the report, guaranteeing the confidentiality of the whistleblower and his protection from possible retaliatory and/or discriminatory actions resulting from the report itself.

A) Scope and objectives of the procedure

The following provisions are intended to allow data subjects to report – even anonymously – conduct in violation of the Model and/or the behavioural standards in force at QVC Italia and the Group to which they belong, facts constituting one of the offences provided for by the Decree and/or any other conduct that does not comply with applicable laws.

Inaddition in accordance with the provisions of art. 1, Legislative Decree no. 24 of 10 March 2023, the Whistleblowing procedure also makes it possible to report violations of national or European Union regulatory provisions that harm the public interest or the integrity of the Company, of which the whistleblower *has* been found or knowledge within the work context.

These requirements do not modify the periodic information flows to the Supervisory Body (SB), established in accordance with the provisions of the Model and established by the SB itself.

The procedure aims to:

- provide information on **who** can make the reports (par. B);
- indicate **what** may be the subject of a report (paragraph C);
- provide for the **procedures** for transmitting the report (par. D);
- identify the **recipient** of the reports (par. E);
- establish the **procedures for managing and verifying** the report (par. F);
- define the **measures put in place to protect the whistleblower**, in compliance with the regulations in force (par. G and par. H);
- define the responsibilities of whistleblowers **and the** rights of whistleblowers (par. I and L)
- regulate the **procedures for storing the documentation** relating to reports (par. L)

B) Who can make reports

The subjects who can make the reports are the following:

- the members of the corporate bodies, employees and collaborators in any capacity of QVC Italia and the Group;
- external parties who have relationships and business relationships with the Company and the Group (e.g., suppliers, customers, Business Partners,consultants);

C) The content of the reports

The subjects identified in paragraph B) above may report:

- violations, overt or suspected, of the provisions contained in the Model and/or in the standards of conduct in force at the Group;

- the facts and/or conduct that constitute or may potentially constitute one of the offences provided for by the Decree;
- other conduct that does not comply with the laws, standards of conduct and/or company procedures in force relating to the Company and the Group, which may in any case cause economic and/or reputational damage to the company.
- lawful acts falling within the scope of European Union acts relating to areas such as public procurement, services, products and financial markets, prevention of money laundering and terrorism, transport safety, product safety and compliance, environmental protection, public health.

The report may also concern:

(i) information on conduct to occupythe violations;

(ii) unlawful activities that have not yet been carried out but that the *whistleblower* reasonably believes may occurin the presence of precise and consistent concrete elements;

(iii) reasonable suspicions of the violations that have occurred.

By way of example, but not limited to, the reports may concern situations of awareness or mere suspicion concerning the following categories of unlawful and/or unethical conduct (described below according to a logic of greater breadth than the scope of application of each of the predicate crimes provided for by the Decree):

Misconduct in the conduct of business
Illegal or unethical conduct in the conduct of the Group's business, with in particular with regard to corrupt acts of any nature (including in the form of attempts);

Conflicts of interest
Situations of actual or potential conflict of interest, relating to cases in which an employee, a manager or a member of the corporate bodies, or a member of their families, is placed in a position to be able to acquire undue personal advantages as a result of the role held in the company;

Accounting and/or tax irregularities
Failure to comply with applicable law and/or internal rules regarding accounting, taxation and financial reporting, non-compliance with legal, tax or regulatory requirements (e.g. alteration, manufacture, falsification or counterfeiting of part or all financial and/or tax documents or reports, misleading communications, omissions or misrepresentations about costs, revenues or other accounting items);

Internal fraud and misuse of company assets
Internal fraud committed by employees against the company for personal advantage by circumventing company laws and procedures. The definition of fraud also includes the improper or unauthorized use of the company's assets for personal purposes;

Entertainment expenses and gifts that are not in line with business practices
Offer or acceptance of gifts of non-modest value, not purely commercial courtesy and not accurately recorded in the relevant company documentation, in order to influence business and/or commercial decisions or decisions of third parties, in violation of applicable laws, the Code of Conduct and the standards of conduct in force at the Group;

Harassment, discrimination, threats
Discrimination or harassment in the workplace on the grounds of race, sex, sexual orientation, disability, age, national origin, ethnicity, religion, social status, etc. This includes unwanted or unwelcome physical or verbal conduct (including threats or violence) towards an individual that is likely to create an intimidating, hostile or offensive environment, that unreasonably interferes with performance at work or that adversely affects one's professional opportunities;

Health, Safety & Environment
Any violation of workplace safety regulations and procedures, and
any condition that is detrimental or dangerous to the health and well-being of employees

Actions that violate intellectual property rights, privacy, etc.
Actions that involve the unauthorized or improper use of the intellectual property rights of the Company, the Group or third parties, trade secrets, or in general information relating to employees, customers or related to commercial, marketing and sales strategies.

Reports must be made in good faith, be **well-founded and, therefore, based on precise and consistent evidence**. To this end, the whistleblower is expected to:

- accurately describe the incident that is the subject of the report;
- indicate the person(s) held responsible for the violation(s), as well as any other parties involved and/or who may report on the fact;
- describe the circumstances of time and place in which the event that is the subject of the report occurred;
- attach all available documents to support the report;
- provide all the elements useful for the reconstruction of the facts and the verification of the validity of the report.

D) How to submit reports

Reports must be made through one of the following alternative channels:

- by e-mail, with free text, to the e-mail address reserved for the Supervisory Body in accordance with the provisions of the Model (see below, Chapter 4, paragraph 4.7);
- using the dedicated IT platform (*Navex*), accessible at the website https://liberty.tnwreports.com/;
- by email to QVC Inc.'s Ethics and Compliance Team.;
- by e-mail to the People Team (local HR);

- by phone at 800 140 869.

It should also be noted that in compliance with the provisions of thenew Whistleblowing regulations

- **The reporting channels indicated above protect the confidentiality of the whistleblower**, guaranteeing those who intend to reveal their identity adequate protection from retaliatory and/or discriminatory acts, as better provided for in paragraphs G and H below; The IT platform allows the whistleblower to make reports **also anonymously**, i.e. without revealing their identity and without the recipient and/or QVC Italia and/or the Group being able to discover it;

- also **Reports made through channels other than the IT platform may be made anonymously**, provided that they are sufficiently detailed and sufficient to allow the necessary investigations to be carried out.

E) Addressees of the reports

Reports made by *whistleblowers* are received:

(i) exclusively by the Company's Supervisory Body (SB), if they are carried out by e-mail;

(ii) by the Company's Supervisory Body (SB), as well as by other corporate functions of the Group (duly identified and characterized by roles related to corporate compliance and the security of whistleblowers' systems and personal data) and/or by other parties expressly authorized and subject to strict confidentiality obligations, if they are carried out using the IT platform mentioned above.

In any case, all reports received through the above-mentioned reporting channels – where referable in any way to QVC Italia – must be promptly forwarded to the SB. Where the channels are managed by parties external to the SB and QVC Italia, this obligation must be specifically and expressly regulated.

The SB manages the report in compliance with the principles of confidentiality indicated in paragraphs G and H below and verifies its validity in accordance with the procedures set out in paragraph F below.

F) The procedures for verifying reports

The SB receives the reports, examines them, and takes all the initiatives deemed necessary to ascertain the validity (or otherwise) of the same.

Once the report has been received, the SB will issue to the whistleblower – if known – an acknowledgement of receipt of the report within **seven days** from the date of receipt of the same.

First of all, it notes the report received in a special register of reports, established in digital and/or paper format and accessible only to the SB itself.

The whistleblower who initially made his report choosing to remain anonymous is free, during the subsequent phases, to manifest his identity, revealing it to the SB in the manner he deems preferable and/or those provided for by the platform. However, the person or whistleblower who chooses to remain anonymous will only benefit from the protection conditions provided for by the new rules if he or she has subsequently been identified and has suffered retaliation. The SB may carry out investigations to determine the truthfulness of what is stated in the report and request all the necessary documentation from the competent company functions.

The SB shall provide a response to the report within **three months** (i*) from the date of the acknowledgment of receipt or (*ii*) in the absence of such notice, from the expiry of the term of seven days from the submission of the report.* The SB examines the facts reported and the documents (if any) received and, if it deems it necessary and/or appropriate for the purpose of ascertaining the validity of the report, may:

- in the case of a report submitted through the IT platform, request any additional information from the whistleblower in the manner provided for by the platform;
- contact the whistleblower (if he/she is not anonymous) and call him/her for a personal and confidential interview in order to receive clarifications and/or additions to the information and documents provided;
- to carry out the hearing of any other persons who may report on the facts reported;
- carry out any other activity deemed appropriate for the purpose of ascertaining the validity of the report.

In carrying out the assessment activities, the SB may involve other functions of the Company and/or appoint external consultants if necessary. Any other functions involved by the SB in the examination of the report are subject to the same confidentiality constraints and the same responsibilities to which the members of the SB are subject. All these subjects have the mandatory obligation to refrain from dealing with the report in the event of situations of conflict of interest.

The SB draws up and keeps the minutes of any meetings organized as part of conduct assessment activities independently and/or with the help of the company departments involved.

At the end of its checks, the SB prepares a report on the checks carried out and, in the event of **an unfounded** report, promptly notifies the whistleblower, proceeding with the simultaneous archiving of the report, with a relative annotation in the register of reports of the reasons that led to the filing.

In the event **of a manifestly unfounded** report, made for the sole purpose of discrediting one or more persons or corporate functions or the Company or other natural persons or companies belonging to the Group and/or in any case vexatious

towards other employees of the Company, the SB shall inform the Human Resources Department, so that disciplinary proceedings may be initiated against the person making the report, also in compliance with current labour law regulations and the applicable National Labour Contract. In addition, it adopts all the measures it deems most appropriate, not excluding – if the conditions are met – the possible complaint to the competent Judicial Authority. On the other hand, no action or sanction is envisaged against those who have reported in good faith facts that subsequent checks prove to be unfounded.

On the other hand, in the event that, as a result of the investigations carried out, the **report is found to be well-founded**, the SB shall promptly notify the Chief Executive Officer and (for the aspects within its competence) the Human Resources Department, proposing an action plan and/or an intervention that may include, depending on the case, the possible reporting of criminal, civil and/or administrative offences to the Judicial Authority, as well as the possible adoption of sanctioning measures against the reported(s) and/or in any case the subjects who, at the end of the investigation, are found to be the authors of the unlawful conduct and/or violations reported.

The Supervisory Body promotes any other initiative necessary for the possible adaptation of the Model and company procedures with respect to situations that have triggered/made possible the violations that have occurred.

Also in this case, the SB reports in the register of reports the outcome of the *process* and the possible imposition of sanctions against the reported person, as well as the possible opening of legal proceedings against him.

G) Safeguarding the confidentiality of whistleblowers

The identity of the whistleblower and the content of the report. Shall be kept strictly confidential.

Except in the cases per provided for by law (for example, in the case of criminal, tax and/or administrative investigations, inspections by the Supervisory Authorities), **the identity of the whistleblower may not be revealed to persons other than those competent to receive or follow up on the report, without the consent of the data subject**.

Therefore, subject to the exceptions mentioned above, all those who receive or are involved in the whistleblowing process – and *first and foremost the* SB – are required to protect the confidentiality of the whistleblower and to guarantee the utmost discretion with regard to the information received, even indirectly, regarding the facts reported, as well as the identity of the whistleblower.

Violation of the duty of confidentiality is a source of disciplinary liability, without prejudice to further responsibilities provided for by law.

Moreover, the **processing of the personal data of the whistleblower (as well as of the reported person and any third parties involved) is carried out in compliance with the legislation on the protection of personal data in force**

H) Protection of whistleblowers from retaliatory and/or discriminatory acts

The Company does not tolerate threats, retaliation and/or discrimination against anyone who, in good faith, reports unlawful conduct and/or conduct that does not comply with the Decree or other regulations in force.

The Whistleblowing Decree defines "*retaliation*" as *any conduct, act or omission, even if only attempted or threatened, carried out by reason of the report, the complaint to the judicial or accounting authority or the public disclosure and which causes or may cause the reporting person or the person who filed the complaint, directly or indirectly, An unjust damage*

Retaliatory and/or discriminatory measures include, but are not limited to, unjustified disciplinary actions, unjustified changes of job or location, unjustified reduction in salary, harassment in the workplace and/or any other type of mobbing linked, directly and/or indirectly, to the report made, which has deleterious effects on the working conditions of the whistleblower.

A whistleblower who believes that he or she has suffered a retaliatory and/or discriminatory act as a result of the complaint may notify his or her hierarchical superior or the Human Resources Department or the SB, so that the following can be assessed:

- the need/opportunity to restore the situation and/or to remedy the negative effects of discrimination;
- the existence of the grounds for initiating disciplinary proceedings against the perpetrator of retaliation and/or discrimination.

The whistleblower may also notify the trade union organisation to which he belongs or the representative organisation present in the company.

I) THE SANCTIONING SYSTEM

The *Whistleblowing* Decree provides for the establishment of a sanctioning system against those responsible for the offences indicated below.

I.1 Intentional or culpably unfounded reports

Without prejudice to the provisions of the *Whistleblowing* Decree, if the outcome of the analysis of the report should reveal that it is unfounded and it is ascertained that the reporting person has made the report with intent or gross negligence, the sanction provided for in the Model will be applied.

The disciplinary sanctions to be imposed on the whistleblower shall be assessed takinginto account, by way of example:

- the seriousness of the subjective element, i.e. the existence of a wilful or grossly negligent attitude on the part of the person who made the report that turned out to be unfounded;
- the seriousness of the facts falsely reported;
- the use of fraudulent means (e.g. falsification of evidence).

In any case, any assessment of the advisability of filing a complaint or lawsuit in the case of acts or facts with criminal relevance remains unaffected.

I.2 Breach of the whistleblower's confidentiality

In the event of a breach of the confidentiality of the whistleblower, sanctions shall beapplied, taking into account, but not limited to:

- whether the disclosure was intentional or mistaken;
- the manner of its disclosure and dissemination;
- that the disclosure exposed the *whistleblower to risk*.

7.3 Other offences

In the event that one of the following offences is detected, the sanctions provided for in the Model shall be applied when:

- retaliation has been committed against the reporting person;
- reporting has been hampered;
- An attempt has been made to obstruct reporting.

J) Responsibilities of the whistleblower

It is the responsibility of the whistleblower – even anonymously – to make reports in good faith and in line with the spirit of this procedure and the Model: reports that are manifestly unfounded, opportunistic and/or made for the sole purpose of harming the reported person(s) will not be taken into consideration and will be subject to sanctions and/or actions before the competent Judicial Authority.

K) Rights of the subjects involved in the report

During the verification and verification of unlawful conduct and violations that may be reported, the subjects involved in any way in the facts covered by the reports may be

contacted and asked to provide any necessary clarification. However, under no circumstances will sanctioning proceedings be initiated against them for the sole reason of the report, in the absence of concrete evidence regarding the content of the same.

L) RETENTION OF DOCUMENTATION RELATING TO THE REPORT

All paper and/or electronic documentation relating to the report and any investigation carried out by the SB must be archived in such a way as to guarantee the confidentiality of the whistleblower in any case.

The material sent by e-mail is archived in a special folder accessible only to the SB. The documents collected in the course of the investigations are deposited in the same folder.

Reports received in paper format are archived by the SB in order to guarantee confidentiality.

When, at the request of the reporting person, the report is made orally during a meeting with the SB, it shall, with the consent of the reporting person, be documented by recording or by means of a report. In the case of minutes, the reporting person can verify, rectify and confirm the minutes of the meeting by signing his/her signature.

The reports and all the related documentation – both analogue and digital – are kept for the time necessary to process the report and in any case **no longer than five years** from the date of communication of the final outcome of the reporting procedure.

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 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 there 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. associated company QVC Global Business Services, Logistic Provider, 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.

3.7 Preventive measures for the containment of the "pandemic risk" in work sites; monitoring actions

The health emergency still going on at the time of approval of the Model current version, determined by the spread of the SARS-CoV-2 virus (commonly referred to as Covid-19 or "Coronavirus") in Italy, while representing a critical moment where a great number of corporate procedures are highly solicited, does not necessarily require an intervention to correct the Model itself or a drastic reset of the controlling activities falling within the competence of the Supervisory Body.

On the contrary, as highlighted by the most attentive legal commentators, thanks to the correct organisation of the Model along the lines of Articles 5 and 6 of the Decree and (as far as safety at work is concerned) Article 30 of Legislative Decree 81/2008, as well as the most up-to-date and sensitive application practices and reference standards to be derived from court decisions and reference guidelines, the Company can rely on all the instruments to react and protect itself from the "pandemic risk" based on flexible triggering mechanisms, already envisaged by the Model, even in the presence of completely new, highly intense risk factors, such as the Covid-19 emergency.

Thus, as regards the risk of incurring the offence of occupational exposure to infection, the correct implementation of the Model implies the actuation of two fundamental business organisation instruments to cope with such risk, namely: on one hand, an adequate system for monitoring and controlling compliance with the prevention protocols established by the authorities, and, on the other hand, a system for the formalization and control of the Company's choice to keep all or part of the operations open.

Likewise, the new risks of committing predicate offences determined by the intense, ongoing law-making activity during the emergency period (often of a contingent character and departing from existing legislation), aimed at supporting businesses and promoting infection-preventive measures, fall within the scope of application of the Model as new occasions for the possible commission of offences already envisaged and adequately provided for by the Model itself.

On the other hand, the current period indubitably represents a fundamental test to check the Model adequate resistance and aptness to prevent criminal offences. Moreover, the intense stress hitting a great number of corporate processes all at a time requires the Supervisory Body to raise its sensitivity standards and the frequency and reactivity of its supervisory and checking action.

In this perspective, during the current emergency QVC Italia has been adopting a series of measures intended to prevent infection occasions from spreading throughout work sites, and which may be summarised as follows:

- adopting a specific H&S protocol, entitled "***Protocollo delle misure di sicurezza adottate da QVC Italia per prevenire la diffusione del Coronavirus***" (i.e., *"Protocol of the safety measures adopted by QVC Italia to prevent spread of Coronavirus"*). The Protocol aims at protecting the health and safety of employees, self-employed workers and external contractors from the risk of infection within the context of QVC Italia's business operations. It specifically details and regulates some major aspects of the Company's organisation and daily operation, namely: (i) modes of access to QVC Italia's premises by Company employees, self-employed workers and external contractors, (ii) social distancing requirements to be respected in every work site, and (iii) the precautionary measures implemented in the interest of the health and safety of the whole staff and of the third parties interacting with them;
- adopting written operative instructions on workplace health and safety;

- developing and installing in the work sites specific signs illustrating infection prevention issues;
- developing and monitoring plans of action for each business area, identifying shifts for the use of workstations and of the various facilities (the canteen, in the first place);
- providing *ad hoc* training programmes covering the various prevention measures adopted.

In light of the above, QVC Italia Supervisory Body must systematise its action so as to verify that the above organisation control mechanisms are correctly implemented, suggesting their adoption where absent.

More specifically, the Supervisory Body will check that:

a) a mechanism is operative to constantly monitor compliance with the prevention measures adopted by the relevant authorities;

b) an internal communication flow is in place to guarantee that the above measures are immediately implemented within the Company by the functions responsible to do so;

c) the Management's operative decisions as to the reorganisation of a number of offices and activities on a smart-working basis, are duly documented and motivated;

d) a specific flow of information is activated and properly works between the Supervisory Body and the body identified within the Company (Crisis Management Board) to deal with the various phases of the emergency (especially if the pandemic risk should become chronic), and concerning:
   - the organisation changes adopted;
   - the infection cases recorded;
   - confirmation of the constant application of the safety measures;
   - confirmation of the execution of regular controls on the compliance with the *"Protocol of the safety measures adopted by QVC Italia to prevent spread of Coronavirus"* (and its outcome);
   - the existence of an instrument to keep record of all the organisation decisions taken and all the controls made in respect of the preventive measures adopted;
   - the traceability of the investments made to cope with the emergency.

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), which can be accessed exclusively by Supervisory Body members;

- In addition, reports on alleged conducts in breach of the Model and/or in breach of the applicable business standards in place at QVC Italia and the Group, as well as on any of the criminal offences referred to in the Decree and/or any other behaviour that is alleged not to be in line with the applicable laws, can be submitted by following the procedure under the "Whistleblowing Law" (Law 179/2017) provided in the previous paragraph 3.5.2 of this Model;
- 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.

Infringements	Sanctions
Failure to comply with the Group's Ethics & Compliance policies and the Liberty Interactive Code of Conduct	• Verbal caution • Written caution • Fine not exceeding four hours basic pay

Infringements	Sanctions
	• Suspension from work without pay for up to a maximum of ten days • Dismissal with notice • Termination of the employment contract
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"	• Written caution • Fine not exceeding four hours basic pay • Suspension from work without pay for up to a maximum of ten days • Dismissal with notice • Termination of the employment contract
Failure to notify the Supervisory Body as required by the protocols	• Written caution • Fine not exceeding four hours of basic pay • Suspension from work without pay for up to a maximum of ten days • Dismissal with notice • Dismissal without notice, with non-disciplinary precautionary suspension as appropriate • Termination of the employment contract
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	• Suspension from work without pay for up to a maximum of ten days • Dismissal with notice • Dismissal without notice, with non-disciplinary precautionary suspension as appropriate • Termination of the employment contract
Conduct aimed unequivocally and intentionally at the commission of an offence pursuant to Legislative Decree 231/2001	• Dismissal with notice • Dismissal without notice, with non-disciplinary precautionary suspension as appropriate • Termination of the employment contract
Conduct that triggers the application of measures provided for by Legislative	• Dismissal without notice, with non-disciplinary precautionary suspension as appropriate • Termination of the employment contract

Infringements	Sanctions
Decree 231/2001 against QVC Italia	

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.