



# THREE-YEAR CORRUPTION PREVENTION PLAN 2021-2023

Drafted pursuant to and to the effects of law no. 190 of 06 November 2012  
“Provisions for the prevention and sanctioning of corruption and illegality in  
Public Administration” (Anti-corruption law)

Approved by the Board of Directors of Rai Cinema S.p.A.  
at its meeting of 26 March 2021

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## Terminology

This document applies the following terminology, it being understood that the definitions of terms in the plural are also applicable to the same terms in the singular, and vice versa:

**A.N.A.C.:** Autorità Nazionale Anticorruzione (national anticorruption authority) established pursuant to art. 13 of Legislative Decree no. 150 of 27 October 2009 and reorganized in compliance with the provisions of art. 19 of law no. 114 of 11 August 2014.

**Risk areas:** areas of Rai Cinema's activity that are more exposed to the risk of the occurrence of corruption events.

**Sensitive activities:** the Company's activities for which there is the possibility that one or more of the offences contemplated by the National Anticorruption Plan may occur.

**Authorities:** national and foreign Public Administrations.

**Judicial authority:** all the jurisdictional bodies in the matters under their purview.

**Implementation actions:** the activities of integrating, specifying, implementing, and contextualizing the Three-Year Corruption Prevention Plan (P.T.P.C.), within the scope of the Plan as a process.

**National collective bargaining agreement:** the National collective bargaining agreement for middle management, white-collar, and blue-collar workers.

**National collective bargaining agreement, Executives:** the National collective bargaining agreement for executives at companies producing goods and services.

**Circular:** Circular of the Department of Public Administration of the Office of the President of the Council of Ministers no. 1/2014.

**Ethical Code:** the document containing the set of rights, duties – including moral duties – and internal and external responsibilities of all the parties and of the bodies operating in the Group's companies, aimed at affirming recognized and shared principles and behaviour, also for the purpose of preventing and combating possible offences.

**Collaborators:** all natural persons that collaborate with Rai Cinema, by virtue of an autonomous, coordinated, and ongoing collaboration relationship, or in other forms of collaboration that may be likened to non-subordinate collaboration.

**Consultants:** natural persons who, by virtue of their proven experience and specialization and/or their entry in professional registers, work with Rai Cinema by virtue of consulting/autonomous contracts for the performance of highly qualified professional services, in compliance with the provisions of art. 69 bis of Legislative Decree no. 276 of 10 September 2003, introduced by art. 1, paragraph 26, of law no. 92 of 28 June 2012 and paragraph 27 of the same article.

**Subsidiaries:** the companies subjected to the management and coordination of Rai Radiotelevisione italiana SpA.

**Corruption:** includes the various situations in which, over the course of the Company's activity, a party's abuse of the power entrusted to him or her, for the purpose of obtaining private benefits, is encountered. The relevant situations are broader than the criminal cases, which are regulated in articles 318, 319 and 319 ter of the criminal code, and are

such as to comprise not only the entire range of offences against public administration regulated in Book II, Title II, Chapter I, of the criminal code, but also the situations where – regardless of the relevance under criminal law – a malfunction of the Company emerges due to the use for private purposes of the attributed functions, or the company's actions are polluted from the outside, whether this action is successful or merely attempted. Anticorruption regulations prohibit, with no exceptions, any form of active or passive corruption of both public officials and private parties.

**Delegation:** the act with which a party (the delegating party) replaces him or herself with another party (the delegated party) in exercising the activities under his or her purview.

**Recipients:** the Board of Directors, the Board of Statutory Auditors, the Supervisory Board and their members, the CEO, the General Manager and Employees, required to comply with the prescriptions contained in the Three-Year Corruption Prevention Plan and, for the pertinent parts, also the Collaborators, Consultants, Suppliers, and any other party that may maintain relations with the Company.

**Employees:** all those who maintain a subordinate employment relationship with the Company.

**Event:** the occurrence or modification of a set of circumstances that hinder or oppose the objective pursued by the body (e.g. financial purposes, environmental purposes, etc.)<sup>1</sup>.

**Suppliers:** natural and legal persons that perform work, supply goods, and render services to the Company and its collaborators.

**Group:** the Rai Radiotelevisione italiana SpA. Group.

**Anticorruption Law:** law no. 190 of 06 November 2012.

**231 Model:** the Organization, Management, and Control Model pursuant to Legislative Decree no. 231 of 08 June 2001 adopted by the Company.

**Corporate bodies:** the Board of Directors, the Chairman, the CEO, the Board of Statutory Auditors, and the General Manager of Rai Cinema.

**Supervisory Board:** the body established by art. 6 of Legislative Decree no. 231 of 2001, tasked with supervising the function of and compliance with the Company's Organizational Model, as well as with updating it.

**National Anticorruption Plan (Piano Nazionale Anticorruzione – P.N.A.):** the plan prepared and approved by A.N.A.C., having the main function of ensuring the coordinated implementation of the strategies to prevent corruption in public administration, developed on a national and international level.

**Three-Year Corruption Prevention Plan (Piano Triennale di prevenzione della corruzione – P.T.P.C.) or the Plan:** this plan, which – based on the principles and criteria of the National Anticorruption Plan – performs the analysis and assessment of the specific corruption risks and, consequently, indicates the organizational interventions aimed at preventing them.

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<sup>1</sup> Cf. UNI ISO 31000, p. 4, developed by ISO/TMB "Risk Management" technical committee. See also PNA, attachment. 1, p. 12.

**Rai SpA, RAI, or Group Leader or Parent Company:** Rai - Radiotelevisione italiana SpA.

**Rai Cinema:** Rai Cinema SpA.

**Internal contacts of the Corruption Prevention Manager (R.P.C.):** the parties possessing specific professional skills, identified in the Company's corporate departments, tasked with assisting the Corruption Prevention Manager in the activities of controlling, preventing, and combating corruption and illegality; if not specifically appointed, they shall be identified ipso facto in the persons of the Managers of said corporate departments.

**Corruption Prevention Manager (Responsabile per la Prevenzione della Corruzione – R.P.C.):** the party the Company has identified taking into account the role he or she plays in accordance with the criteria set out under art. 1, paragraph 7, of the Anticorruption Law for the parts applicable to the Company.

**Risk:** effect of uncertainty on the proper pursuit of objectives, due to the occurrence of a given event. There are various categories of risk: market, reputational, strategic, organizational, operative, financial, and crime risk<sup>2</sup>.

**Internal Control System:** the company's Internal Control System (ICS), which is to say the set of corporate rules, regulations, instruments, and organizational structures, aimed at allowing Rai Cinema's business to be conducted in a way that is healthy, fair, and consistent with the corporate objectives defined by the Board of Directors, through an adequate process of identifying, measuring, managing, and monitoring the main risks, and through the structuring of appropriate information flows aimed at guaranteeing the circulation of information.

**Company:** Rai Cinema SpA.

**Consolidated Law:** the Consolidated Law on audiovisual and radio media services pursuant to Legislative Decree no. 177 of 31 July 2005 as amended and supplemented.

**Corporate Communication and Transparency Plan (Piano per la Trasparenza e la Comunicazione Aziendale – TCA or PTCA):** the Plan established for RAI by law no. 220 of 28 December 2015.

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<sup>2</sup> Cf. UNI ISO 31000, p. 4, developed by ISO/TMB "Risk Management" technical committee. See also PNA, attachment. 1, p. 12.

## Introduction

At its meeting on 18 December 2014, RAI's Board of Directors appointed its Corruption Prevention Manager and Transparency Manager, pursuant to and to the effects of the Anticorruption Law.

With note DG/2014/0010438 of 22 December 2014, RAI, as part of its management and coordination activity, asked the Group companies, including Rai Cinema, in keeping with the prescriptions of the National Anticorruption Plan and the clarifications contained in the Circular, among other things, to promptly:

- appoint the Manager for the implementation of the anticorruption Plan;
- prepare the Three-Year Corruption Prevention Plan;
- supplement the Organization, management, and control model pursuant to Legislative Decree no. 231 of 8 June 2001, with the plan provided for by the Anticorruption Law;
- adopt the three-year programme for transparency and integrity;
- prepare the instruments aimed at guaranteeing recourse to the institution of civic access pursuant to art. 5 of Legislative Decree no. 33/2013.

With the same note DG/2014/0010438 of 22 December 2014, RAI also asked the Group to adopt, without delay, any initiative useful or necessary for implementing the additional transparency prescriptions provided for by Legislative Decree no. 33/2013.

Subsequently, at the meeting of 29 January 2015, RAI's Board of Directors adopted its own Three-Year Corruption Prevention Plan, which also contains, among other things, within the framework of the management and coordination activity, the principles of reference and the implementation criteria for the Group's companies, for the purpose of their adoption of a Three-Year Corruption Prevention Plan that at any rate takes account of their juridical nature, specific characteristics, and operative and statutory features.

In light of the prescriptions introduced by the Anticorruption Law and adopting the guideline formulated by RAI, the Board of Directors of Rai Cinema appointed, in the session of 17 February 2017, Giuseppe Zonno, attorney-at-law, the Director in charge of the Business Affairs, Legal Affairs, and Contracts Area (Deputy Director), as Corruption Prevention Manager and Transparency Manager (Responsabile per la Prevenzione della Corruzione – R.P.C.) pursuant to and to the effects of the Anticorruption Law, who succeeded Massimiliano Orfei, attorney-at-law and director of the Legal Affairs, Corporate Affairs, and Board of Directors Secretariat Area, as Corruption Prevention Manager.

It is pointed out that Rai Cinema already has a 231 Model, of which the Company's Board of Directors, at the meeting of 29 July 2014, approved a revised and updated version, also taking into account – within the framework of the prescriptions pursuant to the aforementioned Legislative Decree no. 231/2001 – the new prescriptions introduced by the Anticorruption Law.

This 231 Model was also subjected to additional updates, which took into account the latest offences introduced in 2014 and 2015, and the organizational changes taking place during

that period, and which made it possible to submit a new version of the document to the Board of Directors meeting held on 29 January 2016.

Lately, the Model was the object of an update approved by the Board of Directors of Rai Cinema at the session of 04 December 2020, taking account of the new crimes introduced on that date.

In compliance with the provisions in force, Rai Cinema's Three-Year Corruption Prevention Plan, adopted on 06 March 2015 was submitted for updating and was proposed by the R.P.C., in this updated version, to the governance body (Board of Directors) at the meetings of 30 January 2016, 30 January 2017, 31 January 2018, 30 January 2019, 28 January 2020, and 26 March 2021 (this version).

This document was prepared by the R.P.C. in compliance with the principles of reference and the implementation criteria contained in RAI's Three-Year Corruption Prevention Plan, and was the object of revision by outside consultants.



## 1. REGULATORY FRAMEWORK OF REFERENCE

### 1.1 Anticorruption Law

The Anticorruption Law – published in *Gazzetta Ufficiale* no. 265 of 13 November 2012 and entering force on 28 November 2012 – amended by Legislative Decree no. 97 of 2016, has as its fundamental purpose the prevention and suppression of corrupt behaviour in public administration and, more generally, behaviour that, even if of no relevance under criminal law, is contrary to principles and criteria of good administration. The goal is to create an environment that is as hostile as possible to phenomena of illegality in public administration.

Therefore, the subjective sphere of application of the Anticorruption Law fully involves not only the public administrations pursuant to Legislative Decree no. 165/2001, as textually provided for by the original regulation, but also private law bodies under public control, both in consideration of the interpretative clarifications over time provided by A.N.A.C., and in light of the modification introduced to art. 11 of the Transparency Decree by art. 24 bis of Legislative Decree no. 90/2014 – titled “Urgent measures for simplification and administrative transparency, and for the efficiency of judicial offices” – converted, with amendments, by law no. 114 of 11 August 2014.

The main obligations introduced by the Anticorruption Law regard:

- the preparation of the Three-Year Corruption Prevention Plan, subjected to yearly updating and published by no later than 31 January each year;
- the appointment of the Corruption prevention manager;
- compliance with the prohibitions in the matter of non-conferability and incompatibility of the positions pursuant to Legislative Decree no. 39/2013.

### 1.2 National Anticorruption Plan (P.N.A.)

The Anticorruption Law was implemented, among other things, with the National Anticorruption plan (P.N.A.) approved by the Independent Commission for the Assessment, Transparency, and Integrity of public administrations (*Commissione Indipendente per la Valutazione, la Trasparenza e l'Integrità delle amministrazioni pubbliche* – C.I.V.I.T., now A.N.A.C.) with Decision no. 72 of 11 September 2013 and subsequently updated with ANAC Determination no. 12 of 28 October 2015, with ANAC Determination no. 831 of 03 August 2016, with A.N.A.C. Determination no. 1208 of 22 November 2017, with A.N.A.C. Determination no. 1074 of 21 November 2018, and with Decision no. 1134 approved on 08 November 2017, on “New Guidelines for implementing the regulations in the matter of corruption prevention and transparency by companies and private-law entities that are controlled or invested in by public administrations and of economic public bodies”, and most recently with A.N.A.C Decision no. 1064 of 13 November 2019.

The National Anticorruption Plan identifies the strategies in which, on the national level, the system for preventing and combating corruption in public administration and in the parties held to application of the Anti-Corruption Law is articulated, and provides guidelines

and support to public administrations in implementing corruption prevention and drafting anticorruption plans.

### **1.3 The Three-Year Corruption Prevention Plan**

On the decentralized level, the Anticorruption Law provides for adopting a specific instrument for preventing corruption phenomena, called the "Three-Year Corruption Prevention Plan," (also known by its Italian initials P.T.P.C.) through which authorities define and communicate to A.N.A.C. *"the assessment of the offices' different level of exposure to corruption risks, and indicate the organizational interventions aimed at preventing said risk."*

The Three-Year Corruption Prevention Plan also has the function of creating a link between anticorruption measures, transparency, and performance, with a view to a broader risk management; for entities, its adoption presents an important opportunity to affirm the principles of healthy corporate administration and management, and to spread of the culture of legality, ethicality, and integrity. The Three-Year Corruption Prevention Plan must allow an integrated prevention action to be carried out among the various parties responsible for management functions, including instrumental ones, by defining the following minimum content:

- identifying the areas at greatest corruption risk, including those provided for in art. 1, paragraph 16, of the Anticorruption Law, assessed in relation to the context, the activity, the social purpose, and the specific operative nature of the entities;
- planning training efforts, with particular attention to the areas at greatest corruption risk;
- establishing procedures to implement the entities' decisions with regard to the risk of corruption phenomena;
- identifying procedures for managing human and financial resources suitable for preventing the commission of crimes;
- adopting a Code of behaviour for employees and collaborators that includes regulating cases of conflict of interest for the area of administrative activities and functions;
- introducing a disciplinary system suitable for penalizing the failure to comply with the measures indicated in the model;
- regulating the updating procedures;
- establishing disclosure obligations for the body charged with supervising the function of and compliance with the compliance models;
- regulating an information system to implement the flow of information and permit monitoring of implementation.

Essential for the purpose of preparing the prevention plan is the consideration that the concept must be understood in a broader sense than that provided for by the corresponding regulations under criminal law. Circular no. 1 of 25 January 2013 of the Office of the President of the Council of Ministers – Department of Public Administration – in fact made it clear that the concept of corruption must be

understood in a broad sense, as comprehensive of “ *various situations in which, over the course of the Company’s activity, a party’s abuse of the power entrusted to him or her, for the purpose of obtaining private benefits, is encountered. The relevant situations are broader than the criminal cases, which, as is known, are regulated in articles 318, 319 and 319 ter of the criminal code, and are such as to comprise not only the entire range of offences against public administration regulated in Book II, Title II, Chapter I, of the criminal code, but also the situations where – regardless of the relevance under criminal law – a malfunction of the Company emerges due to the use for private purposes of the attributed functions.*”

#### **1.4 The Corruption Prevention Manager (R.P.C.)**

The Three-Year Corruption Prevention Plan is proposed by the Corruption Prevention Manager, appointed pursuant to art. 1, paragraph 7, of the Anticorruption Law, and adopted/updated, by no later than 31 January each year, by the governance body, which transmits it to ANAC.

##### **1.4.1 Tasks**

In particular, the Corruption Prevention Manager:

- a) develops the proposal of the Three-Year Corruption Prevention Plan;
- b) verifies the effective implementation of the Plan, and its suitability;
- c) proposes amending/updating it (violations/organizational changes);
- d) verifies, in concert with the competent executive, the actual application of the measures alternative to rotation for personnel assigned to risk areas;
- e) defines appropriate procedures for selecting and training employees who are to work in sectors particularly exposed to corruption risk;
- f) identifies the personnel to be inserted into training programmes on issues of ethics and legality.

##### **1.4.2 Duties**

The Circular no. 1 of 25 January 2013 of the Office of the President of the Council of Ministers – Department of Public Administration - identifies additional duties for the Corruption Prevention Manager:

- a) if during the performance of his or her activity, he or she discovers events that may be of disciplinary relevance, he or she shall promptly inform the executive in charge of the office where the employee is employed, or the superior executive if the employee is an executive, as well as the disciplinary proceedings office, so that the disciplinary action may be initiated in due haste;
- b) should he or she discover facts that are liable to result in administrative liability, he or she must submit a prompt report to the *Procura* (prosecutor) at Corte dei Conti (court of audit) for any initiatives as to verifying damage to revenue;

- c) should he or she encounter acts that are information of a crime, he or she must submit a report to Procura della Repubblica (public prosecutor) or to a judicial police official following the procedures provided for by law (art. 331 of the code of criminal procedure), and shall immediately notify the national anticorruption Authority.

#### **1.4.3 Liability**

For the significant tasks attributed, the Anticorruption Law identifies liabilities for the Corruption Prevention Manager, such as:

- a) executive liability for failure to prepare the Three-Year Corruption Prevention Plan and failure to adopt the procedures for the selection and training of employees (art. 1, paragraph 8, Anticorruption Law);
- b) executive, disciplinary, and administrative liability in the event of final conviction within the entity for a crime of corruption, unless the manager proves: (a) having prepared, prior to the commission of the offence, the Three-Year Corruption Prevention Plan in compliance with the provisions of the law; and (b) having supervised the function of and compliance with the plan (art. 1, paragraph 12, Anticorruption Law);
- c) executive liability for repeated violation of the prevention measures provided for by the Plan (art. 1, paragraph 14, Anticorruption Law)
- d) disciplinary liability "for failure to control" (art. 1, paragraph 14, Anticorruption Law), unless he or she proves having notified the offices of the measures to be adopted, and the procedures therefore, and having supervised compliance with the Plan.

The disciplinary sanction borne by the corruption prevention Manager may be no less than suspension from duty without pay for a minimum of one month to a maximum of six months (art. 1, paragraph 13 Anticorruption Law)

#### **1.4.4 Resources for carrying out the prevention activity**

To perform the tasks attributed to him or her by the Anticorruption Law, the Corruption Prevention Manager requires economic and professional resources.

Paragraph 7 of art. 1 of Law no. 190/2012 establishes that the governing body orders, upon appointment, any organizational modifications necessary for ensuring functions and powers suitable for carrying out the office with full autonomy and effectiveness.

### **1.5 Transparency**

Law no. 220 of 28 December 2015 approved the "Reform of RAI and of the public broadcasting service" (hereinafter, the "RAI Reform"), which entered force on 30 January 2016.

Among other things, the RAI reform introduced modifications to the Consolidated Law on audiovisual and radio media services (TUSMAR) and to RAI's pre-existing

organizational and operational arrangement; these modifications were transposed into RAI's Articles of Association.

The consequent amendments to RAI's Articles of Association, at the proposal of the Board of Directors, were approved on 03 February 2016 by the Shareholders' Meeting, in order to implement the provisions of the RAI Reform.

RAI's Articles of Association, as amended following the adoption of the RAI Reform, under article 25, paragraph 3, letter. f), lists, among the "Tasks of the Board of Directors," the approval of the Corporate Communication and Transparency Plan (Piano per la Trasparenza e la Comunicazione Aziendale – the "TCA Plan").

The TCA plan, as provided for by the new paragraph 10, letter g of art. 49 of TUSMAR, introduced by the RAI Reform (and, in the same way, by RAI's Articles of Association under art. 29, paragraph 3, letter i), was proposed to the Board of Directors by the CEO, and was approved with the Board of Directors Decision of 26 May 2016.

Therefore, the transparency constraints are specified for RAI in the TCA Plan.<sup>3</sup>

As indicated in the aforementioned Plan, RAI Cinema S.p.A. has published on its website the criteria and procedures for assigning the contracts pursuant to art. 49 ter of Legislative Decree no. 177/2005, as introduced by law no. 220/2015.

## 2. INTERNAL AND EXTERNAL CONTEXT OF REFERENCE

The in-depth analysis and identification of the internal and external context in which the Company operates, from both the objective and subjective standpoints, is the logical and mandatory prerequisite for defining the overall process of preventing and managing corporate risks.

In fact, Rai Cinema is operating on an extremely competitive market – that of distributing film and audiovisual content – marked by extremely fast change and evolution; this is connected both to the developments and progress of the applicable technologies, and to the new, extremely aggressive national and international players (e.g. Netflix and Amazon) that are entering this market with significant financial clout and competing with "traditional" broadcasters.

In an operating context of this kind, in which quick decision-making is essential for not losing out on commercial opportunities and for keeping our competitive edge, it appears fundamentally important to define compliance and regulatory models in such a way as not to impair operating and commercial efficiency; that is to say, these models should not compromise the ability to generate added value for shareholders.

### 2.1 Incorporation of Rai Cinema, mission, and description of its activity

Rai Cinema is a joint-stock company (società per azioni) incorporated under Italian law, a 100% subsidiary of Rai Radiotelevisione italiana SpA.

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<sup>3</sup> The most recent update of the TCA Plan dates to July 2020.

The Company was incorporated by RAI on 01 December 1999, and on 01 June 2000 the parent's branch of business named DIREZIONE APV (Acquisto, Produzione e Vendita) was conferred to it by specific public document.

Analysis of this document reveals that the initiative's business purpose was to create a single, integrated measure for the entire supply chain of rights to the film and audiovisual product, so as to transform RAI's role in the sector, both at home and abroad, from being a passive subject to being an active player on the market.

As stated in art. 4 of its Articles of Association, the Company has as its object:

- *to acquire full or partial copyrights and intellectual property rights, for commercial exploitation, in audiovisual, film, television and multimedia works, primarily in respect of the production and publishing needs of RAI – Radiotelevisione Italiana – SpA, and its associates, regardless of form of broadcasting, transmission, distribution or mechanical medium (film theatres, home video, pay-per-view, pay-TV, etc.);*
- *to provide to RAI – Radiotelevisione Italiana – SpA, and its associates of the above mentioned copyrights and intellectual property rights in audiovisual, film and television works, however acquired, either transferred by a previous owner or originally produced;*
- *to organise, administer and manage its set of rights in audiovisual, film, television and multimedia works, primarily with respect to the information, research, acquisition and broadcasting needs of RAI – Radiotelevisione Italiana – SpA;*
- *to distribute, market, sell, in Italy and elsewhere, the rights held in audiovisual, film, television and multimedia works, regardless of the means and form of broadcasting, distribution or mechanical medium thereof;*
- *to produce, also in the form of a co-production or through outsourcing, audiovisual works for the Italian and foreign markets, film, television and video-communication works in general, regardless of the form of broadcasting, distribution and mechanical medium;*
- *to create, organise and manage, also in partnership or through outsourcing, distribution circuits, film theatres, multiplex theatres, online/offline film distribution channels.*

*To achieve these objects, in a purely non-core and instrumental capacity, in accordance with Law 197 of 05 July 1991, as amended, the Company may:*

- *carry on any commercial, industrial, financial (including loans receivable or payable) and banking operations, and business involving movables and real estate, deemed appropriate by the board of directors, except for the financial business activities reserved under Legislative Decrees 385 of 01 September 1993 and 58 of 24 February 1998, as superseded, amended and supplemented;*
- *acquire stakes and shares in other companies with similar objects.*

Based on the analysis of the corporate Financial Statements and of the chief operational acts over the past three years, it emerges that the Company carries out – in addition to the ordinary and extraordinary activity that, in keeping with and within the limits of what is provided for by law and by the company's Articles of Association, is structurally linked to the exercise of the business – the concrete activities listed below by way of example.

- investments in purchasing, on national and international markets, Free TV rights for film and audiovisual works in general;
- investments in developing, producing, pre-acquiring, and promoting – also at major festivals and national and international film events – film works of original Italian expression, also within the framework of the related investment obligations provided for by EU Directives and by the national regulations, primary and secondary, adopting these Directives;
- investments in the acquisition of all distribution rights in Italian territory of international film works, mainly on the United States market;
- sale of television specials in Italy related to acquired, pre-acquired, and/or produced film and audiovisual works, as a priority to RAI by virtue of the contract in force between the parties, and secondarily and where applicable to other television broadcasters and suppliers of media services operating on national territory;
- the distribution, sale, and direct (through own commercial divisions) or indirect (through specialized distribution companies) economic exploitation, in all channels in the supply chain on the domestic market (cinemas, home video circuits, on demand platforms, pay-TV, ancillary and derived exploitation, etc.), of the rights to film works of original Italian expression, developed, produced, and/or pre-acquired by the Company, and of the rights to the additional audiovisual and film works that are at any rate part of the total set of holdings conferred by RAI or subsequently acquired independently by the Company on any grounds;
- economic exploitation of the overall set of rights on international markets, mainly through the conferral of assignments to specialized distribution companies, residually also directly;
- acquisition of goods, services, and work that are directly instrumental to the distribution, exploitation, promotion, and marketing of the set of rights, prevalently as concerns distribution on the national home video and film circuits, residually as concerns distribution in the remaining channels and platforms of commercial exploitation on the national and international markets;
- acquisition of goods, services, and work that are functional to the corporate offices' ordinary and general operative and staffing needs.

Of the activities identified above, particularly important for the purpose of this Plan are those as per the first and second paragraphs above, for their characteristics of being connected, as per the provisions of these Articles of Association, with the Parent Company's productive and editorial needs, which is to say the needs of the licensee of the general public broadcasting service.

Moreover, in this setting, particular consideration must also be given to investment activities in acquiring and/or producing and/or promoting film works of original Italian expression and, more generally, European audiovisual works made by independent producers, by

virtue of their connection with the investment obligations borne by the parent RAI, the licensee of the general public broadcasting service.

It must also be considered that the obligations of investment in the film and audiovisual sector, initially introduced with law no. 122/98 in implementation of the European “*Television Without Frontiers*” Directive, are, as of the date of the drafting of this Plan, provided for in the Consolidated law and are borne by all television broadcasters, public and private.

The contractual relationships between RAI and Rai Cinema are governed by a specific annual option agreement for each year of validity of the contract itself, signed most recently on 19 November 2020 (approved by the Board of Directors of Rai Cinema on 22 July 2020, and by the Board of Directors of Rai on 29 July 2020) having as its purpose making available to Rai, in exchange for payment of a price, the television specials related to the Company’s own audiovisual and film catalogue.

The operating context outlined above finds precise correspondence in RAI’s documents and Board decisions concerning the operation of incorporating Rai Cinema.

In particular, from the minutes of the meeting of 23 September 1999, it emerges that the creation of a new company within the context of the re-organization process of the “*content acquisition and marketing*” area of activity responded to the need to “*allow RAI to more effectively oversee the market for acquiring and marketing rights*” – activities, the minutes state, that “*increasingly appear to be decisive resources in defining strategies and determining our competitiveness on the market,*” with the objective then to create a single support for overseeing the activities of acquiring and marketing content, and an important vehicle for alliances with other international partners, also in terms of producing and distributing the cinema product.

Rai Cinema, based on the project of spinning off Direzione APV, submitted to the Board at the time by RAI’s General Manager, was conceived to function in accordance with innovative logic, and to take on the following responsibilities:

- purchasing films/dramas depending on the internal market’s needs;
- managing the film/drama warehouse with sale of specials to the Networks, and, where applicable, transferring to third parties the rights to unused specials;
- producing cinema products with a market-oriented logic;
- managing the “cinema” warehouse and developing a project for overseeing distribution/sale activities.

With reference to the definition of the perimeter of reference of the activity for Direzione APV that is being conferred, the appraisal pursuant to art. 2343 of the civil code states that:

- the purpose of the conferral “*is to give the Group an autonomous tool of intervention in the sector of acquiring, producing, and marketing the audiovisual rights in a national and international setting*”;
- the object of the conferral is RAI’s “*Direzione APV*” branch of business, consisting “*of goods of that directorate (in particular “rights to use intellectual property” represented by rights to exploit audiovisual works) including activities, credits, debts, juridical relationships, subordinate and parasubordinate personnel and contracts referable to it*”;



- the mission of Direzione APV, coinciding with that attributed to Rai Cinema, “*may be summed up in the following activities:*”
  - *acquiring in Italy and abroad rights to the economic use of audiovisual, film, television, and multimedia works;*
  - *organizing, administering, and managing the audiovisual rights of ownership, as well as supplying them to RAI based on its productive and editorial needs;*
  - *distributing, marketing, and transferring audiovisual rights to Italy and abroad;*
  - *producing audiovisual visual works destined for domestic and foreign markets of cinema, television, and video communication in general;*
  - *making, organizing, and managing distribution circuits, cinemas, and film distribution channels on- and offline.”*

As also emerges from Corte dei Conti (court of audit) determination no. 7/2014: “*The commercial policy of Rai Cinema is aimed at broadening its areas of intervention by expanding the range of offered services and of its own clientele on the basis of market logic: beyond Rai Cinema’s operativity in the field of acquiring and producing works destined for the television market, this context includes the activity performed in the sector of theatrical, home video and, above all, film distribution, exercised through 01 Distribution, Rai Cinema’s internal division resulting from a merger concluded in 2011 with 01 Distribution s.r.l.*”

Law no. 220/2015 – containing the reform of RAI and of the public broadcasting service – introduced, for the Group leader and for its wholly-owned subsidiaries (like Rai Cinema), a regime of exceptions in the application of the regulations on public tenders (pursuant to Legislative Decree no. 50/2016 – New Code of Public Contracts) regarding contracts having as their purpose:

- (i) the purchase, development, production or co-production, and marketing of radio and television programmes and of audiovisual works, and acquisitions of broadcasting time;
- (ii) works, services, and related supplies, connected with and functional to the contracts as per point (i) above.

## **2.2 Institutional structure: bodies and subjects**

### Board of Directors

The Company is managed by a Board of Directors consisting, in compliance with law no. 120 of 12 July 2011, as amended and supplemented protecting the less represented gender, of an odd number of no less than five and no more than seven directors, whose term of office shall be three financial years, after which they may be reappointed.

The general meeting shall determine the number of directors and their term of office, subject to the above limits; the directors’ term of office shall expire on the date of the general meeting called to approve the financial statements for their last year of office.

The board of directors is exclusively responsible for the management of the Company and shall operate with the diligence required by the nature of the position and based on the specific expertise of the individual directors. The board is vested with full management powers and has the authority to perform all the activities deemed necessary or expedient for achieving the Company's objects.

The board of directors may delegate, within the limits set out in Article 2381, paragraph 4, of the Civil Code, any of its powers to one or more directors, defining their remit and remuneration, pursuant to Article 2389, paragraph 3, of the Civil Code.

The board of directors may delegate powers for single activities to other directors, with no extra compensation. The board may also appoint agents and grant special powers of attorneys, for specific or general activities, to directors, employees and third parties. The persons to whom these powers are delegated may themselves grant powers of attorney, within the remit received, for specific or general activities, to employees of the Company and third parties.

The board may appoint one or more general managers, determining their duties and remuneration.

#### Chairperson

Based on the provisions of art. 25 of the Articles of Association, the Company's representation and corporate signature, with regard both to third parties and in court, belong to the Chairman of the Board of Directors [...].

Based on the provisions of art. 27 of the Articles of Association, the Chairperson:

- is the legal representative of the Company, according to Article 25 of the Articles of Association;
- chairs the general meetings, in accordance with Article 15.1 of the Articles of Association;
- calls and chairs the directors' meetings, in accordance with Articles 19 and 20 of the Articles of Association;
- monitors the implementation of the resolutions passed by the directors.

The Chairperson exercises the powers provided for by the Articles of Association, as well as the powers as delegated by the Board of Directors upon the decision of the Shareholders' Meeting<sup>4</sup> and, in particular, oversees the organization and regulation of the activities of the Board of Directors; takes part in the Company's activity and oversees the activities of assessing and producing audiovisual works in the documentary genre.

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<sup>4</sup> Most recently defined at the Board of Directors meeting of 25 June 2020

## CEO

Based on the provisions of art. 25 of the Articles of Association, the Company's representation and corporate signature, with regard both to third parties and in court, belong [...] to the CEO, if appointed.

By decision of the Board of Directors, the delegated powers of the CEO were defined.<sup>5</sup>

The CEO oversees the Company's activity, submitting the relevant proposals to the Board of Directors; he or she oversees the choices pertaining to the projects for producing film works, and to acquisition decisions, in the various modes of acquisition, of rights to films, dramas, and other audiovisual and/or intellectual works; supervises the policies for promoting and distributing film works; he or she oversees the activities of legal/business affairs, and the commercial policies of all the works in the Company's holdings.

The CEO is also vested with the powers of the Company's ordinary administration, except for those reserved by law or by the Articles of Association for the General Meeting, for the Board of Directors, and for the Chairperson, and without prejudice to the attributions that the Board of Directors has reserved for itself, or has conferred to the Chairperson.

## General Manager

Based on the provisions of art. 24 of the Articles of Association, the board may appoint one or more general managers, determining their duties, remuneration, and term of office.

By decision of the Board of Directors, the assigned duties of the General manager were defined and a series of powers expressly indicated in said decision were conferred.<sup>6</sup>

## Executive responsible for preparing the corporate accounting documents

Based on the provisions of art. 28 of the Articles of Association, the administrative body appoints, having heard the obligatory opinion of the Board of Statutory Auditors, for a period of no less than the administrative body's term of office and no more than six financial years, the executive responsible for preparing the corporate accounting documents in accordance with art. 154-bis of the Consolidated Financial Law (Legislative Decree no. 58 of 1998 as amended).

The CEO (or the Chairman, if the Board of Directors has not appointed a CEO), or the sole director, is the executive responsible for preparing the corporate accounting documents that, in a report for this purpose attached to the financial statements, attest to their correspondence with the accounting books and records, and to their being able to provide a truthful and fair representation of the economic and financial situation of the company and, where the consolidated financial statements are provided for, of the set of companies included in the consolidation.

The administrative body ensures that the executive responsible for preparing the corporate accounting documents has adequate means and powers to discharge the duties assigned to him or her, and that the corporate organizational measures are effectively complied with.

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<sup>5</sup> Most recently defined at the Board of Directors meeting of 25 June 2020

<sup>6</sup> Most recently defined at the Board of Directors meeting of 24 September 2020.

### Board of Statutory Auditors and Audits

Based on the provisions of art. 29 of the Articles of Association, the General Meeting elects, in compliance with law no. 120 of 12 July 2011 as amended and supplemented, protecting the less represented gender, the Board of Statutory Auditors comprising three permanent members, from whose numbers the Chairperson shall be appointed, and determines their remuneration. The general meeting shall also appoint two alternate members.

The Board of Statutory Auditors is vested with the functions of the Supervisory Board pursuant to art. 6, paragraph 4 bis of legislative decree no. 231/2001. Towards this end, the Board is tasked with attending to monitoring the functioning of and compliance with the organization and management models adopted for the prevention of the crimes pursuant to Legislative Decree no. 231 of 08 June 2001, and with updating them.

### Audits

Based on the provisions of art. 30 of the Articles of Association, the audits of the Company's accounts shall be carried out by a chartered accountant or a legally registered auditing firm.

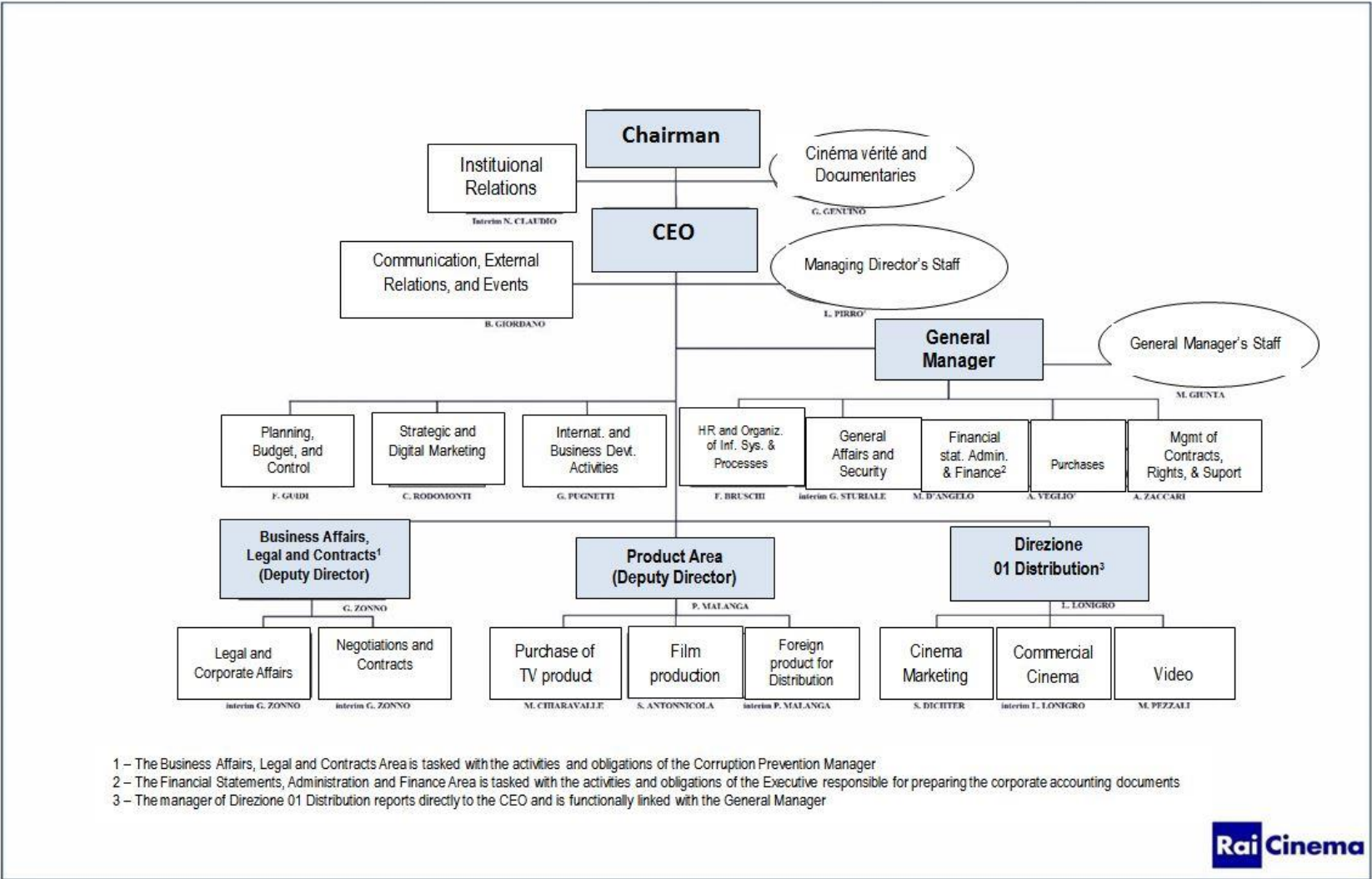
The person or firm responsible for auditing the Company's accounts shall be appointed by the general meeting, based on a reasoned proposal by the supervisory board, for a term of three financial years expiring on the date of the meeting called to approve the financial statements for the last year of the term.

The general meeting shall also determine the auditing fee for the full term of office.

The person or firm auditing the Company's accounts shall record all auditing activities in a logbook kept at the Company's headquarters.

**2.3 Rai Cinema’s organization**

The following is the Company's organizational structure, in force as of the date of the update of this Three-Year Corruption Prevention Plan.



In the month of November 2020, the new organizational chart was adopted.

In particular, the CEO, in concert with the General Manager, has “*identified certain supplements to the missions, aimed at incorporating the evolution of corporate activities and of the market of reference, also in consideration of the dynamics that were determined starting from the initial phase of the epidemiological emergency.*”

The updates related to:

- the CEO’s Staff Area, to incorporate, into the structure’s mission, the formalization of additional technical and specialist activities;
- The Documentaries area which was renamed “Cinéma Vérité and Documentaries” (“Cinema del Reale e Documentari”) with the objective of specifying the activities’ sphere of reference and of accommodating the documentary genre’s evolution towards a new setting of “real-life cinema”;
- - The attribution of the new responsibility over the TV Product Purchase Area.

All the other duties and responsibilities are confirmed, as well as the category levels in force prior to the organizational change.

## **2.4 Governance instruments**

The Company has developed a set of organization governance instruments that guarantee the Company’s operation; they may be summarized as follows:

- Articles of Association: contemplating, in compliance with the provisions of law in force, a number of provisions related to corporate governance aimed at ensuring the proper performance of the management activity;
- Organizational Structure: The Company’s organizational structure is detailed in the document titled “Corporate Missions.” In addition to the macro structure with the overall map of reporting to corporate leadership, this document, most recently updated also following the modified organizational chart in force since ... November 2020, illustrates each structure’s mission, consisting of an analytical description of the responsibilities entrusted to each Area. Towards this end, the document is the first anti-corruption safeguard guaranteeing the traceability of the decision-making paths within the Company. The structure’s representation, along with the Service Orders and the Organizational Orders updating their evolution, is available for consultation by employees on the Company’s internal portal;
- System of delegation of powers and powers of attorney: establishing, through the granting of specific powers of attorney, the powers to represent the Company or to take on commitments on its behalf;

- Group Ethical Code<sup>7</sup>: expressing the ethical principles and that the Group recognizes as its own, and which it calls upon all those operating to achieve the Company's goals to comply with. Among other things, the Ethical Code expresses the lines and principles of behaviour aimed at preventing the crimes pursuant to legislative decree no. 231/2001, and makes express reference to the 231 Model as a useful instrument for operating in compliance with the regulations;
- 231 Model: responds to specific prescriptions contained in Legislative Decree no. 231/2001, aimed at preventing the commission of certain types of crimes (for offences that, when committed to the company's apparent benefit, may result in an administrative liability based on the provisions of said decree). The 231 Model dictates the rules and establishes the procedures that must be complied with for the purpose of exempting the company from the liability pursuant to Legislative Decree no. 231/2001.
- System of Procedures, Protocols, Regulations, Internal communications, Operating instructions, codes, and policies: aimed at clearly and effectively regulating the Company's relevant processes;
- Contract between RAI and Rai Cinema: governs the procedures and conditions under which Rai Cinema has committed to making available to RAI, under exclusive arrangement, a catalogue of FREE TV television specials regarding audiovisual works, acquired by that Company on various grounds, so as to permit RAI, in exercising an exclusive option and in exchange for the payment of the agreed-upon compensation, to purchase individual specials for broadcasting on its own television channels;
- Services supply contract between RAI and Rai Cinema: having as its object the regulation of RAI's rendering of services to Rai Cinema.

The analysis of the set of adopted governance instruments merely sketched out above, and of the provisions of this Three-Year Corruption Prevention Plan, makes it possible to identify, for all activities, what are the modes and logic for forming and implementing the Company's operative and decision-making processes.

## 2.5 Internal Control System (ICS)

The Company has an ICS aimed at overseeing, over time, the risks typical of the company's activity.

The ICS is a set of rules, procedures, and organizational structures having the purpose of monitoring respect for strategies and achievement of the following goals:

- effectiveness and efficiency of corporate processes and operations;
- quality and reliability of economic and financial information;

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<sup>7</sup> Most recently updated to March 2020.

- compliance with laws and regulations, norms and corporate procedures;
- safeguarding the value of the company's business and assets, and protecting against losses.

### 2.5.1 Parties currently in charge of the Company's control, monitoring, and supervision processes

In line with the adoption of the traditional administration and control system, the main parties currently in charge of the Company's control, monitoring, and supervision processes are:

- Board of Directors: defines the Guidelines of the ICS in such a way that the main corporate risks are properly identified and appropriately measured, managed, and monitored, and assesses the ICS's adequacy and effectiveness, also taking into account the ICS's guidelines provided by the Parent Company, as part of the management and coordination activity;
- Chairperson: supervises the activities of the ICS, relying, upon request, on the Parent Company's competent Internal Audit structure;
- Board of Statutory Auditors: oversees compliance with the law, observance of the principles of sound administration, the adequacy of the Company's organizational structure for the aspects under its purview, of the ICS, and of the administrative and accounting system, as well as the latter's reliability in correctly representing management operations.
- Supervisory Board: a function attributed to the Board of Statutory Auditors pursuant to art. 6, paragraph 4-bis of Legislative Decree no. 231/2001, it is tasked with attending to monitoring the function of and compliance with the organization and management models for the prevention of the crimes pursuant to Legislative Decree no. 231 of 08 June 2001, and with updating them;<sup>8</sup>
- Parent Company's Internal Audit: this is the Group's structure tasked with verifying the operativity and proper application of the ICS, and with providing assessments and recommendations for the purpose of promoting their efficiency and effectiveness;
- Management: first control level that guarantees the adequacy of the ICS, taking an active part in its proper function, also with the establishment of specific verification activities and monitoring processes suitable for ensuring their effectiveness and efficiency over time.
- Standing Commission for the Ethical Code: this is the body of reference for implementing and monitoring the prescriptions of the Group's Ethical Code; it supervises tangible compliance with the Code by its recipients, and the effectiveness of

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<sup>8</sup> On 13 March 2019, the Statute of the Supervisory Board was adopted, dictating its functions, duties, and powers.



preventing, over time, behaviour contrary to the principles enshrined in the Code, while proposing any changes to update and/or revise them; assesses the reports received with regard to presumed violations;

- *Executive responsible for preparing the corporate accounting documents*: This figure sees to accompany the company's documents and communications on accounting disclosures – including interim disclosures – with a written declaration stating that these documents correspond with the accounting books, records and documents (art. 154-bis, paragraph 2, of the Consolidated Financial Law), as well as any other financial communication (art. 154-bis, paragraph 3, of the Consolidated Financial Law);
- *Internal 231 Model Managers / Anti-corruption contacts*: guarantee the integrated monitoring and the flows of information needed to concretely implement the prescriptions of 231 Model. They coordinate with the Corruption Prevention Manager (RPC), each for their own sphere of responsibility, so he or she might have elements and responses on the implementation of the Three-Year Corruption Prevention Plan (P.T.P.C) in the context of the structures and the processes of reference, as well as on the adjustment interventions deemed necessary for the purposes of effective prevention action;
- *Commission for reports*: pursuant to the "Procedure on the management and treatment of reports (including anonymous ones)" adopted by Rai Cinema on the occasion of the Board of Directors meeting of 20 November 2019, a "Commission for reports" composed of the Chairman of the Board of Directors, the General Manager, the Corruption Prevention Manager, and the Chairman of the Board of Statutory Auditors or a member of that Board designed by the Chairman was established;
- *Contact for the subsidiary pursuant to Regulation (EU) no. 596/2014*: this figure was introduced in compliance with the provisions established by the "*Regulation for the management of privileged information and of internal dealing operations, the keeping of the insiders register and of the list of the persons exercising administration, control, or management functions or of the persons closely linked to them*" adopted by the Parent Company on 23 January 2018<sup>9</sup>, tasked with promptly reporting to the Parent Company's CEO cases of Privileged Information regarding the Company directly, and therefore informing him or her of the prerequisites that would justify recourse, pursuant to art. 4 of the RAI Regulations, to the delay procedure in the disclosure, so that the CEO might promptly make the relevant assessments pursuant to art. 3 of those Regulations.

Moreover, as part of the control system, an outside auditing firm has been hired to audit the financial statements.

## 2.5.2 The regulatory framework and arrangement of the internal Control System

The main references to the regulatory framework and corporate arrangement in the matter of the Internal Control System (SCI) are:

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<sup>9</sup> Service Order of 15 November 2019, prot. no. DG/02079/19, appointed Rai Cinema's "*Contact for the Subsidiary*."

### Articles of Association

The Articles of Association represent the system of rules regarding the Company's organization, operation, and dissolution. In particular, the Articles of Association define the administration and control model adopted by the Company, and dictate the fundamental lines of how the powers of the corporate bodies are composed and divided, as well as the relationships between them. More specifically, the Articles of Association establish the criteria and procedures for identifying the parties that, at the highest level, contribute towards managing and controlling the business.

### Organization, Management, and Control Model pursuant to Legislative Decree no. 231/2001

The 231 Model contains the description of the procedures and responsibilities for approving, adopting, and updating the Model, and calls for control measures and standards with regard to all cases of crimes currently listed in Legislative Decree no. 231/01.

In addition to relying on the principles and indications contained in the Confindustria guidelines, the control standards have been developed on the basis of international best practices.

The Board of Directors passes decisions as to the updating and adjusting the 231 Model.

### Ethical Code

The Group's Ethical Code regulates the rights, duties, and responsibilities that the Company takes on vis-à-vis the stakeholders with which it interacts in doing its business<sup>10</sup>.

All those that work at the Group, with no distinctions or exceptions, are committed to complying with – and seeing that others comply with – these principles, as well as with the others present in the Ethical Code within the scope of their own duties and responsibilities.

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<sup>10</sup> In particular, the Ethical Code holds the following values as fundamental:

- diligence, fairness, and good faith respectively in discharging the assigned duties and in fulfilling contractual obligations at any organizational level;
- transparency and fairness in managing the activities and in providing information on, recording, and ensuring the verifiability of operations. All the actions, operations, negotiations, and, in general, behaviour implemented in carrying out the working activity shall be founded upon the maximum operational fairness, upon complete, transparent information, and upon legitimacy in form and substance;
- fairness in the event of conflicts of interest, which takes substantial form in avoiding situations, when doing business, in which the parties involved in any corporate operation are in a conflict of interest;
- honesty, which is to say refraining from carrying out illegal or unlawful acts and acts not conforming to the common sense of probity and the common sense of honour and dignity;
- compliance with the law, and thus to comply with all the primary and secondary regulations in force, including the provisions in the matter of the licensing fee owed for possession of a radio/television device, as well as the laws and regulations in force in the countries where RAI operates, corporate procedures and internal regulations, the Ethical Code, and the other corporate policies;
- the confidentiality of all the information learned in the context of the activities performed for RAI shall be maintained, and said information shall not be disclosed to third parties or used to obtain direct or indirect personal benefits;
- fair competition, by protecting the value of fair competition and refraining from deceptive behaviour, collusive behaviour, and abuse of a dominant position.

### Rai Cinema's system of rules, organization, and powers

Rai Cinema, through service orders, organizational communications, circulars, and internal communications, procedures, and provisions, defines the organizational structure and the operation of its own business.

Management powers are regulated by a system of delegation of powers and powers of attorney granted depending on the assigned responsibilities.

Also in force starting from July 2015 is the "Regulatory Model of the RAI Group – System Guidelines," which defines the principles and the general mandatory rules of behaviours that must be followed in order to guarantee achievement of the company's goals.

### Reports management model

With a view to progressively strengthening the Internal Control System (ICS), given the importance the whistleblower phenomenon is increasingly taking on in this area, the RAI Board of Directors decision of 18 December 2014 approved the "Procedure on the management and treatment of reports (including anonymous ones)" prepared by the RAI Internal Audit Directorate – whose latest update was approved by decision of the Parent Company's Board of Directors on 24 January 2019 - with the aim of regulating the process of the management and treatment of reports (including anonymous ones) on potentially unlawful, illegal, or reproachable events concerning the operative and organizational affairs of RAI and of its Subsidiaries<sup>11</sup>.

Lastly, Rai Cinema obtained its own Reports management Procedure with the Board of Directors Decision of 20 November 2019, in order to guarantee prompt implementation of the regulations of reference contained in Law no. 179 of 30 November 2017.<sup>12</sup>

### Disciplinary system

All personnel in the RAI Group – of any category and professional profile – is required to comply with the RAI disciplinary code called the "Discipline Regulation," duly posted, in accordance with the provisions of law, in all corporate locations.

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<sup>11</sup> This model, in brief, defines the procedures for:

- analysis of the reports received, aimed at finding the possible existence of precise, verifiable, and concordant historic elements;
- the investigation activity aimed at verifying the reasonable grounds for the reported events;
- monitoring of the consequent corrective actions and reporting;

and also ensures:

- traceability of reports;
- confidentiality of the reporting party, and of the events reported, without prejudice to legal obligations;
- the protection of the rights of the Company (RAI SpA or its subsidiary) or of the persons accused wrongly and/or in bad faith.

<sup>12</sup> The Company, to facilitate the reception of reports and to guarantee the confidentiality of the reporting party, activated, among other things, the following communication channel: the e-mail address segnalazioni.raicinema@raicinema.it. Said e-mailbox is accessed by the Chairperson of the Board of Directors, the General Manager, the Chairperson of the Board of Statutory Auditors, and the Corruption Prevention Manager.

### Guidelines on the Internal Auditing activities

The Company's Internal Audit activities, where the company so requires and obtains authorization therefor, are ensured, in accordance with the provisions of the "Guidelines of the Internal Auditing activities" approved by the RAI Board of Directors at its meeting of 01 August 2013 (subsequently updated with its decisions of 18 December 2014 and 16 July 2015), by the RAI Internal Audit Directorate personnel.

### Procedure for managing the corrective actions derived from the activities performed by Rai SpA's Internal Audit

Adopted by the Parent Company's Board of Directors on 30 July 2015, the document defines the procedures for managing the corrective actions identified by RAI's Management when dealing with the shortcomings emerging downstream of the verification activities performed by the Parent Company's Internal Auditing.

The indications contained in the procedure are also applicable to and binding upon unlisted subsidiaries.

### Procedures

The procedures currently in force are as follows:

- Management of the purchase of free TV rights, and any accessory rights<sup>13</sup>;
- Management of investments in film production<sup>14</sup>;
- Management of the purchase of international product for distribution<sup>15</sup>;
- Off-list distributions;
- Purchases of Goods, Services, and Work;<sup>16</sup>
- Management of the DB Cinema company database;
- Management of the Institutional Corporate Portal;
- Management of credit cards;
- Regulations governing personnel recruitment and conferral of assignments.
- Events and sponsorship;
- Management of entertainment and promotional expenses;
- Management of relations with Public Administration.
- Procedure on the management and treatment of reports (including anonymous ones)

### Coding and operating instructions

- Management of dubbing activities of TV Purchase Product;
- Defining and approving the P&As;
- Management of activities and obligations in the matter of occupational safety.

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<sup>13</sup> Updated to 20 November 2019.

<sup>14</sup> Updated to 20 November 2019.

<sup>15</sup> Updated to 20 November 2019.

<sup>16</sup> Updated to 11 May 2020.

- Short subjects and Documentaries for Rai Cinema Channel;
- SAP-MM Operating Instruction;
- Operating Practice for attendance at Festivals and Events by Rai Cinema's Personnel, whether or not employees of Rai Cinema;
- Operating Practice for the management of urgent matters/emergencies in the matter of safety;
- Security and Privacy – pursuant to Legislative Decree no. 196/03 supplemented with the amendments introduced by Legislative Decree no. 101 of 10 August 2018, on “Provisions for adjusting national regulations to the provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council, of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)”;
- Integrated Safety and Environment Management System.
- Measures for managing the Coronavirus emergency

231 Protocols, also of use for the Three-Year Corruption Prevention Plan

- Exercise of Control and Supervision Functions – Hindering the exercise of the functions of public enforcement authorities;
- Shareholders' Meetings – Unlawful influence on the shareholders' meeting;
- Corporate communications - False corporate communications damaging the company, shareholders, or creditors;
- Operations on capital, Mergers or Splits – Undue return of conferrals, illegal division of profits and reserves, operations harming creditors;
- Operations on shares – Unlawful operations on shares or stocks of companies or of the Parent Company;
- Management of pre-litigation – Management of pre-litigation for the purposes of Legislative Decree no. 231/2001;
- Management of litigation – Management of litigation for the purposes of Legislative Decree no. 231/2001;
- Relations and conventions with Public Administration – Negotiating, executing, and carrying out contracts/conventions with Public Administration and with European institutions.

Integrated Health, Safety, and Environment Management System and Energy Management System

The Company, as concerns the issues regarding Safety and the Environment and protecting its workers' Health, has adopted an Organization and Management Model (Modello di Organizzazione e Gestione – MOG) in line with the British Standard OHSAS 18001:2007 (indicated under paragraph 5 of art. 30 of Legislative Decree no. 81/2008), with the adoption of an Occupational Safety Management System (Sistema di Gestione della Sicurezza sul Lavoro – SGSL) associated with an Environmental Management System (Sistema di Gestione Ambientale – SGA) prepared in accordance with the profiles of ISO 14001:2004 regulations.

In order, then, to facilitate total integration between the two Management Systems, the choice was also made, as an auxiliary tool, to follow the dictates of the regulation PAS 99:2012 for the full operativity and sharing of the prescriptions contained therein.

Since 2013, the Integrated Management System has been subjected to compliance checks and, following a long validation process, has received the Certification of Registration by the third-party Body accredited with yearly surveillance audits and this certification is valid through 20 December 2018, with yearly intermediate checks planned for 2016 and 2017.

Moreover, since 2015 the Company has had an Energy Management System (Sistema di Gestione dell'Energia – SGE), in accordance with the profiles of regulation ISO 50001: 2011; this system was also certified on 20 December 2015, and shall remain in force through 20 December 2018.

*Regulations of the management and coordination activity exercised by RAI with regard to Subsidiaries*

With note no. DG/2014/0010468 of 29 December 2014, RAI transmitted to the Group companies the “Regulations of the management and coordination activity” approved at the RAI Board of Directors meeting of 18 December 2014.

These regulations define the object and procedures for the Group Leader to exercise the activity of management and coordination with regard to Subsidiaries<sup>17</sup>.

The regulations establish the following:

- to guarantee a constant overall vision of management policies at the Group level, the subsidiaries for the key process in the matter of planning, budget/control, selection/management/development of resources, provisioning and legal/judicial architecture of operations, are required to make functional reference to the respective competent Corporate structures;
- this is without prejudice to RAI's competence for approving the Group's strategic, business, and financial plans, including its multi-year plans, and for approving the yearly budgets and the corresponding forecasts of the subsidiaries for the purposes of Group consolidation;
- with regard to personnel planning, selection, management, and development policies, the subsidiaries will adopt procedures in line with those adopted by the Parent Company aimed at complying with the criteria of transparency and non-discrimination that must characterize the personnel appointment and hiring procedures. As regards recruiting personnel and conferring assignments, the subsidiaries are required to comply with the Parent Company's corporate provisions;
- the Parent Company's policies are applicable to and binding upon subsidiaries.

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<sup>17</sup> The regulations it contains do not apply to Rai Way, to which a specific set of regulations approved by the RAI Board of Directors decision of 04 September 2014 refers, which tempers the need for information linkage and for functional interaction underlying the Parent Company's exercise of management and coordination activities with, on the other hand, the status of a company listed on the stock market, and the need to ensure its management autonomy at all times.

Regulation for the appointment of the Companies' corporate bodies

The Regulation governs the procedures for selecting and appointing the members of the corporate bodies of RAI's subsidiaries and the companies indirectly controlled by the Ministry of Economy and Finance, in compliance with the provisions of law, regulations, and statute, as well as in light of the principles and criteria established by the Directive of the Ministry of Economy and Finance no. 226 of 14 April 2020, and moreover without prejudice to the provisions of sectoral laws and regulations referring to the Companies that have issued financial instruments admitted for trading on regulated markets or on multimedia trading platforms.

### 3. THE THREE-YEAR CORRUPTION PREVENTION PLAN (P.T.P.C.)

#### 3.1 Players

The Three-Year Corruption Prevention Plan (P.T.P.C.) is a component of the corporate control system.

As such, all the players in the control system contribute towards the corruption prevention process.

For the purpose hereof, the following parties play a priority role:

#### Board of Directors

The political guidance body, for the purposes of this Plan, is identified as the Board of Directors of Rai Cinema.

The Board of Directors carries out the tasks prescribed by law and, in particular, those indicated below:

- it designates the Corruption Prevention Manager (Responsabile per la Prevenzione della Corruzione – R.P.C.);
- it adopts the Three-Year Corruption Prevention Plan and its updates, providing communication thereof to the relevant bodies in accordance with the provisions of the Anticorruption Law and of this Plan;
- it adopts the general guidance acts aimed directly or indirectly at preventing corruption;
- it supervises the activities of the Corruption Prevention Manager with reference to the responsibilities attributed to it at meetings and in periodic disclosures.

#### Chairman of the Board of Directors

Without prejudice to the responsibilities and attributions established by the Anticorruption Law for the Corruption Prevention Manager (R.P.C.), the Chairman of the Board of Directors oversees the function of the Three-Year Corruption Prevention Plan (P.T.P.C.). In this setting, in agreement with the Corruption Prevention Manager, he or she institutes and promotes in the corporate processes and in the organizational and government arrangement, activities to coordinate and optimize the implementation of the Three-Year Corruption Prevention Plan, and monitoring activities and verifications suitable for constantly ensuring the overall adequacy, effectiveness, and efficiency of the corruption prevention measures.

#### CEO

Without prejudice to the established responsibilities and attributions, in agreement with the Chairman of the Board of Directors, the General Manager, and the Corruption Prevention Manager (R.P.C.), the CEO executes the provisions and measures contained in the Plan.

#### Corruption Prevention Manager (R.P.C.)

The Corruption Prevention Manager performs the tasks indicated by Law.



In accordance with the definition laid down by the regulations for performing these activities, the Corruption Prevention Manager has human, financial, and instrumental resources suited to the size of Rai Cinema, within the budgetary limits.

With reference to the verification activities carried out by the Corruption Prevention Manager, said Manager has complete access to all the organization's acts, data and information functional to the control activity, and that at any rate pertain to management leadership.

Also included are the controls pertaining to the sphere of personal and/or sensitive data, for which the Corruption Prevention Manager operates in coordination with the competent corporate departments.

The obligations of the Corruption Prevention Manager also include the duty to report to the Chairman, the CEO, the General Manager, and the Chairmen of the Board of Statutory Auditors and of the Supervisory Board or to the other parties – public or private – as may be relevant, any event that has come into their knowledge that may rise to the level of crime or violation of this Plan, for assessments as needed and for the determinations by them with regard to the existence of the prerequisites for reporting to the competent judicial authority, relying for this purpose on the specialist corporate departments for the related assessment profiles.

In the event of failure to fulfil his or her duties, the Corruption Prevention Manager is subject to the disciplinary proceedings applicable to personnel having his or her qualification.

The removal of the Corruption Prevention Manager shall be expressly and adequately justified, and made known to the national anti-corruption authority (A.N.A.C.), which may make a request for review if it finds that the removal is connected with the activities performed by the Corruption Prevention Manager

*Employees (Contacts, whether or not executives), Collaborators, and Consultants of Rai Cinema*

All Employees (executives and non-executives) and, for the pertinent and applicable parts, the Collaborators and Consultants of Rai Cinema, are to be held accountable within the sphere of their respective activities, tasks, and responsibilities, for the occurrence of corruption phenomena derived from ineffectively seeing to their activities and/or from evasive behaviour and/or behaviour not in line with corporate prescriptions.

Therefore, for the purpose of completely fulfilling his or her mandate and being an effective support for corruption prevention, the activity of the Corruption Prevention Manager shall be constantly and concretely supported and coordinated with that of all the parties operating in the corporate organization.

In order to ensure the effective implementation and monitoring of the control system overseeing corruption issues, the following are an essential and mandatory part of the governance and of the implementation of this Three-Year Corruption Prevention Plan and, more generally, of the corruption prevention process at Rai Cinema:

- prevention contacts;
- area managers and directors;
- parties with powers of attorney;

- employees;
- collaborators;
- consultants.

This Plan in fact attributes to these parties the task of full and continuous collaboration in preventing corruption and illegality at Rai Cinema; this task is performed, among other things, through:

- transparency obligations;
- supervision of compliance with the Ethical Code and with the Three-Year Corruption Prevention Plan by employees and collaborators;
- refraining from cases of conflict of interest;
- complete compliance with the provisions of this Three-Year Corruption Prevention Plan and the Anticorruption Law.

In this setting, an absolutely essential role is played by the parties already identified as 231 Managers, who, with this Three-Year Corruption Prevention Plan, are also attributed the role of corruption prevention “contacts.”

In particular, the “Contacts,” for the areas under their respective purview, coordinate with the Corruption Prevention Manager so that the latter may have elements and responses on the implementation of the Three-Year Corruption Prevention Plan within the context of the departments and processes of reference, as well as on the adjustment interventions necessary for the purposes of effective preventive action. The Contacts’ duties in the matter of implementing the Three-Year Corruption Prevention Plan are illustrated in detail in the following paragraph.

The contacts’ responsibilities remain their own, even where they rely on the operative support of their own structures.

The Employees, Consultants, and Collaborators of Rai Cinema are required to be acquainted with the Three-Year Corruption Prevention Plan, as well as to comply with it, and shall, to the extent under their responsibility, see to the performance and continuous improvement thereof.

#### *Rai Cinema’s Internal Control/Supervision Bodies*

Rai Cinema’s Control/Supervision bodies, within the context of their respective prerogatives, supervise the effectiveness of the Three-Year Corruption Prevention Plan and its operation. Specific flows of coordination and exchange of information between the Control/Supervision bodies and the Corruption Prevention Manager are defined.

#### *Commission for reports*

Pursuant to the “Procedure on the management and treatment of reports (including anonymous ones)” adopted by Rai Cinema on the occasion of the Board of Directors meeting of 20 November 2019, a “Commission for reports” composed of the Chairman of the Board of Directors, the General Manager, the Corruption Prevention Manager, and the Chairman of the Board of Statutory Auditors or a member of that Board designed by the Chairman was established;

### 3.2 The “Control Governance” Model of the Three-Year Corruption Prevention Plan

The structured process for the governance and control of the Three-Year Corruption Prevention Plan and of the measures provided for therein is carried out on 3 levels of control.

On the **First control level**, the (Contacts) of the corruption risk areas are responsible for the identification, assessment, operative management, and monitoring over time of the risks and of the pertinent controls (*line monitoring*).

In this setting, the *Contacts*:

- assist the Corruption Prevention Manager in monitoring compliance with the provisions of the Three-Year Corruption Prevention Plan by the departments and executives belonging to their process/departments of reference;
- promptly inform the Corruption Prevention Manager, via defined communication channels, of any irregularities found during their monitoring, also proposing the solutions to be adopted for the purpose of the proper supervision of risks, while monitoring their effective implementation;
- facilitate the flows of information from/to the corporate areas involved in the processes under their own responsibility;
- promptly report the occurrence of new risks found in the supervised activities;
- report to the Corruption Prevention Manager any need for updating/modification of the existing control measures, for example in the event of intervening changes in the operation of the departments of relevance (“organizational changes”);
- operate in coordination with the Corruption Prevention Manager for needs of training and raising awareness inside the departments of reference.

The **Second control level** is represented by the activities performed by the Corruption Prevention Manager, and consists of activities of coordinating the corruption prevention process as a whole, while contributing, with the support of the “*Contacts*,” towards defining methods for identifying, assessing, managing, and monitoring the risks and controls, and the implementation of the established intervention plans, depending also on the different degree of risk exposure (risk based approach)<sup>18</sup>.

The Corruption Prevention Manager, in coordination with the other players in the Three-Year Corruption Prevention Plan, is required to:

- plan and update a proposed Three-Year Corruption Prevention Plan to be submitted to the CdA for adoption;
- verify the actual application of the measures alternative to rotation;
- define suitable training programmes for personnel, verifying the actual implementation thereof;

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<sup>18</sup> In line with attachment 1 of the National Anticorruption Plan (PNA), risk management is based upon the following factors: i) the level of exposure to corruption risk; ii) the obligatory nature of the risk prevention measure; ii) organizational and financial impact connected with the measure’s implementation.

- define communication channels suitable for reporting suspicious behaviour and/or behaviour not in line with the Ethical Code and the defined control protocols;
- verify and monitor, in liaison with the Contacts, the effective implementation of the Plan and of the Ethical Code, and the suitability thereof, as well as to propose the necessary adjustments in the event of violations of the pertinent prescriptions, or of changes of organization;
- monitor the adoption of and compliance with by the Contacts of the protocols and measures provided for by the Three-Year Corruption Prevention Plan within the sphere of the areas of responsibility; towards this purpose, the Corruption Prevention Manager also relies on periodic attestations by the Contacts;
- handle received reports through the activated institutional channels, where necessary, also through the activation of specific verifications;
- oversee periodic disclosures to the outside, in line with the transparency obligations provided for by the regulations of reference.

The **Third control level** is ensured – in line with best practices in the matter of assessment of the Internal Control System – by the auditing activities through specific interventions to verify the operativity and suitability of the Internal Control System of the corruption prevention process or of its substantial parts; the operativity of the first and second control levels is also analyzed.

## 4. THREE-YEAR CORRUPTION PREVENTION PLAN

### 4.1 The organizational system in general and the system of delegation of powers and powers of attorney

Of fundamental importance in implementing the Three-Year Corruption Prevention Plan, of essential importance is the Company's organization, which identifies the essential organizational structures, their respective purviews, and the main responsibilities they are given.

The main responsibilities assigned to the departments reporting directly to the CEO and General Manager are reported in the Company's organizational chart.

The Company's organizational system is based on regulatory instruments (Procedures, Regulations, Internal communications, Instructions, Codings and Documents, etc.) founded upon the following general principles:

- the lines of accountability are clearly described;
- the attributed powers are knowable, transparent, and publicized (within the Company internally, as well as with regard to interested third parties);
- roles are clearly and formally delimited, with a complete description of each office, its powers, and its responsibilities.

Internal procedures must be marked by the following elements:

- separateness, within each process, among the decision-maker (the spark of decision-making), the party executing the decision, and the party entrusted with monitoring the process (referred to as "separation of duties");
- a documentable trace of each important passage in the process ("traceability");
- suitable level of formalization.

In principle, the system of delegation of powers and powers of attorney must be characterized by elements of "security" for the purpose of preventing corruption phenomena (sensitive activities can be traced and highlighted) and, at the same time, permit efficient management of the company's business.

The term "delegation of powers" refers to the regular transfer, within the company, of responsibilities and powers from one person to another in a subordinate position. The term "powers of attorney" refers to the legal transaction with which one party grants to another the power to represent the first party (or to act in that party's name and on that party's behalf). The substantial difference from "delegation of powers" is that it gives the counterparties assurance of negotiating and bargaining with persons officially tasked with representing the Company.

For the purpose of effectively preventing Crimes, the essential requirements of the system of delegation of powers and powers of attorney are as follows:

- a delegation of powers must link each power to the corresponding responsibility and to an appropriate position in the organizational chart; each delegation of powers must specifically and unequivocally define the delegate's powers, and the party (entity or person) to which or to whom the delegate reports in the hierarchy;

- all those (also including employees or Corporate Bodies) that, on the Company's behalf, maintain relations with Public Administration must have a formal delegation to do so;
- the management powers assigned with delegation or powers, and their implementation, must be consistent with the company's goals;
- the delegate must have powers of expenditure adequate for the functions conferred to him or her;
- powers of attorney may be granted to natural persons expressly identified therein, or to legal persons who shall act through their own representatives vested, within the context thereof, with similar powers;
- an ad hoc procedure must regulate the modes and responsibilities for ensuring that delegations of powers and/or powers of attorney are promptly updated;
- all powers of attorney that involve the power of representing the Company before third parties must be accompanied by an internal delegation describing the corresponding management power;
- powers of attorney normally have spending and/or commitment limits; should they neglect to establish said limits and/or the requirement of joint signature, compliance with said requirements is ensured by the internal limits established by the Internal Control System.

#### **4.2 Purpose of the Three-Year Corruption Prevention Plan**

The implementation of the Three-Year Corruption Prevention Plan responds to the objective of preventing behaviours potentially exposed to crimes of corruption, and of reinforcing the principles of legality, fairness, and transparency in managing the corporate activities.

The Three-Year Corruption Prevention Plan promotes the proper function of the corporate structures, and protects the reputation and credibility of Rai Cinema's actions. In this setting, the Three-Year Corruption Prevention Plan is aimed at:

- determining complete awareness that the manifestation of corruption phenomena exposes Rai Cinema to serious risks, above all in terms of image, and may result in consequences under criminal law for the party committing the violation;
- providing an assessment of corruption risk in the various corporate processes, and establishing measures and interventions aimed at preventing the specific risk;
- raising the awareness of all recipients for actively and constantly undertaking to comply with internal rules and procedures, when implementing any useful intervention suitable for preventing and containing corruption risk and adjusting and improving over time the corporate control measures to guard against said risks;
- ensuring the fairness of the relationships between Rai Cinema and the parties that entertain relations with it of any kind, while also verifying and signalling any situations that may give rise to concurrent conflicts of interest or corruption phenomena;
- coordinating the corruption prevention measures with the controls to be implemented based on the corporate internal control system.

#### **4.3 Recipients of the Three-Year Corruption Prevention Plan**

The recipients of the Three-Year Corruption Prevention Plan are the Board of Directors, the Board of Statutory Auditors, the Supervisory Board, and their members, the CEO, the General Manager, and the Employees, and, for the pertinent parts, also the Collaborators, Consultants, Suppliers, and any other party that may have relations with the Company.

#### **4.4 Document coordination**

In consideration of the principle of document coordination and of the specific nature of the various documents provided for by law, this Three-Year Corruption Prevention Plan is coordinated with the 231 Model, with the Company's financial statements (for the purpose of guaranteeing the financial sustainability of the planned interventions), with the transparency measures, and with the training plan.

#### **4.5 Entry into force, validity, and updates**

The Three-Year Corruption Prevention Plan enters force upon its adoption by the Board of Directors of Rai Cinema. It has a three-year validity and shall be reviewed by no later than 31 January each year<sup>19</sup>, and at any rate whenever significant organizational changes determine the need therefor, taking into account the provisions of art. 1, paragraph 8, of the Anticorruption Law.

The yearly update of the Three-Year Corruption Prevention Plan shall take into account:

- amendments or supplements to corruption prevention regulations, the national anticorruption plan, and provisions of criminal law;
- the changed rules and regulations that modify the institutional goals, attributions, activity, or organization of Rai Cinema (e.g. attribution of new responsibilities);
- the emergence of new risk factors that were not considered in the preparation phase of the Three-Year Corruption Prevention Plan;
- the modifications taking place in the measures prepared by Rai Cinema to prevent corruption risk;
- the verification of significant violations of the prescriptions it contains.
- the results of the monitoring and control activities pursuant to point 3.2 above.

The Corruption Prevention Manager may propose modifications to the Three-Year Corruption Prevention Plan if he or she deems that circumstances inside or outside the Company may reduce the Plan's suitability for preventing corruption risk or limit its effective implementation.

The formal adjustments not pertaining to the principles or other substantial elements of the Three-Year Corruption Prevention Plan may be introduced directly by the Corruption Prevention Manager; the Corruption Prevention Manager shall provide information thereon to the Board of Directors.

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<sup>19</sup> For the year 2021, the deadline was extended until 31 March 2021 (ANAC Chairman's communiqué of 02 December 2020).

#### **4.6 The Three-Year Corruption Prevention Plan within the context of the Internal Control System**

The Three-Year Corruption Prevention Plan refers to a broad definition of corruption.

Attachment A to this Three-Year Corruption Prevention Plan describes the offences that may be of relevance with regard to Rai Cinema's nature and business. The offences are subdivided into two sections: the first regards the offences considered in the 231 Model; the second regards the additional offences specifically included for consideration in the Three-Year Corruption Prevention Plan.

The two regulations by necessity take two different concepts of corruption into consideration; this is due mainly to the fact that anti-corruption risk assessment takes account of all the conduct potentially leading to the commission of crimes of both active and passive corruption, unlike the "231 regulations" in which acts of passive corruption cannot be contemplated given the known principle of "interest and benefit" in order for the entity to be held responsible.

#### **4.7 Three-Year Corruption Prevention Plan: Principles of reference**

The complex process of defining the Three-Year Corruption Prevention Plan, the adoption of the prevention measures contained in it, and the related operative instruments are inspired by the following principles:

##### *Integrated Model:*

The Three-Year Corruption Prevention Plan and the other components of the Internal Control System are coordinated and interdependent with one another, and the Internal Control System, on the whole, is in its turn integrated into the Company's overall governance, organization, and management arrangement.

##### *Three-Year Corruption Prevention Plan*

RAI, as part of its management and coordination activity vis-à-vis the Subsidiaries, issued and disseminated the guidelines and its Three-Year Corruption Prevention Plan, which Rai Cinema held to in drafting this Three-Year Corruption Prevention Plan.

Rai Cinema, within the sphere of its own corporate autonomy, remains responsible for the adoption and effective implementation and maintenance of the Three-Year Corruption Prevention Plan, at all times in compliance with RAI's management and coordination guidelines.

##### *Consistency with Best practices:*

The Three-Year Corruption Prevention Plan is defined consistently with national and international best practices in the matter of Internal Control Systems.

##### *Approach by processes:*

In general, the Three-Year Corruption Prevention Plan is inspired by a process-based logic, regardless of the placement of the corresponding activities within Rai Cinema's organizational and corporate arrangement.

##### *Risk-based approach:*



The Three-Year Corruption Prevention Plan is based on identifying, assessing, managing, and monitoring the principal corruption risks and is defined and implemented depending on the cases and on the relevance of the corresponding risks that also guide the intervention priorities.

*Prevention through the culture of control:*

It is essential for all the persons operating in and on behalf of Rai Cinema to feel involved and to contribute directly towards developing and strengthening the culture of ethics and control, and towards safeguarding corporate assets.

*Management accountability:*

Management, within the sphere of its functions and in pursuit of the related goals, establishes specific control activities and monitoring processes suitable for ensuring over time the effectiveness and efficiency of the corruption prevention measures.

The above is without prejudice to the general principle by which all Rai Cinema personnel must maintain a conduct in line with corporate rules and procedures.

*Reliability of controls:*

The final assessment of the suitability of the Three-Year Corruption Prevention Plan supposes the reliability and suitability over time of the control activities performed by each player in the *Control Governance* at each level of responsibility, without prejudice to the case of express signalling of shortcomings in design and/or in operativity. An independent monitoring activity is periodically planned for a sample of these shortcomings.

*Importance of information flows:*

Information flows are essential for allowing the responsibilities in the matter of the Three-Year Corruption Prevention Plan to be fulfilled, and therefore its objectives to be pursued. The Company makes available, to each recipient of the Three-Year Corruption Prevention Plan, the information needed to fulfil responsibilities.

*Maximizing effectiveness and efficiency:*

The Three-Year Corruption Prevention Plan is defined with a view to maximizing effectiveness and efficiency, also by reducing any redundant activities, and through coordination between the main roles established by the *Control Governance* and between the various elements that constitute it.

A guarantee of the controls' effectiveness is their efficiency: only when selective controls aimed at monitoring the risk directly – controls that are not redundant or mere formalities – are adopted, is the culture and sense of participation created in people; without this the control system is reduced to becoming no more than an empty bureaucratic obligation.

*Continuous improvement and practice of excellence:*

Rai Cinema pursues the continuous improvement of the Three-Year Corruption Prevention Plan as a function of the evolving context of reference, as well as in order to guarantee it is constantly updated for best practices. The Three-Year Corruption Prevention Plan seeks synergistic integration into the corporate processes and, along with them, with the contribution of all the affected offices, it must be the object of continuous improvement depending on the evolution of the company's operation, the regulatory framework, and

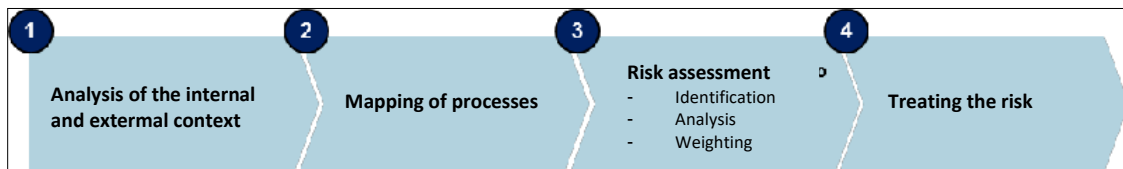
the social and economic context. Rai Cinema's personnel takes an active part in the continuous improvement, providing recommendations, suggestions, and feedback.

## 5. METHODOLOGICAL APPROACH

The Three-Year Corruption Prevention Plan is the measure through which Rai Cinema implements its strategy to prevent corruption phenomena. An essential prerequisite of the Three-Year Corruption Prevention Plan – and its mandatory bedrock element – is analysis at the level of the company areas and activities' exposure to corruption risk.

The Anticorruption Law and the National Anticorruption Plan base their entire effectiveness of implementation on the proper adoption of risk prevention measures, and are therefore inspired substantially by corporate risk management models.

Rai Cinema, in particular, has used a methodological approach in line with what was proposed by ANAC (national anticorruption authority) determination no. 12 of 28 October 2015, providing for the following phases:



These phases were carried out with a view to making the analysis of the risk areas adhere as much as possible to the corporate situation and to the specific nature of Rai Cinema's business, and the outcome of the activities was traced, formalized, and shared in a structured way, involving the Contacts, leadership, control/supervision bodies, and management.

In a company marked by a high complexity of business as Rai Cinema is, identifying the measures for treating corruption risk requires a complex, continuous, and structured information gathering activity, and a considerable investment of time and resources.

For this, a gap analysis has been developed, aimed at providing indications to strengthen the degree of effectiveness of the corruption risk prevention controls in the individual corporate processes.

Based on this evidence, the Three-Year Corruption Prevention Plan may progressively, within the context of implementing the programmed measures already provided for and yet to be provided for, focus the interventions, in a targeted, detailed way, on the areas gradually more exposed to risk, and thus further strengthen the process of minimizing the corruption risks.

Any possible redefinition or remodulation of the Plan and of its timeline shall be submitted for the approval of the Company's Board of Directors.

### 5.1 Analysis of the internal and external context



The first, indispensable phase in the risk management process regards analysis of the context, through which to obtain the information needed to comprehend how the corruption risk may occur inside the Company due to the specific features of the environment where it works, or due to the internal organizational characteristics.

Understanding the dynamics of the context of reference and the chief influences and pressures to which a corporate process is subjected makes it possible to more effectively and accurately guide the risk management strategy.

The objective of the analysis of the external context is to highlight any characteristics of the environment in which the Company operates, with reference, for example, to corporate, economic, and market variables that can foster the occurrence of corruption phenomena inside it. Towards this end, the relationships and possible influences existing with the bearers and representatives of outside interests are to be considered.

On the other hand, relevant to the analysis of the internal context are aspects related to organization and operative management that influence the sensitivity of the individual corruption risk processes. In particular, it is useful for highlighting, on the one hand, the Company's system of responsibilities, and on the other its level of complexity. Towards this end, information is considered with regard to decision-making bodies, organizational structure, roles and responsibilities, control instruments and bodies, internal and external relations, and so on.

The description of the context of reference in which Rai Cinema operates is reported in Chapter 2.

## 5.2 Mapping of processes



For the purposes of this Three-Year Corruption Prevention Plan, the mapping of corporate processes becomes instrumental for identifying, assessing, and treating corruption risks.

The accuracy and comprehensiveness of the mapping of the processes is in fact an indispensable requirement for formulating suitable prevention measures, and has an impact on the overall quality of the analysis.

The Three-Year Corruption Prevention Plan was developed based on a specific analysis of reconnaissance on all the corporate processes, hinging upon the risk mapping done for the purpose of preparing, revising, and updating the 231 Model. Starting from this mapping, the corporate processes potentially exposed to corruption risk were extrapolated and, through meetings with the managers of the organizational Areas involved, the pertinent description was updated, extending the analysis to the specific corruption risk understood in a broad sense, and including both active and passive corruption.

These processes were described indicating, for each of them:

- responsibilities and organizational structures involved;
- origin (input) and expected result (output);
- sequence of activities for the achievement of the expected result (phases, times, constraints, resources, interrelationships between processes).

The identified processes were grouped for the purpose of this Three-Year Corruption Prevention Plan into 7 areas of activity most exposed to risk (“Risk areas”) described below, also taking into account, to the extent compatible with Rai Cinema’s nature and concrete operative setting, of the obligatory areas provided for in the National Anticorruption Plan:

**1. Editorial areas of purchase of rights and film production:**

- selection and assessment of product and supplier;
- negotiation and definition of the contract;
- performance of the contract;

**2. Area of purchases of work, goods, and supplies (also infragroup) and consulting (from companies):**

- selection and assessment of product and supplier;
- negotiation and definition of the contract;
- performance of the contract.

**3. Area of sales, distribution, and marketing:**

- selection and assessment of customers and distribution partners;
- negotiation and definition of the contract;
- performance of the contract;
- selection and management of agents (natural and legal persons).

**4. Human resources management area**

- Selection of employees;
- management of employees (payroll, career promotions, bonuses, incentives, indemnities, raises, etc.);
- conferral of collaboration and consulting assignments to natural persons;
- management of industrial relations;
- management of travel (advances, expense refunds, and credit cards).

**5. Financial statements, Administration and Finance Area**

- management of receivables (including receivable invoices)
- management of payables (including payable invoices)
- treasury management (payments/collections);
- management of activities for drafting the financial statements;
- management of entertainment expenses (advances, expense refunds, and credit cards).

**6. Management of relations with public parties area**

- management of relations for obligations, visits, and inspections;

- request, acquisition, and management of contributions and financing;
- management of proceedings in or out of court, or in arbitration.

**7. Management of promotion and external relations area**

- organization and participation in film festivals and events;
- management of sponsoring (received) and of donations (paid)
- management of gifts, free items, and benefits management of gifts, free items, and benefits;
- management of external communications.

The mapping of the processes is reported in the risk analysis; in order to intelligibly represent the relationship between the risk Areas pursuant to law no.190/2012 and the sensitive processes pursuant to Legislative Decree no. 231/2001, the following table has been developed.

Risk areas pursuant to law no. 190/12		Sensitive processes pursuant to Legislative Decree no. 231/2001
Area 1	Editorial areas of purchase of rights and film production	Purchase of film/television and audiovisual products, sequences of moving images, and other works protected by copyright, and the full rights thereto
		Purchase of film/television and audiovisual products, sequences of moving images, and other works protected by copyright, and the free TV rights thereto (including any accessory rights)
		Management of rights contracts
		Co-production of film and home video works
Area 2	Area of purchases of work, goods, and supplies (also infragroup) and consulting (from companies)	Purchase of work, goods, and services
		Purchase of consulting
		Purchase of work, goods, and services infragroup
Area 3	Sales, distribution, and marketing areas	Distribution of film and home video products
		Management of rights contracts
		Sale to private customers of film and audiovisual works, sequences of moving images, and other works protected by copyright, produced or purchased by third parties (including rights)
		Selection and management of agents
Area 4	Human resources management area	Purchase of consulting
		Travel expenses and advances
		Hiring and management of personnel (including collaboration contracts)
Area 5	Financial statements, Administration and Finance Area	Entertainment expenses
		Management of financial transactions, also infragroup (including cash)
		Preparation of financial statements, reports, or of other corporate communications provided for by law, addressed to the shareholder or the public / Keeping the books and drawing up the financial statements
Area 6	Management of relations with public parties area	Contact with Public Entities for the management of relations, obligations, verifications, and inspections concerning the corporate activities; Management of relations with Supervisory Authorities, Administrative Authorities, and other pertinent Authorities

Risk areas pursuant to law no. 190/12		Sensitive processes pursuant to Legislative Decree no. 231/2001
		Tax management
		Management of activities of applying for / acquiring and/or managing aid, grants, funding, insurance, or guarantees granted by public entities
		Management of proceedings in and out of court, and in arbitration / Relations with parties involved in court proceedings
Area 7	Management of promotion and external relations area	Gifts, free items, and benefits
		Events and Sponsorship
		Communication, and promotion of and participation at film exhibitions/festivals and markets
		Donations
		Communication, and promotion of and participation at film exhibitions/festivals and markets

### 5.3 Risk assessment



Risk assessment is the macro-phase of the risk management process in which risk is identified, analyzed, and compared with the other risks for the purpose of identifying the intervention priorities and the possible corrective/preventive measures.

#### 5.3.1 Identifying the risk

The purpose of identifying the risk is to identify the events of corrupt nature that might even only hypothetically take place with regard to relevant corporate processes or sub-processes and bring consequences for the Company.

Rai Cinema has therefore identified the risk events understood as “*crime risks*,” or conduct of relevance under criminal law of corrupt nature (active and/or passive), potentially liable to expose the Company to a multitude of potential risks (legal, economic, reputational, etc.).

The results of the crime risks identification activity are reported in Chap. 6, while Chap. 7 lists, for each risk Area, the examples most representatives of possible risk events.

#### 5.3.2 Analyzing the risk

The purpose of analyzing the risk is to arrive at a more in-depth understanding of the risk events identified in the in the previous phase, and to identify the level of exposure to risk of the activities and the related processes.

This analysis is an instrument useful for:

- understanding the characteristics of the activities and processes potentially exposed to the occurrence of corruption events and, consequently, identifying the best ways to prevent these events (by creating the prerequisites for identifying the most suitable prevention measures);

- defining what risk events are most relevant, and the individual processes' level of exposure to risk.

The risk analysis activity was carried out with the involvement of the internal contacts in charge of the organizational Areas involved in the individual analyzed processes, based on the best practices in the matter of risk management, and on the recommendations and criteria established in the risk assessment table as per attachment 5 to the national anticorruption plan. These criteria were partially re-elaborated in order to adapt them to the context of Rai Cinema, as suggested by ANAC in Determination no. 12 of 28 October 2015, and are reported as follows.

LIKELIHOOD ASSESSMENT INDICES				
n.	Variable			Index
1	Discretionality	Is the process discretionary, taking into account the outside regulations (laws and acts having the force of law) and internal ones (procedures, circulars, contracts, etc.)?	No, it is entirely binding	1
			It is partially bound by external and internal regulations	2
			It is partially bound only by external regulations	3
			It is partially bound only by internal regulations	4
			It is highly discretionary	5
2	External relevance	Does the process produce direct effects outside the company of reference?	No, it has an internal structure as final recipient	2
			Yes, the result of the process is aimed directly at users outside the company of reference	5
3	Economic value	What is the process's economic impact?	It has exclusively internal relevance	1
			It involves the attribution to outside parties of benefits, but of no particular economic importance (e.g. granting scholarship for students)	3
			It involves the attribution of considerable benefits to outside parties (e.g. awarding a contract)	5
4	Complexity of the process	Is it a complex process that involves a number of outside companies / parties (excluding controls) in subsequent phases for achieving the result?	No, the process involves only the company of reference	1
			Yes, the process involves 2 outside companies/parties	3
			Yes, the process involves 3 outside companies/parties	5
5	Fractionability of the process	Can the process's final result also be achieved by carrying out a multitude of operations of reduced economic scope which, considered on the whole, in the end ensure the same result (e.g. multiple number of reduced assignments)?	No	1
			Yes	5
6	Controls	Based also on prior experience, is the type of control applied to the process adequate to neutralize the risk?	Yes, it is an effective neutralization tool	1
			Yes, it is highly effective	2
			Yes, for a approximately 50%	3
			Yes, but to a minimal degree	4
			No, the risk remains indifferent	5



IMPACT ASSESSMENT INDICES				
n.	Variable			Index
1	Organizational impact	With respect to the total of personnel employed in the company's individual office competent for carrying out the process or process phase, what percentage of personnel is employed in it? (If the process involves the activity of a number of departments, of the 18 total ones of which the Company is composed, it is necessary to calculate the weighted average between the percentages of personnel employed in the individual departments, and to multiply this value by a coefficient 1.x, where x is the number of departments involved)	Up to 20%	1
			Up to 40%	2
			Up to 60%	3
			Up to 80%	4
			Up to 100%	5
2	Economic impact	Over the course of the last 10 years, have there been final decisions/cases in progress for petitions originating from third parties/claims by third parties against the company of reference, its executives, employees, or collaborators, or disciplinary proceedings against executives and employees?	No	1
			Yes, claims by third parties against the company of reference, its executives, employees, or collaborators, or disciplinary proceedings against executives and employees	3
			Yes, final decisions/cases in progress for petitions originating from third parties	5
3	Reputational impact	Over the course of the last 10 years, have there been publications in the media describing the management of the process in negative terms?	No	1
			We do not recall	2
			Yes, publications in the local media	3
			Yes, publications in the national media	4
			Yes, publications in the international media	5
4	Organizational, economic and image impact	At what level of the corporate structure can the corruption event risk be placed?	At the employee level	1
			At the level of office/area manager	2
			At the level of department manager	3
			At the level of General Manager	4
			At the level of CEO/President	5

In detail:

- the estimate of the likelihood (L) takes into account, among other elements, the controls in force, with the specification that the assessment of the adequacy of the control is to be made considering how the control functions concretely for the individual process. To

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estimate the likelihood, what is relevant is not providing for the existence of the control in the abstract, but its effectiveness with regard to the considered risk;

- the impact indices are to be estimated on the basis of objective data, or on what the administration is aware of;
- the likelihood value and the impact value are determined by the arithmetical average of the values of the individual variables, as represented above;
- the assessments that led to finding the overall risk value were accompanied by appropriate justifications.

The average likelihood (L) and impact (I) values resulting from the individual risk activities that are the object of risk assessment were multiplied to measure the total risk of said activity, as shown in the matrix below:

*Likelihood matrix – impact for the valuation of the total risk*

Likelihood	Impact				
	Marginal (1)	Minor (2)	Threshold (3)	Serious (4)	Superior (5)
Highly likely (5)	5	10	15	20	25
Very likely (4)	4	8	12	16	20
Likely (3)	3	6	9	12	15
Not very likely (2)	2	4	6	8	10
Unlikely (1)	1	2	3	4	5

**Legend:** ■ Minimum (1-4) ■ Low (5-7) ■ Medium (8-10) ■ High (11-17) ■ Maximum (18-25)

The results of the risk analysis activity performed are reported in Chapter 6.

### 5.3.3 Weighting the risk

The risk weighting phase, taking as a reference the results of the previous phase, has the purpose of establishing the priorities for treating the risks, through their comparison and a gap analysis activity on the existing control measures, considering the organization's objectives and the setting in which it operates. In this perspective, the weighting of the risk may also lead to deciding not to submit the risk to further treatment, but to merely maintain active the already existing measures.

The analysis activity performed by Rai Cinema made it possible to obtain a classification of risks based on the risk level that emerged (minimum – low – medium – high – maximum).

Based on these results, their weighting is performed, in order to determine a ranking of risk levels and the corresponding treatment priority (high – medium – low), so as to develop/remodulate the proposed risk treatment reported in this Three-Year Corruption Prevention Plan.

Upon the conclusion of these activities, the “risks assessment” will be compiled, which may be kept on electronic support, which shall be provided with a certain date.

## 5.4 Treating the risks



Risk management, an integral part of the *Control Governance*, is the set of coordinated activities to guide and keep under control the corruption risk exposure of certain corporate behaviours<sup>20</sup>, by identifying correctives and the most suitable prevention procedures, based on the priorities that emerged when assessing the risk events.

Towards this end, the implementation actions, through which this Plan will, upon approval of the Board of Directors, be gradually updated, supplemented, and specified, are an essential strategic variable.

This phase must be conducted in such a way as to substantially realize the interest in corruption prevention and transparency; it must therefore not be carried out as an activity of mere reconnaissance, but must:

- provide concrete support to corporate management, with particular reference to the introduction of effective prevention instruments;
- involve all organizational levels;
- be carried out ensuring integration with other programming and management processes (in particular, with the cycle of performance management and internal controls), in order to establish conditions for the organizational sustainability of the adopted corruption prevention strategy.

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<sup>20</sup> UNI ISO 31000:2010, p. 8 developed by the ISO/TMB "Risk Management" technical committee. It specifies that "for risk management to be effective, an organization should at all levels kept to the following principles. a) Risk management creates and protects value. Risk Management makes a demonstrable contribution towards achieving objectives and improving performance, for example in terms of people's health and safety, security, respect for mandatory requirements, consensus with public opinion, environmental protection, product quality, project management, efficiency in operations, governance and reputation. b) Risk management forms an integral part of all organizational processes. Risk management is not an independent activity separate from the organization's activities and main processes. Risk management is part of management's responsibilities, and is an integral part of all organizational processes, including strategic planning and all the processes of managing projects and change. c) Risk management is part of the decision-making process. Risk management helps managers make well-informed choices, determine the scale of priorities of actions, and distinguish between alternative lines of action. d) Risk management explicitly addresses uncertainty. Risk management takes explicit account of uncertainty, of the nature of this uncertainty, and of how it can be dealt with. e) Risk management is systematic, structured, and timely. A systematic, timely, and structured approach to risk management contributes to efficiency and to consistent, comparable, and reliable results. f) Risk management is based on the best available information. Elements entering the risk management process are based on such sources of information as historic data, experience, feedback from stakeholders, and the observations, forecasts, and opinions of specialists. However, decision makers should be informed about, and take into account, any limitation of the data and of the model used, or the possibility of discrepancy of opinion among specialists. Risk management is tailored. Risk management is in line with the external and internal context, and with the organization's risk profile. h) Risk management takes into account human and cultural factors. Risk management identifies the abilities, perceptions, and expectations of external and internal persons that can facilitate or impede the achievement of the organization's objectives. i) Risk management is transparent and inclusive. The appropriate and timely involvement of stakeholders and, in particular, of decision makers, at all organizational levels, ensures that risk management will remain pertinent and up-to-date. Moreover, involvement allows stakeholders to be appropriately represented, and for their viewpoints to be taken into consideration in defining the risk criteria. Risk management is dynamic, iterative, and responsive to change. Risk management is sensitive and responds continuously to change. Whenever external or internal events occur, the context and knowledge change, monitoring and review are initiated, new risks emerge, some risks change, and others disappear. k) Risk management favours continuous improvement in the organization. Organizations should develop and implement strategies to improve the maturity of their own risk management, along with all the other aspects in their own organization."

Risk management is based essentially on a diagnosis process that must tend towards completeness and the utmost rigour in risk analysis, assessment and treatment, while on the other hand having to take into account the requirements of sustainability and implementability of the interventions, also in relation to the specific internal and external setting in which the company operates.

The established measures and correctives may therefore be control measures, transparency measures, measures to define and promote ethics and standards of behaviour, regulation, training, awareness and participation, rotation, reporting and protection, regulating conflict of interest, and so on. The identification of the most suited risk treatment measure is a logical consequence of the adequate comprehension of the causes of the risk event.

The corrective measures identified by Rai Cinema for its risk Areas are subdivided into:

- “general measures”: control measures that are characterized by impacting the whole corruption prevention system, intervening in a way that cuts across all the corporate processes;
- “specific measures”: control measures that are characterized by impacting specific problems or special characteristics of individual corporate processes emerging through the risk analysis activity.

For detailed discussion of these control measures, see Chapter 7.

With regard to the risk assessments expressed by the Contacts in the areas under their purview, the Corruption Prevention Manager provides them with methodological support in identifying the related treatment actions.

The interventions defined in this way were formalized within a summary document (Action Plan) prepared by the Corruption Prevention Manager, detailing the actions to be implemented, the timing, and the parties responsible for implementation. This document is submitted to the Chairman of the Board of Directors, to the Chairs of the control/supervision Bodies, as well as to the CEO and to the General Manager, for the purpose of subsequent implementation and the involvement of corporate structures (constantly updated).

For each planned corrective measure, the following elements shall be clearly described:

- the timing, indicating the implementation phases. The clarification of the intermediate phases is useful for the purpose of scheduling the measure’s adoption, as well as for allowing easier monitoring by the Corruption Prevention Manager;
- the parties responsible for implementing the measure, with a view to the accountability of the entire organizational structure;
- the monitoring indicators and expected values.

Taking into account the organizational impact, the identification and programming of the measures should take place with the broadest involvement of the parties responsible for their implementation, also for the purpose of identifying the most effective ways to put them into action.

Downstream of the planning of the interventions, the Corruption Prevention Manager is responsible for monitoring the degree of management’s implementation of the treatment

actions established within the Action Plan, for the purpose of ensuring that they are adequately implemented in the expected time. This monitoring activity is performed on the basis of specific disclosures – at least on a half-year basis – by the Contacts.

Should there be significant deviations from the Action Plan, and/or the Contacts' justified need to plan alternative corrective actions, the Corruption Prevention Manager supports the identification and analysis of the causes that generated these deviations, and the definition of any alternative corrective actions.

### **5.5 The Players involved**

The Three-Year Corruption Prevention Plan was developed with the full collaboration and active participation of the following main players, each for their respective sphere of responsibility; they are essential in terms of knowledge support in surveying information (also in terms of perceptions) and their specific characteristics regarding the mapped and analyzed processes:

#### **Corruption Prevention Manager**

The Corruption Prevention Manager, within the scope of his or her duties and responsibilities, gave impetus to the process of defining the Three-Year Corruption Prevention Plan, coordinating its operative phases and the contribution of the players.

#### **Management**

The activities aimed at defining the risk analysis were carried out with the support of the managers of the 16 organizational areas involved (Contacts) in the processes that were the subject of analysis, coordinated by the corruption prevention manager. Sharing took place in specific meetings and e-mail exchanges, in particular, the activities were centred upon analyzing the processes, identifying the control points, analyzing the corporate controls, and sharing the strong and weak points.

## 6. IMPLEMENTATION PROCESS OF THE THREE-YEAR CORRUPTION PREVENTION PLAN: IDENTIFYING AND ASSESSING THE CORRUPTION RISK

### 6.1 Evolution of the concept of corruption in light of the Anticorruption Law

The crime of corruption provided for under art. 318 in the criminal code has taken on a different configuration due to art. 1 of the Anticorruption Law, which profoundly changed its text as well as its title. In fact, the article in question, earlier entitled "*Bribery of a public official*," stated that "*The public official who, to perform an act of his or her office, receives, for him or herself or for a third party, in money or another benefit, a compensation not owed to him or her, is subject to six months' to three years' imprisonment. If the public official receives the compensation for an act of his or her office already performed by him or her, the punishment is up to one year's imprisonment.*"

Due to the new legislation, the new art. 318 of the criminal code, now titled "*Corruption for the exercise of a function*," states that "*The public official who, in exercising his or her functions or powers, unduly receives, for him or herself or for a third party, money or another benefit, or accepts the promise thereof, is subject to one to five years' imprisonment.*"

The 2012 reform eliminated reference to the commission of "acts," shifting emphasis to the exercise of "*functions or powers*" by the public official, thus making it possible to prosecute the phenomenon of the public function being at the service of private interests if the giving of money or of another benefit is correlated with the generic activity, with the generic powers, and with the generic function the qualified party is charged with, and no longer solely with the commission or omission or delay of a specific act. Today, therefore, active improper bribery is also criminalized.

The expression "*exercising his or her functions or powers*" refers not only to the administrative functions proper, but to any activity that is direct or indirect exercise of the powers inherent to the office. Therefore, also included are all those behaviours, both of commission and omission, that violate the duties of faithfulness, impartiality, and honesty that should be rigorously observed by all those exercising a public function.

Moreover, with the reform of 2012, the previous reference to "*compensation*" disappeared, which presupposed the reciprocal nature between the giving or promise of the benefit, and the counter-benefit represented by the determined or determinable act by the qualified party.

### 6.2 Results of risk assessment

The risk analysis was performed through a Control & Risk Self assessment process on Rai Cinema's risk Areas. This involved the corporate contacts responsible for the individual analyzed processes, on the basis of the best practices in the matter of risk management and of the indications and criteria established in the National Anticorruption Plan (PNA) (for details on the methodological approach adopted, see paragraph 4.3.2).

The *Control & Risk Self assessment* activity was coordinated by the Corruption Prevention Manager, who provided methodological support to the Contacts during the

phase of identifying and assessing the risks in the context of the relevant corporate processes. The Contacts are responsible for the proper identification and assessment of the risks, as well as for the implementation of the relevant protocols under their purview.

Downstream of the risk analysis process, the Corruption Prevention Manager performed a process weighting the obtained results, in order to introduce a corrective to the mechanical application of the assessment criteria and to represent the corporate processes' actual level of exposure to risk, as resulting from the in-depth knowledge of the Company and of its context of reference, also taking into account the main critical areas emerging over the course of the audit interventions performed, and the findings of the investigations conducted on the reports received by RAI's Internal Auditing Directorate.

The *Control Risk Self Assessment* activity performed for the preparation of this Three-Year Corruption Prevention Plan will be maintained constantly up-to-date with regard to those risk areas affected by major changes (organizational, corporate, of process, of market of reference, etc.). These major changes shall be made known to the Corruption Prevention Manager by the relevant corporate offices and/or by the Contacts, for the processes under their purview.

The following pages show, in tables and bar charts, the results of the risk analysis activity that was performed, broken down by valorization of the level (L\*I) risk:

- **Maximum:** risk values between 18 and 25;
- **High:** risk values between 11 and 17.99;
- **Medium:** risk values between 8 and 10.99;
- **Low:** risk values between 5 and 7.99;
- **Minimum:** risk values between 1 and 4.99.

Risk areas	Risk activity	Risk assessment
Area 1	Selection and assessment of product and supplier	16.8
Area 1	Negotiation and definition of the contract	16.8
Area 3	Selection and assessment of customers and distribution partners	16.8
Area 3	Negotiation and definition of the contract	16.8
Area 3	Performance of the contract	10.5
Area 3	Selection and management of agents (natural and legal persons)	10.5
Area 4	Conferral of collaboration and consulting assignments to natural persons	10.5
Area 5	Treasury management (payments/collections)	9.4
Area 2	Selection and assessment of product and supplier	8.2
Area 2	Negotiation and definition of the contract	8.2
Area 6	Management of proceedings in or out of court, or in arbitration	7.6
Area 1	Performance of the contract	7.0
Area 2	Performance of the contract	7.0
Area 5	Management of activities for drafting the financial statements	7.0
Area 5	Management of receivables (including receivable invoices)	6.3
Area 5	Management of payables (including payable invoices)	6.3
Area 4	Selection of employees	5.4
Area 4	Management of employees	5.4
Area 7	Organization and participation in film festivals and events	4.8
Area 7	Management of external communications	4.2
Area 7	Management of sponsoring and donations	3.2
Area 4	Management of travel (advances, expense refunds, and credit cards)	3.0
Area 5	Management of entertainment expenses	3.0
Area 7	Management of gifts, free items, and benefits	2.7
Area 4	Management of industrial relations	2.4

Area 6	Management of relations for obligations, visits, and inspections	1.3
Area 6	Request, acquisition, and management of contributions and financing	1.3

**Risk areas - Legend**

1. Editorial areas of purchase of rights and film production
- 2 Area of purchases of work, goods, and supplies (also infragroup) and consulting (from companies)
- 3 Sales, distribution, and marketing areas
4. Human resources management area
5. Area Financial statements, Administration and Finance
6. Management of relations with public parties area
7. Management of promotion and external relations area



## 7. THE IMPLEMENTATION PROCESS OF THE THREE-YEAR CORRUPTION PREVENTION PLAN: MEASURES FOR PREVENTING CORRUPTION RISK

### 7.1 Sphere of application

This Three-Year Corruption Prevention Plan is structured to supervise Rai Cinema's "Risk areas" already identified in paragraph 5.2 above, and summarized hereunder:

- 1) **Editorial areas of purchase of rights and film production;**
- 2) **Purchases of work, goods, and supplies (also infragroup) and consulting (from companies);**
- 3) **Sales, distribution, and marketing;**
- 4) **Human resources management;**
- 5) **Financial statements, Administration and Finance;**
- 6) **Management of relations with public parties;**
- 7) **Management of promotion and external relations**

For each of the areas indicated above, in line with the provisions in ANAC (national anticorruption authority) Determination no. 12 of 28 October 2015, a **Protocol** was adopted, articulated in the following elements; their identification is deemed indispensable for the fair, effective, and efficient prevention and management of corruption risks:

- a) Major processes and procedures: these are the so-called "risk activities," which is to say processes or sub-processes related to the Area being analyzed, most exposed to the occurrence of possible risk events.
- b) Possible risk events: examples of conduct that, if implemented, might involve an increased "crime risk," which is to say an unlawful conduct that exposes the Company to a multitude of potential risks.
- c) Specific measures: measures implemented by the Company, that consist of formalizing a sequence of rules aimed at standardizing and orienting the performance of risk activities and the corresponding behaviour by the employees involved in said activities. In particular, reference is made to control measures that are characterized by the fact of impacting specific problems or special characteristics of the individual corporate processes emerging through the risk analysis activity.

It is stressed that "general control measures" are also identified; these are control measures marked by their impacting the overall corruption prevention system in a way that cuts across all the corporate processes.

It bears recalling that the central element of risk management is providing for Protocols and articulating them in the corporate regulatory framework.

In particular, the Protocols:

- are aimed at regulating, as effectively as possible, the activities potentially most exposed to corruption risk, by providing for measures and supports of use for mitigating the likelihood that the crime risk will occur;

- are developed and implemented by management to promote and/or provide for prevention measures in the process/activity of reference, or more generally in the company as a whole;
- are the object of an effective and constant action to monitor their preventive effectiveness;
- are associated with specific penalty measures.

The Protocols introduced in this Three-Year Corruption Prevention Plan, in addition to complementing one another, supplement the internal framework of provisions in force, and prevail in the event of any discrepancy.

All four elements defined above for each Protocol – *major processes and procedures, possible risk events, indicators of anomaly, and specific measures* – shall be subject to constant verification, enlargement, and updating to guarantee their suitability depending on the results of the risk assessment activities performed by the Company.

It is lastly specified that in addition to the control measures to be articulated in this chapter, the Three-Year Corruption Prevention Plan requires the systematic and cross-cutting adoption, in all corporate activities, of the following *control principles*:

- **Separation of duties/activities:** the separation of duties and responsibilities among the actors involved in each sensitive corporate process. The performance of any activity must involve, in the implementation, management, and authorization phase, various parties with adequate spheres of responsibility. This measure is on the whole functional to mitigating managerial discretion in the activities and in the individual processes.
- **Regulations/circulars:** the provision of process rules through which to code the modes of operation and management deemed suitable for carrying them out, and with which to comply. This principle implemented by Rai Cinema, also through the recent definition of the new model of corporate processes defined with a view to value creation (value chain), is functional to the normalization of behaviour with regard to the lines of guidance and management defined by the company.
- **Authorization and signature powers:** respect for process rules and responsibilities within which to implement the individual corporate processes. This measure, also implemented through the identification of suitable organizational instruments, is of key importance, because through the clear and formal identification of the responsibilities entrusted to personnel in the operative management of activities, of the authorization powers within the company and of the representation powers towards the outside, it is possible to guarantee that the individual activities are carried out according to responsibility and in compliance with the delegation of powers and powers of attorney as assigned.
- **Traceability:** the traceability of processes and established activities functional to the integrity of the sources of information and to the accurate application of the defined control measures. This principle requires management, in carrying out the activities, to adopt all the precautions suitable for guaranteeing the ability to actually reconstruct over time the substantial aspects of the decision-making and control path that inspired the subsequent management and authorization path. This measure

is functional to guaranteeing the transparency of activities and the ability to reconstruct the operational fairness of each process.

- **Logical security:** suitable logical security tools must be implemented in order to prevent unauthorized access to information, to the IT system, to the network, to the operating systems, and to applications.
- **Physical security:** suitable physical security tools must be implemented in order to prevent unauthorized access, damage, and interference to the locations, goods, and information contained therein.
- **Compliance:** in carrying out the process in question, all the executives, employees, and collaborators of Rai Cinema, as well as outside parties, must operate in accordance with the Three-Year Corruption Prevention Plan and the Ethical Code.

## 7.2 General control measures

The following paragraph reports the 5 “**general control measures**”, including those provided for by the National Anticorruption Plan, applicable in carrying out all the corporate activities:

1. **Conflict of interest:** conflicts of interest must be promptly reported by corporate personnel, and the existence of conflicts of interest with regard to the counterparty shall be verified by the relevant personnel.

The Ethical code states that “*Company Representatives shall avoid any situation that might give rise to conflict of interest. Situations of potential conflict of interest shall be brought to the attention of direct superiors. The employee shall neither use nor spread confidential information in order to obtain a benefit for him/herself, for his/her family nucleus, or for other parties.*”

Moreover, flows of information directed towards the corruption prevention Manager, with respect to the situations of conflict of interest, and to the actions undertaken by the respective corruption Contacts, shall be provided for.

This measure is aimed at minimizing the risk that a secondary interest may interfere, where it might tend to interfere (or appears to have the potential of interfering), with the employee’s ability to act in compliance with his or her duties and responsibilities that summarize the primary interest to be realized. This situation takes place whenever the party, on the occasion of or due to his or her performance of a specific function, finds him or herself in a situation of even potential conflict with another party directly affected by the result of the activity, or with respect to an environmental or instrumental condition (event) upon which the action/decision may be reflected.

The application of this measure involves the need for all the recipients of the Three-Year Corruption Prevention Plan to comply with the specific relevant provision. The party that may even potentially find him or herself in a situation of conflict of interest is obligated to refrain from taking part in the adoption of decisions, or from activities that may involve, alternatively: i) his or her own interests; ii) interests of spouses, partners, and relatives to the second degree of kinship; iii) interests of persons he or she habitually frequents. The party shall at any rate refrain from any other case in which there are serious reasons of expediency. In addition to the obligation of refraining from

voting, the party also bears that of maintaining a physical distance, because even his or her mere presence can potentially influence the expression of the other members' will. The conflict may regard interests of any nature, and not merely economic ones, such as those derived from the intent to accommodate political pressures, pressures from trade unions, and pressures from hierarchical superiors. The recipients of the Three-Year Corruption Prevention Plan are required to make this condition immediately known, in writing, to their own hierarchical superior or to the relevant corporate body, which shall also assess, with the support of the corporate structures tasked with this, the actual existence of the conflict, and shall declare to the CEO and the Corruption Prevention Manager the initiatives undertaken to remove the effects thereof.

2. **Specific incompatibilities for executive positions:** in order to avoid conferring assignments to parties that carry out activities in potential conflict of interest, the Company will assess the activation, where this has not already been done by the Parent Company, and/or at any rate in liaison with the Parent Company, of a control measure aimed at verifying the situations of incompatibility vis-à-vis the holders of assignments provided for in Chapters V and VI of Legislative Decree no. 39 of 2013, for the situations contemplated in said Chapters<sup>21</sup>.

In the case that said measure should be activated, the control would be carried out by the office tasked with conferring the assignment, which should make this known to the corruption prevention Manager: i) when conferring the assignment; ii) upon the worker's communication in the matter of variations taking place in his or her own situation, with reference to the non-existence of grounds for incompatibility, for non-conferability of the assignment, and for any other impediment.

If the situation of incompatibility should emerge at the time of conferral of the assignment, it should, where possible, be removed prior to conferral. If the situation of incompatibility should emerge during the relationship, the relevant office that has conferred the assignment should raise this circumstance against the interested party, informing the Corruption Prevention Manager of this, and overseeing that the consequent measures are taken.

The application of this measure would involve preparing a system that ensures: i) the adoption of internal directives so that the procedures for attributing assignments may expressly contain the causes of incompatibility and the controls to be performed to verify actual compliance therewith, identifying roles and responsibilities; ii) the adoption of directives so that the interested parties may make the declaration of non-existence of grounds for incompatibility when conferring the assignment and during the relationship.

On 09 January 2018, the Parent Company issued an internal communication with reference to the "Criteria and procedures for managing declarations of incompatibility and non-conferability of the assignment," along with the related declaration forms.

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<sup>21</sup> Chapter V of Legislative Decree no. 39 of 2013 regulates the incompatibility between offices in public administration and in publicly controlled private bodies, and offices in bodies under private law regulated or financed by public administrations, as well as the performance of professional activity. Chapter VI governs the incompatibility between offices in public administration and in publicly controlled private bodies and offices of members of political guidance bodies.

The aforementioned criteria, procedures, and declaration forms are applied by Rai Cinema to the extent compatible with Rai Cinema's actual situation.

The Corruption Prevention Manager, to the extent applicable to Rai Cinema, will assess whether it is the case to activate, where this has not already been done by the Parent Company and/or, at any rate in concert with the Parent Company, control aimed at verifying the declarations of incompatibility and non-conferability of the assignment that are made.

- 3. Management of anonymous reports:** a procedure must be in place to regulate the management of anonymous reports ("whistleblowing"), so as to incentivize and protect this reporting.

This measure has the objective of raising awareness of the activity of the whistleblower, whose role takes on relevance of public interest, by providing knowledge – timely, where possible – of problems or dangers to the company, and incentivizing and protecting these reports.

The application of this measure involves the obligation to prepare a whistleblower protection system that has the following rules: a) differentiated and reserved channels for receiving the reports, the management of which must be entrusted to a very restricted nucleus of persons; b) codes substituting the whistleblower's identifying data, except for cases in which this identification is necessary for developing the consequent investigation activities; c) development of specific procedures that regulate the investigation activity, the involvement of the affected corporate offices, the reception, management, and conservation of the report and documentation, and the traceability of the investigation activities performed; d) prohibition against exposing the whistleblower to the physical presence of the receiving office. Moreover, the obligation of confidentiality is borne by all those that receive or become aware of the report, and by those subsequently involved in the report management process, without prejudice to the communications required by law. The process is monitored over time and is the object of periodic reporting to corporate management and to Rai Cinema's Control/supervision Bodies.

During 2017, 2018, 2019 and 2020, it is pointed out that the whistleblowing e-mail box received no communications from the employees of Rai Cinema or third parties.

The Board of Directors of Rai Cinema, at its meeting of 20 November 2019, in keeping with what the Parent Company had done, adopted a "*Procedure on the management and treatment of reports (including anonymous ones)*" aimed at regulating the management of anonymous reports ("whistleblowing"), in order to incentivize and protect these reports.

- 4. Assignments to offices and conferral of assignments in the event of conviction under criminal law for offences against public administration:** the Company will assess the activation, where this has not already been done by the Parent Company and/or, at any rate in concert with the Parent Company, limited to the cases provided for by Legislative Decree no. 39/2013 as may be applicable to Rai Cinema, of a control measure aimed at avoiding the entrusting of assignments to employees that are found guilty of improper behaviour, as in the case of conviction under criminal law, that are able to compromise confidence in the impartiality of the party by the recipients of his or her action.

On 09 January 2018, the Parent Company issued an internal communication with reference to the "Criteria and procedures for managing declarations of incompatibility and non-conferability of the assignment," along with the related declaration forms.

The aforementioned criteria, procedures, and declaration forms are applied by Rai Cinema to the extent compatible with Rai Cinema's actual situation.

The Corruption Prevention Manager, to the extent applicable to Rai Cinema, will assess the possible activation, where this has not already been done by the Parent Company and/or, at any rate in concert with the Parent Company, of a control aimed at verifying the declarations of incompatibility and non-conferability of the assignment that are made.

In the case that said measure should be activated, where, upon the outcome of the verification by the office responsible for conferring the assignment, the interested personnel should be found to have prior convictions for offences against public administration, the relevant office: i) should refrain from conferring the assignment or from making the assignment; ii) should apply the measures provided for by art. 3 of Legislative Decree no. 39 of 2013, iii) should confer or order the assignment to another party. The relevant office should inform the Corruption Prevention Manager of the initiatives taken.

The application of this measure should involve the obligation to prepare a model that provides for internal directives aimed at: i) providing for the tracked verification of the existence of any prior convictions for parties to whom assignments of the kind provided for in this measure are to be conferred, and the consequent determinations to be adopted in cases of positive response, with indication of roles and responsibilities; ii) expressly inserting into the procedures for attributing assignments the conditions restricting conferral.

5. **Surveying confidential corporate documents, data, and information:** without prejudice to the provisions of the RAI TCA plan, there must be control measures aimed at reducing the risk of undue outside knowledge of reserved/confidential corporate documents, data, and information.

The application of this support involves the obligation for the Company's administrators, leadership, employees, and collaborators to convey reserved/confidential corporate documents, data, and information to the outside only if: i) they are included among those that may be communicated by law; ii) they are conveyed by corporate offices institutionally tasked with these communications; iii) they are transmitted – in the case of transmissions of information to public authorities – to the body competent for receiving this information; iv) they are transmitted in accordance with the procedures provided for by law, by the corporate procedural framework, to the control bodies, including the auditing firm, and with procedures that allow the transmission (within the limits and in accordance with the procedures that may be provided for by the regulations in force), the content, and the recipients to be tracked.

6. **Rotation of personnel:** according to ANAC's "Guidelines" for publicly controlled private companies, *"one of the main corruption risk factors is the circumstance of a single party being able to exploit a power or item of knowledge in managing processes marked by discretion or by relationships with users, in order to obtain illegal benefits."*

Legislative Decree no. 190/2012 states that the principle of rotating executive and officers in sectors particularly exposed to corruption risk is aimed at discouraging the consolidation of risky positions of “privilege” in the direct management of certain activities, thus keeping these same officers from occupying them personally and for too long, and from always relating with the same parties, without prejudice at any rate to the need to maintain the continuity and consistency of operative activities and management policies. The regulations also states that, in any event, the rotation must be kept from compromising the professional responsibilities, quality, and continuity of the service, in compliance with the regulatory provisions in the matter of labour law.

Most recently, with attachment no. 2 to the 2019 National Anticorruption Plan (PNA)<sup>22</sup>, dealt again, and systematically, with instituting “ordinary” rotation, dictating the characteristics and the related limits as to the possibility of applying this anticorruption measure.

In particular, A.N.A.C. in art. 5 of the aforementioned attachment no. 2 to the 2019 PNA, laid down the “*Alternative measures in the event of impossibility of rotation.*” The Authority stated that there are cases (“*especially within small-sized administrations*”) where it would not be possible to carry out the rotation measure, and, in these cases, provided that the administration: - must, in its Three-Year Corruption Prevention Plan (P.T.P.C.), adequately justify the reasons for its failure to apply the institution; - must at any rate adopt alternative (organizational-type) measures that are such as to prevent the party not subject to rotation from having exclusive control over the processes (in particular those most exposed to corruption risk) and that therefore, an effect similar to that which would be obtained with rotation might arise.

In the case in point, Rai Cinema is a small-sized company that operates in the extremely specialized and competitive market of producing and distributing film and audiovisual content, which thus requires professionalism and highly specific skills, as well as the appropriate abilities and background of experience.

For this set of reasons, the principle of rotation might not in fact be applicable, precisely in order to guarantee the real needs of operative and commercial efficiency of Rai Cinema, so as to allow it to achieve otherwise unattainable corporate missions.

In fact, in the case of Rai Cinema, applying the rotation measure might translate into removing professional specialists from offices entrusted with activities of high technical and commercial content, with clear negative repercussions on the Company’s activity. Therefore, the Company, as an alternative to adopting the rotation measure, and in application of the provisions pursuant to Attachment 2 of the 2019 PNA, in any event applies, in the areas potentially at corruption risk, the following measures alternative to rotation:

- a proper segregation of roles and responsibilities in order to mitigate the potential risk of committing offences;
- adoption, particularly for the more delicate investigations, of mechanisms for the procedural phases to be shared by several parties;

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<sup>22</sup> Adopted with A.N.A.C Decision no. 1064 of 13 November 2019.

- adoption of mechanisms for personnel to share the activities of the individual office.

In addition to what was defined in the previous paragraphs, which is to say the general control measures and the control principles, the following Specific Control Measures– with regard to the activities identified as sensitive, or exposed to corruption risks – adopted and included herein for each identified risk Area, are reported:

### **1) Editorial areas of purchase of rights and film production**

#### **a) Major processes and procedures:**

1. Selection and assessment of product and supplier
2. Negotiation and definition of the contract
3. Performance of the contract

#### **b) Possible risk events:**

Various risk events may be considered, such as for example:

- definition of unjustified or at any rate unbalanced contractual clauses;
- improper use of knowledge connected with identifying the product to be acquired on the market, or the projects to be developed, pre-acquired, produced, or at any rate financed for the purpose of: a) guiding purchases towards pure intermediaries (without the legal legitimacy to negotiate / sell / distribute the product), and assigning them to proceed with the purchase for the purpose of making a subsequent resale to Rai Cinema; b) unjustifiably guiding the choice of production partner in favour of parties outside the original process of creating, developing, and carrying out the production project;
- partial or total omission of necessary verifications, or alteration of the verifications performed, in such a way as to permit the conclusion of contracts with parties that are without, or only partially without, the necessary title.

#### **c) Specific measures:**

##### **Selection and assessment of product and supplier**

1. Segregation of roles and responsibilities: a number of parties take part in the processes' activities.
2. Procedure: existence of formalized procedures governing the entire process of purchasing rights and producing films.
3. Monitoring: the performance of an activity to monitor the rights market, carried out, on the basis of their respective responsibilities, by the Product Purchase Area, the International Product Purchase Area, and the editorial departments.
4. Developing and approving a Purchasing Plan: based on the monitoring activities and on needs, preparing a Purchasing Plan that is submitted for the approval of RAI S.p.A.'s purchasing Committees (Free TV rights / International product).
5. Formalization of purchasing need: the procedural process is formalized, starting from the definition of the need to the authorization and issuance of a purchase request, indicating the mode of management and the levels of authorization.



6. Generation of the purchase request: the purchase requests are generated in accordance with criteria of impartiality, transparency, effectiveness, efficiency, and internal control.
7. Verification of the purchase request: the fairness of the authorization process; the completeness of the information contained in the purchase request; and the clarity and comprehensiveness of the description of the object reported in the purchase request are verified.
8. Budget capacity: the capacity and consistency of the purchase request with respect to the approved budget is verified, as well as the correctness of the accounting entries shown therein. Any budget overrun shall be approved by the relevant party.
9. Exceptional/urgent purchases: any exceptions to the general purchase process (including urgent purchases) are appropriately justified and approved by the relevant party. Urgent purchases shall be done only by expressly identified and authorized parties.
10. Fractioning of the purchase request: fractioning a supply request that is objectively a single unit into a number of purchase requests is prohibited.
11. Criteria for determining the object: the criteria for determining the object of the contract are – taking into account the characteristics typical of the film and audiovisual products and of the acquisition and production markets – to the extent possible, objective, standardized, predetermined, and commensurate with the Company's actual needs.
12. Register/List of Suppliers: there is a periodically updated register/list of Group suppliers.
13. Assessment of the supplier: the assessment of suppliers complies with the principles of transparency, fair treatment, and the Ethical Code. A verification of the counterpart is carried out in order to analyze its having met the requirements of ethics and honorability. Should this verification yield a negative outcome, the results are transmitted to Corporate Leadership for the appropriate assessments.
14. Decision-making process and reasons for the choice: the decision-making process and the reasons that led to the choice of supplier/production partner (for example, their being legitimate copyright holders) and of investment possibilities are formalized, taking into account the artistic, editorial, and economic/financial assessments of the product, and the analysis of consistency with the editorial lines defined by Corporate leadership and with the Company's investment plans.
15. Product assessment criteria: the general product assessment criteria are non-discriminatory and are appropriately weighted/justified.
16. Artistic and editorial assessment: the artistic and editorial assessment of the products and projects offered or presented is: a) founded upon the maximum possible objectivity; b) appropriately justified and tracked; c) the result of dialogue and sharing with colleagues, where applicable also using "readers" from outside the Company.
17. Disclosure: employees in the editorial areas that should receive offers or proposals for acquisition / production from outside parties shall provide immediate and appropriate written disclosure thereof to the area manager.

18. Register: the managers of the editorial areas are required to register and to keep on sheets for this purpose, on electronic support or at any rate using procedures that are such as to guarantee their maximum possible traceability, the data on the proposals/offers of purchase and/or of development / pre-acquisition / production financing, indicating the name of the proposing/offering party and identifying the offered or proposed products / projects.
19. Traceability: with reference to the decisions agreed upon during the meetings of the Free TV Rights Purchasing, Purchases of International Product for Distribution, and Film Production Committees, the involved corporate departments share their choices and, at the end of the meetings, approve them in a report filed by the pertinent department.

#### **Negotiation and definition of the contract**

20. Purchase order: the contents of the purchase / production contract are formally identified, and it is verified that they coincide with the authorized purchase request. Moreover, the procedures for their authorization and execution are identified.
21. Written form and contractual standards: the contract is always drawn up in written form and in accordance with the principles and guidelines defined by the relevant Offices/Departments. Any variation/exception to the contractual standard shall be authorized by the relevant Offices/Departments. In this regard, contractual conditions are drawn up that take account of costs; safety conditions; procurement times; any other aspects of relevance for the performance of the activity; remuneration procedures, in compliance with the corporate regulations issued in the matter of payments; duration of the contracts. The contract is executed by parties bearing suitable powers.
22. Anticorruption Clauses: the contracts contain special clauses that include the supplier's declaration that the amount paid constitutes exclusively the compensation for the service provided for in the contract, and that these sums will never be transmitted to a Public Party or to a private party or to a family member thereof for the purposes of corruption, or transferred, directly or indirectly, to the members of the corporate bodies, administrators, or employees of the Company; the prohibition for the supplier to directly or indirectly transfer the compensation to directors, members of the corporate bodies, or employees of the company or to their family members; the supplier's declaration as to compliance with the principles contained in the Three-Year Corruption Prevention Plan, in the 231 Model, and in the Ethical Code adopted by Rai Cinema; indication by the obligated parties for which the supplier takes on the guarantee for compliance with the applicable laws, and in particular with the applicable Anticorruption Laws, the Three-Year Corruption Prevention Plan, the 231 Model, and the Ethical Code; regulation of subcontracting; levying of penalties in the event of the supplier's violation of obligations, declarations, and guarantees as reported above, or in the event of violation of Anticorruption Laws. Should the counterparty request a modification of said clause, for the contract to be finalized, the Legal and Corporate Affairs must be informed, in order to assess any alternative modifications that might be suitable for protecting the Company.
23. Contract Manager: the contract's management is assigned to a Contract Manager, responsible for: monitoring and ascertaining the proper performance of the contract;

ascertaining and ensuring that the counterparty is always operating in compliance with the criteria of the utmost diligence, honesty, transparency, and integrity, and in compliance with Anticorruption Laws, the Three-Year Corruption Prevention Plan, the 231 Model, and the Company's Ethical Code; casting light on any possible critical areas that may be found in the performance of the relationship, in the activities performed by the supplier, and immediately alerting the relevant department.

24. Confirmation in the budget: the department in charge of verification records the budget commitment, creates the expense forecast in the corporate information system, and prepares the budget confirmation form, which is signed by the managers of the involved departments. Fractioning: fractioning negotiation operations that are objectively a single unit is prohibited.
25. Monitoring of film production investments: in addition to the internal departments tasked with economic and financial verifications, film production investments are also monitored by auditing companies (or "monitoring companies") that produce a detailed technical/economic report for an objective assessment of the expense estimate.

#### **Performance of the contract**

26. Start of activities: as to the start of performance of the services by the contractual counterparty, it is required that this take place after the contract is executed, except in cases of justified urgency.
27. Receiving the service: the procedures for receiving and for accepting the service are defined in advance. The Rai Cinema Contract Manager carries out checks to ascertain the actual and consistent delivery of the service by the third party; this check is a prerequisite for preparing the payment order, and for making the payment.
28. Control of production activities: the editorial department is tasked with verifying the production partner's compliance with the working plan and the production budget; for this verification activity, the assigned editorial department relies, where necessary, on the support of the previously selected monitoring company;
29. Contractual variations: no variations are admitted that, in significantly altering the object of the contract, make it substantially unsuited to meeting the needs originally expressed, or that at any rate end up becoming an editorial operation different from what was originally to be done.
30. Contractual extensions and renewals: the use of extensions and/or renewals of contracts must be suitably justified and connected to objective circumstances such as to lead one to believe that the service that is the object of the contract to be extended is indispensable, non-deferable, and not subject to interruption in the interest of the performance of the corporate activity. The tacit renewal of contracts is expressly forbidden. Renewal is admitted exclusively if this faculty was expressly provided for in the original contract.
31. Contractual revocations and terminations: within the contract, the procedures for its revocation and termination are expressly defined.

## **2) Area of purchases of work, goods, and supplies (also infragroup) and consulting (from companies)**

### **a) Major processes and procedures:**

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1. Selection and assessment of product and supplier
2. Negotiation and definition of the contract
3. Performance of the contract

**b) Possible risk events:**

Various risk events may be considered, such as for example:

- improper use of negotiated procedures / direct assignments / urgent procedures to favour an operator;
- defining competitors' technical/economic requirements in order to favour an enterprise;
- formulating assessment criteria that can benefit a supplier, or absence of objective and effectively measurable assessment criteria;
- failure to verify, or insufficient verification of, the actual progress of the works in comparison with the timeline, in order to avoid the levying of penalties or the termination of the contract, or unlawful recourse to variations in order to favour the contracting party;
- with reference to subcontracting, failure to assess the use of labour or impact of the labour cost for the purpose of qualifying the activity as subcontracting, in order to elude the provisions and limits of law.
- excessive concentration of purchases in a single supplier, and fractioning of procurement that might be linked to a single service/contract.

**c) Specific measures:**

**Selection and assessment of product and supplier**

1. Segregation of roles and responsibilities: the area's activities are segregated as follows: the Requesting Area, through the Qualified Party, enters the Purchase Request into the system; the Purchase Request is verified in terms of budget capacity/consistency by the Planning, Budget and Control Area; the Purchasing Area takes on the Purchase Request, verifies its correctness and compliance with the authorization powers, and proceeds to select the suppliers and to negotiate and define the contract; the Purchasing Area verifies the counterpart; the Business Affairs, Legal and Contracts Area prepares the modifications to the contract, should variations to the standard contract be needed; the Financial Statements, Administration and Finance Area verifies that the incoming invoice is correct and, if it is correct, transmits it to the RAI Administrative Service for registration and payment.
2. Formalization of purchase need: the procedural process is formalized, starting from the definition of the need to the authorization and issuance of a purchase request, indicating the mode of management and the levels of authorization.
3. Generation of the purchase request: the purchase requests are generated in accordance with criteria of impartiality, transparency, effectiveness, efficiency, and internal control.
4. Verification of the purchase request: the fairness of the authorization process; the completeness of the information contained in the purchase request; and the clarity

and comprehensiveness of the description of the object reported in the purchase request are verified.

5. Budget capacity: the capacity and consistency of the purchase request with respect to the approved budget is verified, as well as the correctness of the accounting entries indicated therein. Any budget overrun shall be approved by the relevant party.
6. Exceptional/urgent purchases: any exceptions to the general purchase process (including urgent purchases) are appropriately justified and approved by the relevant party. Urgent purchases shall be done only by expressly identified and authorized parties. Moreover, the Purchasing Area, every six months, prepares a report summarizing the purchases made through the urgency procedure, by extracting the data from the corporate IT system, and submits it to the initialling of its own Manager, who has it transmitted to the corporate leadership which verifies and signs it for approval.
7. Fractioning of the purchase request: Fractioning: fractioning a supply request that is objectively a single unit is prohibited.
8. Non-fungibility: the requests to rely on a given economic operator are always appropriately justified and authorized. Every six months, the list of assignments based on the non-fungibility of the economic operator is transmitted to the Corruption Prevention Manager.
9. Criteria for determining the object: the criteria for determining the object of the contract are objective, standardized, predetermined, and commensurate with the Company's actual needs.
10. Product assessment criteria: the product assessment criteria are defined, detailed, non-discriminatory and appropriately weighted/justified.
11. Register/List of Suppliers: there is a periodically updated register/list of Group suppliers.
12. Assessment of the supplier: the assessment of suppliers complies with the principles of transparency, fair treatment, and the Ethical Code.
13. Selection of the supplier: there are rules and criteria that make it possible to verify and monitor a supplier's ethical, economic, and financial reliability based on objective, predetermined elements.
14. Bid request: the criteria used to select the suppliers to which to send the bid request are objective, non-discriminatory, pertinent, in proportion to the object of the assignment, and oriented to foster the rotation of suppliers.
15. Competitiveness: competitive mechanisms allowing several suppliers to take part in the selective procedures are guaranteed, in order to maximize the efficiency of purchasing activities.
16. Direct assignment: reliance on direct negotiation with a single economic operator is restricted to suitably justified and documented cases, and subject to suitable control systems and authorization systems.
17. Traceability: all the relevant documentation is archived at the Requesting Area. The areas involved in Rai Cinema's activities of purchasing works, goods, services,

supplies, and consulting are responsible for conserving the documentation related to the activities that are performed in a digital and/or hardcopy archive for this purpose, following procedures that are such as to impede their subsequent modification, in order to permit the proper traceability of the entire process, and to facilitate any subsequent checks. Access to already-filed documents must always be justified, and shall be permitted only to parties qualified by internal rules or by the regulations in force. The Purchasing Area archives the signed Contract and the order confirmation signed by the supplier, with its attachments.

### **Negotiation and definition of the contract**

18. Purchase order: the contents of the purchase order are formally identified, and it is verified that they coincide with the authorized purchase request. Moreover, the procedures for their authorization and execution are identified.
19. Counterparties' assessment: during negotiation with the supplier, a verification of the counterparties is made with regard to: acquiring information on the company, shareholders, and directors (also via an outside company); acquisition of information for anti-Mafia obligations, where the condition therefor exist; to verify that the counterpart is well-known and reliable and with a positive reputation as concerns proper business practices, registered in the Group's Register/List of Suppliers, and is not included on the Lists of Reference regarding the financial fight against terrorism, published by the Financial Information Unit instituted at Banca d'Italia; all the additional and different verifications that should be needed.
20. Written form and contractual standards: the contract entrusting the service is drawn up in written form and in accordance with the principles and guidelines defined by the relevant Offices/Departments, without prejudice to the services that by their nature and/or characteristics do not permit this formalization (such as, for example, in the case of procurement directly functional to the distribution and commercial activities). Any variation/exception to the contractual standard shall be authorized by the relevant Offices/Departments. In this regard, contractual conditions are drawn up that take account of costs; safety conditions; procurement times; any other aspects of relevance for the performance of the activity; remuneration procedures for the good, the work, or the service requested (single, lump-sum instalments, refundable, etc.), in compliance with the corporate regulations issued in the matter of payments; duration of the contracts.
21. Anticorruption Clauses: the contracts contain special clauses that include the supplier's declaration that the amount paid constitutes exclusively the compensation for the service provided for in the contract, and that these sums will never be transmitted to a Public Party or to a private party or to a family member thereof for the purposes of corruption, or transferred, directly or indirectly, to the members of the corporate bodies, administrators, or employees of the Company; the prohibition for the supplier to directly or indirectly transfer the compensation to directors, members of the corporate bodies, or employees of the company or to their family members; the supplier's declaration as to compliance with the principles contained in the Three-Year Corruption Prevention Plan, in the 231 Model, and in the Ethical Code adopted by Rai Cinema; indication by the obligated parties for which the supplier takes on the guarantee for compliance with the applicable laws, and in particular with the applicable Anticorruption Laws, the Three-Year Corruption Prevention Plan, the 231 Model, and

the Ethical Code; regulation of subcontracting; levying of penalties in the event of the supplier's violation of obligations, declarations, and guarantees as reported above, or in the event of violation of Anticorruption Laws. Should the counterparty request a modification of said clause, for the contract to be finalized, the Legal and Corporate Affairs Area must be informed, in order to assess any alternative modifications that might be suitable for protecting the Company.

22. Subcontracting: in the context of contracting, the utmost transparency regarding the parties being subcontracted the works must be guaranteed.
23. Contract Manager: the contract's management is assigned to a Contract Manager, responsible for: monitoring and ascertaining the proper performance of the contract; ascertaining and ensuring that the counterparty is always operating in compliance with the criteria of the utmost diligence, honesty, transparency, and integrity, and in compliance with Anticorruption Laws, the Three-Year Corruption Prevention Plan, the 231 Model, and the Company's Ethical Code; casting light on any possible critical areas that may be found in the performance of the relationship, in the activities performed by the supplier, and immediately alerting the relevant department.
24. Service contract: infra-group services are regulated in a written contract that, in addition to the object of the services, identifies: the service levels that the supplier must guarantee; any penalties for default of the contractual SLAs; definition of fair market value payments.
25. Fractioning: fractioning negotiation operations that are objectively a single unit is prohibited.

#### **Performance of the contract**

26. Start of activities: as to the start of performance of the services by the party entrusted with the assignment, it is required that this take place after the contract is executed, except in cases of justified urgency.
27. Receiving the service: the procedures for receiving the service and the declaration of acceptance thereof are defined in advance within the contract.
28. Payment: the phase leading up to payment involves verifying the following prerequisites: the document's formal correctness; presence of an order in the corporate information system (issued by authorized parties); correspondence between the amount that can be charged as indicated in the invoice and the amount of the order; presence of the entry of goods and of system-tracked approval for payment; suitability of tax documentation; the payment beneficiary indicated in the invoice does not differ from the company that issued the invoice.
29. Contractual variations: no variations are admitted that, in significantly altering the object of the contract, make it substantially unsuited to meeting the needs originally expressed in the original purchase request, or that at any rate end up becoming an editorial operation different from what originally to be done with the original purchase request. In this sense, no variations are admitted that significantly alter the purpose and/or amount and/or mode of performance, including the performance/completion times, as established in the original contract. Moreover, communications towards internal and/or external parties tasked with monitoring with regard to the contractual variations of importance in the supply/service contracts must be developed."

30. Contractual extensions and renewals: the use of extensions and/or renewals of contracts is done in compliance with the regulations and suitably justified and connected to objective circumstances such as to lead one to believe that the service that is the object of the contract to be extended is indispensable, non-deferable, and not subject to interruption in the interest of the performance of the corporate activity. The tacit renewal of contracts is expressly forbidden. Renewal is admitted exclusively if this faculty was expressly provided for in the purchase request, and in the subsequently executed contract. In any event, two renewals of the first contractually agreed-upon expiry are admitted.
31. Contractual revocations and terminations: within the purchase contract, the procedures for its revocation and termination are expressly defined and regulated.

### **3) Protocol for the Sales, distribution, and marketing areas:**

#### **a) Major processes and procedures:**

1. Selection and assessment of customers and distribution partners
2. Negotiation and definition of the contract
3. Performance of the contract
4. Selection and management of agents (natural and legal persons)

#### **b) Possible risk events:**

Various risk events may be considered, such as for example:

- omission of necessary verifications or alteration of the verifications performed, in such a way as to permit the conclusion of contracts with parties that are without, or only partially without, the necessary titles.
- definition of unjustified or at any rate unbalanced contractual clauses;
- surreptitious orientation of company choices, abusing the discretion connected with the activity of economic assessment and of selecting audiovisual and film works belonging to the company's compendium of rights, to be sold, licensed, distributed, or at any rate marketed;
- improper use of knowledge of the market and of potential customers for the purpose of guiding negotiations towards pure intermediaries (without the legal legitimacy to negotiate/acquire the product on behalf of the final customer), in order to carry out for them a subsequent resale to the final customers;
- surreptitious orientation of the contents of contracts, abusing the discretion in the activities of negotiating sale, distribution, and marketing agreements.

#### **c) Specific measures:**

##### **Selection and assessment of customers and distribution partners**

1. Verifications on the counterparty: verifications on the counterparty are formalized prior to the execution of the sale contract, taking account of the specific features and the characteristics typical of the market of audiovisual and film rights.
2. Register: the managers of the commercial and distribution areas are required to register and to keep on sheets for this purpose, on electronic support or at any rate



- using procedures that are such as to guarantee their maximum possible traceability, the data on the proposals/offers received from potential customers, indicating the name of the proposing/offering party and identifying the products and the rights requested.
3. Disclosure: employees in the commercial and distribution areas that should receive offers or proposals from outside parties shall provide immediate and appropriate written disclosure thereof to the area manager.
  4. Commercial assessment: the commercial assessment of the products proposed or requested for sale, distribution, or marketing, determination of the compensation and of the additional contractual aspects with economic effects, for the part under their responsibility, must be the result of: a) a justified and weighted assessment as to the purposes of the contractual operation and, where existent, of the corresponding projections of an overall economic return (or return in terms of image), as well as of the strategic assessments connected with the Company's mission and position on the markets; b) a negotiation performed at market values, taking into account the characteristics and the overall logic of the operation; c) a negotiation that is non-discriminatory in comparison with other, similar negotiations; d) an assessment that is as collaborative as possible, through the direct involvement of the relevant areas. In the event of negative assessment or, at any rate, in the event of absence of interest in the sale / distribution / marketing, written disclosure thereof shall always be provided in a reasonable time to the proposing/offering party.
  5. Traceability: the decisions taken with reference to distribution/marketing are defined in compliance with the reciprocal responsibilities and formalized in the following documents archived by the relevant departments: "Prints & Advertising" (P&A), the Marketing Plan, the "Economic/financial assessment sheet," the "Contract sheet," the "Adjustment sheet," and, where applicable, the "Note on adjustment of the distribution agreements."

#### **Negotiation and definition of the contract**

6. Contract's compliance with the characteristics of the asset: the control is aimed at verifying the compliance of the characteristics of the goods that are the object of sale with the content of the draft of the proposal / offer of sale.
7. Written form and contractual standards: the contract is always drawn up in written form and in accordance with: the principles of protection of the company's interest, also within the framework of the company's strategic lines, and the lines defined by the relevant Offices/Departments Any variation/exception to the contractual standard shall be authorized by the relevant Offices/Departments. IN particular, these Offices/Departments shall guarantee compliance with the regulations in force, including antitrust and anticorruption regulations.
8. Ownership of the rights: before concluding the execution of the contract, there are controls aimed at verifying the existence, availability, ownership, and origin of the goods that are the object of sale.
9. Contract Manager: the contract's management is assigned to a Contract Manager, responsible for: monitoring and ascertaining the proper performance of the contract; ascertaining and ensuring that the counterparty is always operating in compliance with

the criteria of the utmost diligence, honesty, transparency, and integrity, and in compliance with Anticorruption Laws, the Three-Year Corruption Prevention Plan, the 231 Model, and the Company's Ethical Code; casting light on any possible critical areas that may be found in the performance of the relationship, in the activities performed by the supplier, and immediately alerting the relevant department.

#### **Performance of the contract**

10. Start of activities: the start of performance of the services always takes place after the contract is executed, except in cases of justified urgency.
11. Verifications related to deliveries: specific controls are formalized as to the proper performance of the activities that are carried out, and the delivery of the good in compliance with the requirements and the deadlines defined in the contracts; that the nature, quantities and characteristics (including quality characteristics) of the sold/distributed goods correspond, with the established tolerances, with what is indicated in the documents attesting to the performance of the supply, or with the contractual commitments taken on.
12. Budget verification: economic/financial results of the distribution activities are monitored, any deviations from the economic return and expense forecasts are analyzed, the distribution plan is entered into the corporate systems of reference, and the sheet summarizing the distribution plan is developed.

#### **Selection and management of agents (natural and legal persons)**

13. Decision-making process and motivations for the choice: the decision-making process and motivations leading to the choice of agent are formalized.
14. Minimum requirements of the counterparty: the minimum requirements of the agent's commercial dependability / honorability / reliability are defined in advance, based on some relevant indices (e.g. public compromising data – complaints, insolvency procedures – or acquisition of commercial information on the company, on shareholders, and on directors, through specialized companies and/or by the obtaining of specific self-certification by the counterparty and/or through the submission of the General Certificate of the card-index of criminal records).
15. Price list: the home video products owned by or legitimately available to Rai Cinema, and the price list therefor, defined in advance by the appropriate parties, are contained in a catalogue that the Company updates regularly and inserts into the corporate IT system.
16. Definition of compensation: the definition of compensation must be anchored to parameters defined and authorized in advance by the relevant parties, taking into account the specific nature, the characteristics, and the practises typical of the market of reference.
17. Verifications of the candidates' honorability: the parties taking part in the selection procedure must have no criminal convictions and must not be the targets of provisions applying preventive measures; they must not be in situations of incompatibility pursuant to the provisions in force at the company, as summarized by the Ethical Code in force; in no case will Rai Cinema will proceed to take on or confer collaboration assignments to persons included on the Lists of Reference regarding the

financial fight against terrorism (published by the Financial Information Unit instituted at Banca d'Italia). Anti-Corruption clauses: the agency contract has specific anti-corruption clauses.

18. Contract Manager: the contract's management is assigned to a Contract Manager.
19. Verification of the services: there are verifications of the agent's doings, that make it possible to define, objectively and in a manner reconstructable after the fact, the commissions attributed to him or her.
20. Payment of Commissions: commissions are paid by the Parent Company, which operates on the basis of a service contract that regulates its roles/responsibilities, as a consequence of the authorization for payment that is made following the verifications: with regard to the summary statement of orders issued by the agent, the commissions accrued under the contract, and the conformity and correctness of the invoice transmitted by the agent.

#### 4) Human resources management area

##### a) Major processes and procedures:

1. Selection of employees
2. Management of employees (payroll, career promotions, bonuses, incentives, indemnities, raises, etc.)
3. Conferral of collaboration and consulting assignments to natural persons
4. Management of industrial relations
5. Management of travel (advances, expense refunds, and credit cards)

##### b) Possible risk events:

Various risk events may be considered, such as for example:

- improper or arbitrary/subjective selection of personnel candidacies and staffing (also collaborators and consultants) or as an exception to the competitive selection procedures;
- hiring of unnecessary or non-meritocratic personnel, favouring parties "close to" or "liked by" public officials or by public service employees;
- distribution of bonuses, incentives, or MBO, linked to parameters / variables that cannot be objectively measured;
- economic and career advances accorded illegitimately with the purpose of favouring particular employees/candidates also for any exchanges of other benefits with third parties (including those belonging to Public Administration);
- unnecessary and/or unjustified payment of travel expenses (e.g. absence of suitable justification documentation).

##### c) Specific measures:

###### Selection of employees

1. Integration needs: the activities of selecting/locating personnel must be done in line with the integration needs identified by the Company.

2. "Criteria and procedures for personnel recruitment and for the conferral of collaboration assignments" regulations: existence of regulations providing that: it is company policy to privilege the internal recruitment instrument involving a preliminary phase of seeking the profiles required in the RAI corporate Group through instruments of an operational nature<sup>23</sup>; the procedure is called by a determination document of the CEO or of the General Manager;
3. Selection notice: where done via the job posting tool and the web channels, it must specify: the features of the position to be filled; the specific requirements needed for participation; information on the planned tests; the degree and test assessment criteria, which must be objective and transparent (for example diploma/university degree, knowledge of foreign languages, prior work experience, etc.); the procedures and deadlines for submitting applications and sending in résumés; the selection, done with a view to assessing the candidates' potential, will be made through tests and/or dialogues of a technical and professional nature. The choice of suitable parties is entrusted to a delegated representative of the affected area, and to a delegated representative of the Human Resources and Organization, Information Systems and Processes Area.
4. Verifications of the candidates' honorability: the parties taking part in the selection procedure must have no criminal convictions and must not be the targets of provisions applying preventive measures; they must not be in situations of incompatibility pursuant to the provisions in force at the company, as summarized by the Ethical Code in force; in no case will Rai Cinema will proceed to take on or confer collaboration assignments to persons included on the Lists of Reference regarding the financial fight against terrorism (published by the Financial Information Unit instituted at Banca d'Italia). Anti-Corruption clauses: the agency contract has specific anti-corruption clauses.
5. Selection criteria: the candidates' selection criteria are defined and formalized; these criteria must be objective and transparent (e.g. diploma/university degree, knowledge of foreign languages, prior work experiences, etc.).
6. Traceability of résumés: the procedures for the traceability of the résumé sources are formalized.
7. Selection process: a selective process is defined and carried out, making it possible to verify that the hiring/collaboration process is in order; moreover, reports on the selection process, validated by the relevant representative, are prepared and archived.
8. Transparency: relationships with the selected candidates are maintained with respect for transparency, as regards the definition of the type of contractual relationship, and of the proposed remuneration.

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<sup>23</sup> On the occasion of the Board of Directors meeting of 10 November 2016, the adoption of the document "*Criteria and procedures for personnel recruitment and conferral of collaboration assignments of Rai Cinema S.p.A.*," most recently updated on the occasion of the Board of Directors session of 07 May 2019, was announced.

9. Employment contract: the employment contract shall be drawn up in written form and in accordance with the principles and guidelines defined by the Relevant Offices/Departments, and signed by the relevant corporate representative.

#### **Management of employees**

10. Payroll: raises, leave, holiday, absences, etc. are paid following the proper completion of the defined authorization process and in line with the collective bargaining agreement.
11. Remuneration/career: the ranges of pay grade (including benefits) and the career path must be clearly defined in coordination with the Group Leader, which is to say based on the guidelines provided by the Parent Company, also for the purpose of making it possible to reconstruct the causes that resulted in the pay raise and/or career advance (e.g. yearly assessments tracked by the Office/Department that manages human resources).
12. Reward system: criteria must be assigned for rewarding bonuses and gratuities in coordination with the Group Leader, which is to say on the basis of the guidelines proved by the Parent Company, connected with achieving predetermined and measurable goals, detailed for each individual position, where applicable, with a description of the assignment procedures and corresponding documentation.

#### **Conferral of collaboration and consulting assignments to natural persons**

13. Internal regulations: existence of “Criteria and procedures for personnel recruitment and for the conferral of collaboration assignments” regulations governing the roles, responsibilities, and operating procedures for conferring collaboration assignments.
14. Preliminary verifications: the proposing Area preliminarily ascertains the objective impossibility of using the human resources available within it; the Human Resources and Organization, Information Systems and Processes Area proceeds with the consequent verifications as needed; the service must be of a temporary, specialist, and qualified nature; the duration, location, object and compensation of the collaboration must be determined in advance, taking account – beyond the characteristics of the assignment – of the market values and corporate standards for similar services.
15. Selection of the collaborator: in order to entrust external assignments, the Company, through the involved corporate structures, may make a comparison among several résumés in its possession, capable of highlighting the professional profile necessary for fulfilling the assignment to be conferred. To acquire résumés, the Company may also make requests from the competent professional orders or from research bodies and institutions.
16. Principle of rotation and prohibition against fractioning: in the choice of names, the requesting corporate departments shall comply with a criterion of rotation, avoid entrusting to the same party a number of assignments with a functional connection (“tying”), and also avoid the artificial fractioning of assignments that are objectively unitary with regard to the object.
17. Verifications of the third party’s honorability: the party that is conferred the assignment must also possess the following prerequisites: having no criminal convictions and the

targets of provisions applying preventive measures; not being in a situation of incompatibility pursuant to the provisions in force at Rai Cinema, as summarized by the Ethical Code in force.

18. Authorization levels: the assignments are conferred with a contract signed by the CE or by the General Manager.
19. Traceability: the areas involved the activities of conferring Rai Cinema assignments are responsible for conserving the documentation related to the activities that are performed in a digital and/or hardcopy archive for this purpose, following procedures that are such as to impede their subsequent modification, in order to permit the proper traceability of the entire process, and to facilitate any subsequent checks. Access to already-filed documents must always be justified, and shall be permitted only to parties qualified by internal rules or by the regulations in force.

### **Management of industrial relations**

20. Meetings: meetings between the Company's personnel charged with managing industrial relations and trade-union representations must be taken down in minutes, and a workers' representative inside the Company (referred to as "RSU") shall always be in attendance. The meeting's minutes must report at least the following information: name and office of attendees; subject of discussion; key decisions.
21. Communications: all communications exchanged with the trade unions and with the workers' representatives inside the Company (RSU) are to take place in traceable fashion.
22. Roles and responsibilities: attribution of specific powers with reference to conducting trade union negotiations and signing the related agreements, and the company's representation before trade union associations and organizations.

### **Management of travel (advances, expense refunds, and credit cards)**

23. Authorizations: travel must be authorized by the relevant representative (or by a party formally delegated by him or her) who is responsible for applying the procedures of reference and guarantees implementation in compliance with the criteria of affordability and the approved budget.
24. Assessment before travel: the positions qualified to authorize travel and offsite services in the travel authorization phase ("travel sheet") must assess: the necessity of the trip and the consistency of the duration thereof, authorizing special conditions, if any; compliance with the criteria of affordability; need for and amount of advance, where applicable.
25. Assessment after travel: for the expenses incurred by the employee or made by corporate credit card, it is necessary: for the presence of the authorization to refund the expenses, issued by the relevant party (also in the event of any exceptions and derogations), to be ascertained; for the consistency of the expenses incurred, and compliance with the corporate provisions of reference, to be assessed; for the presence of any reports by the relevant party as to anomalies or non-refundable expenses to be verified; for the adequacy, completeness, and pertinence of the submitted justifications to be assessed; for the reimbursement parameters be applied

to the expense items, deducting excesses from the requested refund amount where applicable.

26. Authorization forms: there must be a formalized form, to be completed by the employee, to request travel authorization. This form shall contain such information as the employee's name and surname, location of travel, travel start and end date, purpose of the trip, means of transport to be used, and so on.
27. Refund and reporting: the refund procedures and the procedures for preparing the report of travel expenses incurred are regulated.
28. Cash advances: the use of cash advances for travel expenses is to be limited to the extent possible, in favour of using alternative instruments.

## 5) Financial statements, Administration and Finance Area

### a) Major processes and procedures:

1. Management of receivables (including receivables invoices)
2. Management of payables (including payable invoices)
3. Treasury management (payments/collections)
4. Management of activities for drafting the financial statements
5. Management of entertainment expenses (advances, expense refunds, and credit cards)

### b) Possible risk events:

Various risk events may be considered, such as for example:

- tampering with and altering the financial statement data;
- recognizing/granting undue benefits (by, e.g., initiating legal proceedings to recover receivables unfavourable to the Company, transferring a receivable to non-performing and/or loss in the absence of the established requirements, paying invoices of complicit and/or fictitious suppliers for non-existent goods/services or of amounts in excess of what is owed, making undue use of company credit cards) to third parties;
- accepting/issuing fictitious or altered invoices aimed at the creation of slush funds for corruptive purposes;
- tampering with and altering the financial statement data for the purpose of establishing off-the-books funds for corruption activities;
- authorizing/paying entertainment expenses that are non-existent or in an amount greater than the real one, or recording refunds that are not real or in an amount greater than the real one-

### c) Specific measures:

#### **Management of receivables (including receivable invoices) / Management of payables (including payable invoices)**

1. Service contract: the activities related to managing credit / debt are carried out by Rai Cinema with the support of the Rai S.p.A. service that operates on the basis of a service contract that regulates its roles and responsibilities. The contract also defines

the following qualifying elements: i) the service levels the supplier must comply with in fulfilling its obligations; ii) the definition of the amount of the payment based on the fair market value; iii) the existence of penalties in the event of the supplier's failure to achieve the service levels; iv) clauses of compliance with the 231 Model, the Three-Year Corruption Prevention Plan, and the Ethical Code.

2. Registration of invoices: controls and procedures for recording invoices payable/receivable are defined.
3. Infra-group invoices: formalized rules are established in infra-group contracts for the management of invoicing between the Group companies.
4. Corporate management information systems: appropriate corporate management information systems will be used to manage the activities related to invoices payable and receivable and the corresponding collections and payments, guaranteeing the recording of all phases in the process that involve generating a cost/revenue.
5. Verifications of payable invoices: it is established that payable invoices are recorded in the books only after the verifications of correspondence done on the acceptance of the good/service have brought positive results.
6. Verifications of receivable invoices: the invoices' compliance with the prescriptions of law and regulations is provided for, in terms of noting the quantities that may be charged, as well as of applying the items that go towards determining the payment for the service.
7. Administrative/accounting processes: Rai Cinema's administrative/accounting processes must be defined and regulated within the context of a Governance and Control model that guarantees the definition of roles, the tools, and the modes of operation for these processes, and that provides for periodic verifications of the reliability of the checks planned on the main phases in the processes.
8. Monitoring of payables/receivables: the processes of monitoring and managing receivable and payable balances with customers and suppliers are regulated.

#### **Treasury management (payments/collections)**

1. Service contract: the activities related to treasury management are carried out by Rai Cinema with the support of the Rai S.p.A. service that operates on the basis of a service contract that regulates its roles and responsibilities. The contract also defines the following qualifying elements: i) the service levels the supplier must comply with in fulfilling its obligations; ii) the definition of the amount of the payment based on the fair market value; iii) the existence of penalties in the event of the supplier's failure to achieve the service levels; iv) clauses of compliance with the 231 Model, the Three-Year Corruption Prevention Plan, and the Ethical Code.
2. Payments: procedures are regulated with regard to: preparation and authorization of the payment proposal; making of payments; recording of payments. All the payments are made based on adequate contractual justification or are at any rate adequately documented, justified, and authorized.
3. Reconciliation: periodic activities are performed to reconcile bank accounts by reason for incoming and outgoing funds (any reconciliation items must be justified and traced with supporting documentation).



4. Collections: procedures are regulated with regard to recording collections and entering them in the books.
5. Cash: the use of cash outside the thresholds established by the regulations of reference or other financial instrument to bearer is prohibited, for any kind of operation of collection, payment, funds transfer, employment, or other use of cash and cash equivalents; the use of current accounts or savings accounts in anonymous form or with fictitious holder is also forbidden. Any exceptions to the use of cash or other financial instrument to bearer are admitted for modest amounts, and are regulated by specific procedure (e.g. petty cash procedure, collections of modest sums from customers/shops).
6. Counterparty identity: it is forbidden to accept and carry out payment orders originating from parties that are unidentifiable, not present in the register, and of which the payment is untraceable (amount, name/corporate name, address, and current account number), or if there is no assurance, after the performance of controls onsite of opening/modifying the suppliers/customers register in the system, of the complete correspondence between the name of the supplier/customer and the holder of the account from/to which to accept payment. It is also forbidden to order payments to or collect cash from countries on the main international black lists without adequate documentation proving the real and specific necessity.
7. Traceability of payments: payments to the beneficiary must be carried out exclusively in the account in the beneficiary's name; it must not be permitted to make payments to numbered accounts or in cash, or to a party other than the beneficiary, or in a country other than the beneficiary's, or other than the one where the service was performed, except in cases where, when the contract is executed, the Supplier declares and justifies the request for payment to a different party (e.g. assignments of credit, collection account agent, etc.) and/or country (e.g. group policy of major international companies).
8. Authorization for payments: payments shall be made: (a) upon written authorization of the Contract Manager, who shall assess to the service having taken place and/or the occurrence of the conditions provided for in the Contract as to the payment of the compensation, (b) only in exchange for invoices or payment requests signed by the counterparty and in compliance with the contractual provisions.

#### **Management of activities for drafting the financial statements**

9. Service contract: the activities related to managing the preparation of the financial statements carried out by Rai Cinema with the support of the Rai S.p.A. service that operates on the basis of a service contract that regulates its roles and responsibilities. The contract also defines the following qualifying elements: i) the service levels the supplier must comply with in fulfilling its obligations; ii) the definition of the amount of the payment based on the fair market value; iii) the existence of penalties in the event of the supplier's failure to achieve the service levels; iv) clauses of compliance with the 231 Model, the Three-Year Corruption Prevention Plan, and the Ethical Code.
10. General accounting and financial statements: the main phases are defined with regard to the general accounting management activities; assessment and estimate of financial statement entries; drawing up the statutory financial statements, and interim statements.

11. Rules on financial statements: rules clearly defining the accounting standards to be adopted for the definition of the financial statement items and the modes of operation for entering them in the books are to be defined and disseminated to the personnel involved in the activity of drawing up the financial statements. These rules must be promptly supplemented / updated by the indications made by the relevant office, based on the new elements in terms of regulations under civil law, and disseminated to the recipients as indicated above.
12. Instructions on the financial statements: instructions are provided for and disseminated, targeting the Departments and establishing which data and information must be supplied to the Financial statements, Administration and Finance Department, also as Executive in charge, with regard to yearly and interim closings (for the statutory financial statements) and to the Group Leader's Administration Directorate (for the consolidated financial statements), by what procedures, and the timing thereof.
13. Training: the performance of basic training is provided (with regard to the main notions and legal and accounting-related problems for the financial statements) to the departments involved in defining the financial statements' valuation items, as well as to the departments involved in drawing up the financial statements and the related documents.
14. Verifications: rules and responsibilities aimed at the verifications of financial statement values must be clearly defined, with specific references to the activities of controlling financial disclosures.
15. Administrative and accounting processes: Rai Cinema has a set of instruments, organizational structures, and corporate rules and regulations consistent with those adopted by the Parent Company, intended to permit a running of the company that is healthy, correct, and in keeping with corporate objectives, through a process of identifying, measuring, managing, and monitoring the main risks, and through the structuring of appropriate flows of information aimed at guaranteeing the circulation of information.
16. Funds: the events determining the creation of funds in the financial statements must be: reported to the department that deals with recording the financial statement items by the relevant departments, via written communications; assessed, valued, and handled based on clear, transparent, and continuously applied criteria, also with the possible support of outside professionals; formalized in tracked and archived disclosures that set out the analyses performed; approved in accordance with a process that involves the Financial statements, Administration and Finance Manager, the executive in charge, the Corporate Leadership, and the control bodies.
17. Collaboration and transparency: the utmost collaboration and transparency is required in relations with the auditing firm, with the Board of Statutory Auditors, and on the occasion of requests by the shareholder.
18. Information and documents: the Manager of the Directorate/Office of reference shall guarantee the completeness, pertinence, and correctness of the information and documents supplied to the auditing firm, to the Board of Statutory Auditors, or to the shareholder, and make promptly available to them the information and/or documents requested by them and/or needed to perform the control activities delegated to them, guaranteeing compliance with the regulations of reference.

19. Certification and sub-certifications: The Managers of the corporate departments must prepare letters attesting to the truthfulness, fairness, accuracy, and completeness of the data and information sent, that are to go into the financial statements, as well as of the other elements of information made available to the Company.
20. Declaration by Executive in charge: the Executive in charge shall prepare a declaration to be submitted for the attention of the relevant bodies when presenting the draft of the financial statements.
21. Truthful and fair financial statements: it is expressly forbidden to represent or transmit for processing and representation in financial statements or in other corporate communications, false or incomplete data, or at any rate data non corresponding to reality, with regard to the company's economic and financial situation.
22. Archiving: the service contract states that the management of the activities connected with preparing the financial statements tasks the RAI SpA and Rai Cinema supplier with archiving and keeping the documentation, in accordance with the regulations in force.

**Management of entertainment expenses (advances, expense refunds, and credit cards)**

23. Regulation of entertainment expenses: roles, responsibilities, and modes of operation are regulated for the phase of requesting, assessing, and approving entertainment expenses. The process is governed by a procedure that defines: i) the types of admitted expenses; ii) the authorizations in advance of the expense; iii) reporting and authorization of the expenses incurred; iv) checks after the fact, monitoring, and reimbursement.
24. Reasonable and good-faith expenses: entertainment expenses must be permitted only if these are reasonable, good-faith expenses, within the limits of the provisions of the Ethical Code, and must have certain, formally defined characteristics.
25. Advance authorizations: the expenses are authorized in advance by the CEO. The corporate manager, while preparing the budget, makes an estimate of the entertainment expenses in concert with the Planning, Budget and Control Manager. The budget is assessed and formally approved by the CEO, who provides disclosure thereof to the Board of Directors. The CEO also authorizes any expenses outside the budget, about which her provides appropriate disclosure to the Board of Directors after the expenses are made.
26. Reporting: the following is provided for: completing and signing a form reporting the name/office of the persons/companies for which expenses are to be incurred, and submitting the form for authorization by the qualified position; completing and signing the report form specifying the name and title of the recipient, the name and title of each beneficiary of the expense, and the purpose of said expense, attaching the documentation justifying the expenses made, except for the cases provided for as reasons of urgency or of operative impossibility. The party signs the report, attaches the justifications in support of the expenses, and initiates the reimbursement authorization process.
27. Authorization for the expense incurred: the requesting party submits the report to the CEO who assesses the admissibility, pertinence, and consistency of the incurred

expenses; the requesting party provides clarifications in the event of any irregularities found by the CEO. Should the requesting party not report directly to the CEO, he or she brings the report for the signature of his or her own manager in the hierarchy, who performs an initial check for consistency and admissibility.

28. Subsequent verifications, monitoring, and reimbursement: the Planning, Budget and Control Area monitors the budget capacity of each office on the basis of the submitted reports. The checks on the reports are carried out by the Financial Statements, Administration and Finance Area: should the checks yield a positive result, the Financial Statements, Administration and Finance Manager requests the reimbursement from the RAI Treasury; in the event of a negative outcome, the documentation is returned to the employee and the irregularities that are found are made known, where applicable with the request for clarifications for said irregularities and, in the event of payment by company credit card, the Financial Statements, Administration and Finance Manager tells the department in charge of payroll to charge to the employee's pay envelope any expenses not borne by the company.
29. Credit cards: the formal assignment of credit cards to corporate personnel, and the activity of verification the account statement, is regulated.
30. Cash advances: the use of cash advances for entertainment expenses is to be limited to the extent possible. Only in exceptional cases authorized by the CEO, the expense may be advanced by the Company.
31. Traceability: the traceability of the process is guaranteed via the keeping / archiving of the following documentation: material related to assigning the budget and any authorizations outside the budget; copy of the authorized reports and their expense justifications; half-year reporting on the expenses incurred by corporate leadership.

## **6) Management of relations with public parties area**

### **a) Major processes and procedures:**

1. Management of relations for obligations, visits, and inspections
2. Request, acquisition, and management of contributions and financing
3. Management of proceedings in or out of court, or in arbitration

### **b) Possible risk events:**

Various risk events may be considered, such as for example:

- Payment of money or another benefit, to public officials or public service employees, for example on the occasion of inspections, to obtain benefits and/or favourable treatment, to influence their independence of judgment, and to lead the public authority to ignore any infringements of the law;
- use or submission, to the competent offices of the paying Body, of declarations or of false documents, or the omission of information that is owed, with the consequent undue obtaining of the payment;
- allocating the payment to purposes other than that for which it was granted.

### **c) Specific measures:**

#### **Management of relations for obligations, visits, and inspections**

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1. Integrity, transparency, and fairness: directives are formalized that enshrine the obligation of the utmost collaboration and transparency in managing relations with Public Administration and with the Authorities. There must also be specific control systems (e.g. holding meetings, entering the key decisions into the minutes) so as to guarantee compliance with the standards of integrity, transparency, and fairness.
2. Verification of outgoing documentation: the parties responsible for the activity of receiving, controlling, consolidating and transmitting, validating and reviewing the data, information, and documents to be transmitted to Public Administration, to the Supervisory Authorities and to the other control bodies are identified. Moreover, specific checks of the truthfulness and fairness of the documentation to be transmitted are done. The Manager of the relevant Area verifies the correctness / truthfulness of the data to be transmitted and, where required, initials the documentation and submits it to the competent representative.
3. Formal checks: the roles and tasks of the Office/Department responsible for formal control over the phases of obtaining and managing concessions, licenses, and/or authorizations are defined, with particular regard to the de facto and de jure prerequisites for submitting the request.
4. Representation in relations with the Authorities: the following are formally identified: the parties charged with representing the Company vis-à-vis the Supervisory Authorities and the other control bodies (through the delegation of powers and/or the conferral of powers of attorney); the Departments/Offices responsible for managing inspections and verifications (within the corresponding Procedure); the cases and procedures for questioning any additional Departments/Offices or, in the event of necessity and urgency, for informing the corporate leadership.
5. Tax declaration: A system of controls over the activities prerequisite to drawing up the tax declarations is provided for, including the performance of complementary verifications by internal parties and by independent external parties.
6. Flows of information: specific, tracked flows of information, between the Departments/Offices involved in the process are developed, with the purpose of verification and mutual coordination.
7. Traceability: with reference to the Management of relations with Public Administration for authorizations, permits, licenses, administrative measures and obligations, traceability is guaranteed by means of: i) communications taking place formally via certified e-mail; ii) outgoing documentation protocolled and sent using instruments guaranteeing its traceability; iii) in the event of authorizations and execution of obligations, the competent area sees to archiving the documents in the original. With reference to inspection by Public Administration, traceability is guaranteed by the evidence sheets to be prepared upon the opening and closing of inspections by the competent Area Manager ("Communication of start of activities" and "Communication of close of activities"); correspondence with Public Administration is carried out in a tracked fashion (e.g. certified e-mail) and the outgoing documentation is protocolled to maintain the trace.

### **Request, acquisition, and management of contributions and funding**

8. Truthfulness and fairness of documentation: specific verification activities are provided for, with respect to the truthfulness and fairness of the documents whose production is necessary for accessing contributions and/or funding.
9. Representation in relations with Public Administration: the party charged with representing the Company before the paying national or foreign Public Administration is formally identified through conferral of delegated powers and/or powers of attorney.
10. Use of the contribution: checks are performed to verify the exact correspondence between the concrete aim of use of the contribution and/or of the funding that is paid, and the purpose for which it is obtained.

#### **Management of proceedings in or out of court, or in arbitration**

11. Transmission of the complaint: procedures and deadlines must be formalized for promptly transmitting the complaint to the “Legal and Corporate Affairs” Directorate, along with an illustrative report on the de facto circumstances upon which the complaint is based.
12. Settlements and conciliations: the complaint must be based on objective parameters and any transaction and/or conciliation shall be conducted by a person bearing powers of attorney and ad litem delegation of powers including the power to settle or mediate the dispute.
13. Outside counsel: outside professionals are selected based on experience, subjective prerequisites of professionalism and honorability, and qualifying references. Moreover, the doings of these professionals are checked, and the activity of supervising the complaint and of approving the invoices issued by the consultant is carried out, also with reference to the bills’ consistency with the applied fee level.
14. Relations with Public Administration: it is required that relations with the Judicial Authority and Public Administration, in the area of litigation and of out-of-court disputes, be based upon principles of fairness, transparency, and traceability, even when managed through outside counsel.

#### **7) Management of promotion and external relations area**

##### **a) *Major processes and procedures:***

1. Organization and participation in film festivals and events
2. Management of sponsoring and of donations
3. Management of gifts, free items, and benefits
4. Management of external communications

##### **b) *Possible risk events:***

Various risk events may be considered, such as for example:

- false and/or altered sponsorship of events;
- sponsorship of companies indicated by parties having the quality of public officials or public service employees, or close to them, and all the more so if they perform any function in an administrative proceeding in which the Company has an interest, or in a contractual relationship the Company is party to;

- granting of presents, acts of courtesy, as free items or forms of hospitality, or other benefits except within the limits of modest value and such that they may be considered as customary (also with reference to their repetition) and not be considered by an impartial third party as aimed at acquiring advantages improperly;
- disclosure of information that must remain secret, in violation of the duties inherent to the office or to the service performed;

**c) Specific measures:**

**Organization and participation in film festivals and events**

1. Budget: all activities related to events: these are carried out in line with the approved budget. Any costs outside the budget to be destined for taking part in festivals and events must be approved in advance by the adequate organizational levels, and disclosure thereof is provided to the Board of Directors.
2. Formalization of requests: the formalization of requests for starting up the event organization, and of the minimum information they must contain, is regulated.
3. Authorization: parties qualified to authorize the event, and the modes of authorization, are identified.
4. Participation: it must be verified that the promoter is a well-known party recognized by the market as reliable, and that the event/festival is nationally/internationally recognized.
5. Reporting of expenses: upon the conclusion of the event, an operative meeting among the interested parties is held, where the event's preliminary results are developed, verifying the costs actual incurred in comparison with those included in the estimate approved in Committee (including any approved pre-forecasts and expenses outside the budget). Subsequently, the appropriate department summarizes the verifications that have been performed, summarizing in particular any expenses outside the budget that emerged from comparison between the preliminary results and the final re-forecast.

**Management of sponsoring and donations**

6. Verifications on recipients of donations: there is to be a documented and suitable reputation check on the beneficiary body: beneficiaries of donations shall be clearly identified, and shall be well-known, reliable and long-standing bodies that enjoy an excellent reputation in terms of honesty and fair commercial practices; they must also possess all the certifications needed to demonstrate having satisfied all the requirements for operating in compliance with the applicable laws.
7. Authorization of donations: donations may be made only after an authorization process involving the Board of Directors. A suitable description is also required with regard to the nature and the purposes of the contribution, in order to submit the project to the Board of Directors.
8. Sponsorship of events: within the sphere of organizing/taking part in an event, the presence of any sponsor is to be clearly indicated in the request.
9. Declaration of sponsorship: a declaration must be submitted in writing, attesting that the amount paid is exclusively compensation for the service provided for by the

sponsorship contract (also in the form of exchange of commercial letters). The sums will never be transmitted to a public party or to a private party for the purposes of corruption, or transferred, directly or indirectly, to the members of the corporate bodies or Company employees.

10. Sponsorship contract: The sponsorship contract is always drawn up in written form. Sponsorship contracts are developed in such a way as to always contain the minimum information needed to define the main elements of the relationship, and the corresponding guarantees of legality.
11. Contract Manager: the management of the sponsorship contract is assigned to a Contract Manager.

#### **Management of gifts, free items, and benefits**

12. Management of gifts, free items, and benefits: a clear identification of roles, responsibilities, and modes of operation is defined for the phase of requesting, assessing, and approving free items.
13. Characteristics of gifts, free items, and benefits: any gift, free item, benefit, economic advantage, or other benefit offered to or received by personnel must be objectively reasonable and in good faith. Moreover, gifts, free items, and benefits must have certain characteristics defined formally in advance and are mainly included in "brand promotion."
14. Recording of expenses for free items: the expenses related to institutional free items and to free items related to specific projects must be accurately and transparently recorded in the company's financial information, also supplying a sufficient level of detail. Moreover, these expenses, if they are not of "modest" value, must be supported by suitable reference documentation that makes it possible to identify the name and title of each beneficiary, as well as the purpose of the free item, of the economic advantage, or of any other benefit.
15. Budget: the needs for free items are consistently managed with the approved budgets.
16. Free items received: the free items received by personnel must be recorded; moreover, the individual free item or benefit must not exceed "modest value," and adequate verifications in this regard are provided for.

#### **Management of external communications**

17. Authorization for the dissemination of information to the outside: the parties authorized to prepare and disseminate data and information are clearly identified within the company; moreover, the office that provides the data and prepares the announcement, and the party that authorizes the dissemination thereof, are clearly defined.
18. Prohibition against disseminating important information: the confidentiality of the important information that Employees/outside Collaborators become knowledgeable of must be guaranteed. These constraints call for prohibiting the dissemination of important information inside or outside the Company, except via the institutionally established channel.
19. Channels for spreading information: channels are identified through which it is possible to communicate information on the Company to the outside.



20. Corporate communications: it is forbidden to represent or transmit for elaboration and representation in financial statements or other corporate communications, false, incomplete, or at any rate untruthful data on the company's economic and financial situation. It is also forbidden to omit data and information required by law on the company's economic and financial situation.

### 7.3 Training

Rai Cinema has planned, for the leadership bodies (Board of Directors, CEO, and General Manager), for the control/supervision Bodies, and for its own employed personnel, a training activity aimed at the issues of corruption suppression and prevention, legality, ethics, provisions under criminal law in the matter of offences against public administration, as well as in any issue that becomes useful and appropriate for the purpose of preventing the corruption phenomenon.

The purpose of the training event is for participants to gain specific methods for the proper management and implementation of the Plan.

The objective of the training plan is also to guarantee a support suitable for making all players responsible for the general and specific control measures, and for the control principles identified and described in this chapter.

The personnel to be included in the training paths is identified by the Corruption Prevention Manager, in agreement with the Human Resources and Organization, Information Systems and Processes Area, taking into account the role assigned to each party and the areas at greatest corruption risk.

The training programme is structured in the following manner: 1) training modules for employees; 2) a module for the Board of Directors, the CEO, and the General Manager, and the Control/supervision Bodies; 3) modules for top management, executives, and representatives.

During 2019 as well, a specific training session addressing all the Company's employees was held.

In particular, the obligatory training session for employees of Rai Cinema, specific in the matter of preventing corruption on the content relating to Law no. 190/2012 and its application to Rai Cinema spa, was held in the month of November 2020 in webinar mode due to the epidemiological situation, with two different training modules, for anti-corruption Contacts and for employees. In this regard, it is stressed that the related documentation was transmitted to all the employees of Rai Cinema. The training modules can also be administered ad hoc outside the established training path, in response to shortcomings that are found and/or the need to shore up specific areas. Training modules are mandatory, and require the traceability of each recipient's attendance. The Human Resources and Organization, Information Systems and Processes Area ensures this documentation is kept and filed, and, every six months draws up a summary report for the Corruption Prevention Manager.

In the event of non-attendance not due to causes of force majeure (to be produced with formal evidence), the same Human Resources and Organization, Information Systems and Processes Area lodges a disciplinary complaint determining default of the obligations of diligence, fairness, and good faith derived from the employment relationship and the

training obligations under Law no. 190/12, the corporate governance regulation, and the Ethical Code.

## **8. THE IMPLEMENTATION PROCESS OF THE THREE-YEAR CORRUPTION PREVENTION PLAN: ELEMENTS SUPPORTING THE PLAN'S PROPER IMPLEMENTATION**

### **8.1 Flows of information to and from the Corruption Prevention Manager**

Since the circulation of information pertinent to the anticorruption strategy within Rai Cinema takes on an essential value for fostering the involvement of all parties interested in permitting awareness and commitment adequate on all levels, A system is prepared – and must be implemented – to ensure an information flow to the Corruption Prevention Manager.

With particular reference to the reporting of any indications of the Company's unlawfulness, the guarantee of the flow of information to the Corruption Prevention Manager as well has as its objective: i) preventing corruption phenomena; ii) improving the Three-Year Corruption Prevention Plan (as a function of the better planning of the controls on its function, and of its possible adaptation).

The timeline provides for the structuring of the information macro-flows to and from the Corruption Prevention Manager.

### **8.2 Flows of information with control/supervision Bodies and leadership positions**

A systematic and structured reporting system is prepared and must be implemented to address risky issues/events, the detection and analysis of which constitutes the point from which actions of dialogue and deeper analysis by the control bodies and leadership originate with regard to any anomalous and/or crime situations.

In particular, a flow of information from the Corruption Prevention Manager to the Chairman, the CEO, the General Manager, and the Control/supervision Bodies is ensured on a periodic basis with regard to the outcomes of the activities performed during the period of reference, as well as any violations of the Three-Year Corruption Prevention Plan.

Moreover, specific flows of information are structured with regard to court proceedings of which there is knowledge, brought against corporate bodies (and their members) and/or against Rai Cinema personnel, and ascribable to the offences provided for by this Three-Year Corruption Prevention Plan.

Also defined are flows of information to the aforementioned parties, having as their object the outcomes of the control activities performed by internal offices that may yield facts, acts, events, or omissions with characteristics of criticism with respect to the provisions of the Three-Year Corruption Prevention Plan.

### **8.3 Reporting**

Based on art. 1, paragraph 14, of the Anticorruption Law, by no later than 15 December each year, the Corruption Prevention Manager publishes, on the Company's institutional site, a report containing the results of the activity performed, and transmits it to

the Board of Directors. The Corruption Prevention Manager prepares the report based on the standard sheet developed by the anticorruption authority (A.N.A.C.), and publishes it on the Company's institutional site in the transparent Company section, "Legality – compliance of prevention forms" sub-section. The report is also submitted to the Board of Directors of Rai Cinema.

Should the Corruption Prevention Manager be temporarily missing within the Company on any grounds, the report shall still be drawn up and published by the body responsible for adopting the Three-Year Corruption Prevention Plan which, as provided for by art. 1, paragraph 8, of the Anticorruption Law, is the Board of Directors.

#### **8.4 Transparency**

It is stressed that Rai Cinema considers the values of transparency and legality as foundational elements and its action and presence on the market are inspired by them.

The Company also considers transparency and legality as factors for developing its business and for its own market results.

Law no. 220 of 28 December 2015 approved the "Reform of RAI and of the public broadcasting service" (hereinafter, the "RAI Reform"), which entered force on 30 January 2016. Among other things, the RAI reform introduced modifications to the Consolidated Law on audiovisual and radio media services (TUSMAR) and to RAI's pre-existing organizational and operational arrangement; these modifications were transposed into RAI's Articles of Association.

RAI's Articles of Association, at the proposal of the Board of Directors, were approved on 03 February 2016 by the Shareholders' Meeting, in order to implement the provisions of the RAI Reform.

RAI's Articles of Association, as amended following the adoption of the RAI Reform, under article 25, paragraph 3, letter. f), lists, among the "Tasks of the Board of Directors," the approval of the Corporate Communication and Transparency Plan (Piano per la Trasparenza e la Comunicazione Aziendale – the "TCA Plan").

The TCA plan, as provided for by the new paragraph 10, letter g of art. 49 of TUSMAR, introduced by the RAI Reform (and, in the same way, by RAI's Articles of Association under art. 29, paragraph 3, letter i), was proposed to the Board of Directors by the CEO, and was approved with the Board of Directors Decision of 26 May 2016.<sup>24</sup>

Therefore, the transparency constraints are specified for RAI in the TCA Plan.

As indicated in the aforementioned Plan, Rai Cinema S.p.A. has published on its website the criteria and procedures for assigning the contracts pursuant to art. 49 ter of Legislative Decree no. 177/2005, as introduced by law no. 220/2015.

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<sup>24</sup> The latest update of the TCA Plan dates to the month of July 2020.

### **8.5 The Ethical Code**

The adoption of the Ethical Code also represents one of the main “actions and measures” for implementing the corruption prevention strategies and, as such, is an essential and synergistic part of the Three-Year Corruption Prevention Plan. The Ethical Code must be complied with by Rai Cinema’s administrators, auditors, management, and employees, as well as by all those operating for the achievement of Rai Cinema’s objectives. In particular, compliance with the law, the regulations, the statutory provisions, ethical integrity and fairness are a constant commitment and duty of all of Rai Cinema’s Employees, Consultants, and Collaborators, and are characteristic of the behaviour of its entire organization.

Therefore, practices of corruption, illegitimate favours, collusive behaviour, solicitation, direct and/or through third parties, of personal and career benefits for oneself or for others, are, without exception, prohibited. Likewise, it is never permitted to offer, directly or indirectly, payments, material benefits, and other benefits of any size to third parties, representing governments, public officials, and public or private employees, in order to influence or compensate an act of their duties of office.

In any event, in order to guarantee broader knowledge and uniform application of the provisions introduced by the Code, the Corruption Prevention Manager sees, in coordination with the Contacts and the relevant corporate structures, to:

- promoting knowledge of the Ethical Code by Rai Cinema’s Employees, Collaborators, and Consultants, and the other stakeholders;
- raising personnel’s awareness with reference to the Ethical Code and to this Plan, through publication on the website and on the Company’s intranet site, while programming training initiatives as well;
- providing detailed indications for the delivery of the Ethical Code to new hires, for the purposes of acknowledgement and acceptance of its content;
- providing detailed indications for extending the obligations of conduct provided for by the Ethical Code to all collaborators or consultants, with any type of contract or assignment and on any grounds, as well as to enterprises supplying goods or services, and that carry out work in favour of Rai Cinema. Towards this end, the Ethical Code is delivered, and special provisions, termination clauses, or relationship expiration clauses in the event of breach of the aforementioned obligations are inserted into contracts and hiring agreements.

### **8.6 The disciplinary system**

Rai Cinema has its own disciplinary system within the Ethical Code, which will also apply to violation of the Three-Year Corruption Prevention Plan.

In fact, an essential element for the function of the Three-Year Corruption Prevention Plan is the application of a disciplinary system suitable for penalizing any behaviours conflicting with the measures provided for by the Plan. The party that has violated the Plan’s prescriptions is subject to a penalty in proportion to: i) the gravity of the violation of the protocol; ii) the consequences of the violation; iii) the subjective degree of the

perpetrator's guilt; and iv) the position held. The same penalty applies to the party that has failed to levy the same penalty.

Compliance with the established provisions and rules of behaviour by the parties subjected to the obligations provided for by art. 2104, paragraph 2, of the civil code, and violation of the indicated measures, is contractual default that may be subject to disciplinary reprimand pursuant to art. 7 of the Workers' Statute (Law no. 300 of 20 May 1970), and determines the application of the penalties established by the applied national collective bargaining agreement. The penalties established by the disciplinary system, after the disciplinary procedure pursuant to Art. 7 of the Workers' Statute, shall be applied to each violation of the provisions contained in the Ethical Code and in this Plan, regardless of the commission of a crime and of the holding and outcome of any criminal proceedings brought by the judicial authority. The start of the disciplinary proceeding, and its conclusion (both in the event a penalty is levied, and in the event of cancellation), shall be made promptly known to the Corruption Prevention Manager.

The disciplinary system's suitability for the Plan's prescriptions is subject to monitoring by the Corruption Prevention Manager.

## 9. ACHIEVEMENT OF THE ACTIVITIES IN THE 2020 TIMELINE AND OBJECTIVES OF THE 2021-22 TIMELINE

The following are the activities considered in the Corruption Prevention Manager's timeline present in the 2020 – 2022 Three-Year Corruption Prevention Plan, indicating whether or not each of the activities was completed.

ACTIVITY	COMPLETION DATE	COMPLETED
Publication of the updated Three-Year Corruption Prevention Plan on the company website.	January 2020	✓
Corruption Prevention Manager's disclosure to the Board of Directors and the General Manager	July 2020	✓
Corruption Prevention Manager's Meeting with Contacts	July 2020	✓
Identification – with risk-based approach – of the control intervention(s).	September 2020	✓
Verification or monitoring or update status of interventions	September 2020	✓
Submission of interim report by the Corruption Prevention Manager to the Board of Directors on the activities performed in the matter of anticorruption	July 2020	✓
Finalization of the implementation of the information macro-flows to and from the Corruption Prevention Manager	September – December 2020	✓
Training session for the Corruption Prevention Manager, personnel, representatives, and Contacts (in webinar mode).	November 2020	✓
R.P.C.'s assessment of the possibility of proceeding with the personnel rotation mechanism for the following year	December 2020	✓
Update of the implementation of the measures provided for by the programme of implementation of the control measures, indicating the "concluded" interventions, those "in progress," and those "to be initiated." For interventions "in progress" and "to be initiated," the estimated closure times and those responsible for implementation will be indicated.	December 2020	✓
Preparation of the yearly report by the Corruption Prevention Manager regarding the activities performed in the matter of Anticorruption.	... Dec. 2020	✓
Instruments and verification of declarations of non-existence of one of the causes of non-conferability/incompatibility produced	... Dec. 2020	✓
Publication of ANAC standard sheet on Company's website by the Corruption Prevention Manager	... March 2021	✓

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Proposed revision of the Plan by the Corruption Prevention Manager for adoption by the Board of Directors and publication on the company's institutional website.	... March 2021	✓
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As the table shows, all the objectives of the Corruption Prevention Manager's Working Plan have been achieved.

Along with the approval of this Three-Year Corruption Prevention Plan, the following timeline for the year 2021 is also approved, constituting an integral part hereof and containing the implementation activities and their provisions.

The timeline is updated and/or supplemented, subject to the approval of the Board of Directors, by the Corruption Prevention Manager depending on the implementation status of the initiatives contained therein, and/or any additional initiatives that should emerge during the year.

The Corruption Prevention Manager provides periodic disclosure to the Board of Directors and to the Control/supervision Bodies on the initiatives contained in the timeline and on its implementation status, indicating the initiatives that have been concluded, those in progress, and any needs for replanning and/or supplementation, providing the reasoning therefor.

The following is the 2021-2022 timeline:

<b>ACTIVITY</b>	<b>COMPLETION DATE</b>
Publication of the updated Three-Year Corruption Prevention Plan on the company website.	March 2021
Definition of training Plan	June 2021
Corruption Prevention Manager's disclosure to the Board of Directors and the General Manager	July 2021
Corruption Prevention Manager's Meeting with Contacts	May/June 2021
Submission of interim report by the Corruption Prevention Manager to the Board of Directors on the activities performed in the matter of anticorruption	July 2021
Verification or monitoring or update status of interventions	October 2021
Training session for the Corruption Prevention Manager, personnel, representatives, and Contacts.	October 2021
R.P.C.'s assessment of the actual application of the measures alternative to rotation.	December 2021
Risk Analysis Review	December 2021
RPC's assessment with regard to the activation, also in concert with the Parent Company, of a control measure aimed at verifying the declarations of non-conferability and incompatibility made to the extent applicable to Rai Cinema	December 2021
Update of the implementation of the measures provided for by the programme of implementation of the control measures, indicating the "concluded" interventions, those "in progress," and those "to be initiated." For interventions "in progress" and "to be initiated," the estimated closure times and those responsible for implementation will be indicated.	December 2021
Preparation of the yearly report by the Corruption Prevention Manager regarding the activities performed in the matter of Anticorruption.	December 2021

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Publication of ANAC standard sheet on Company's website by the Corruption Prevention Manager	December 2021
Proposed revision of the Plan by the Corruption Prevention Manager for adoption by the Board of Directors and publication on the company's institutional website.	31 Jan. 2022

## 10. ATTACHMENTS

### Attachment 1 – Offences taken into consideration

Rai Cinema's Three-Year Corruption Prevention Plan was drawn up to help prevent a multitude of offences.

As anticipated in the Terminology of this Three-Year Corruption Prevention Plan (to which reference is to be made), the risk analysis refers to a broad definition of Corruption.

The following is a description of the offences that may take on importance in connection with the nature and activity of Rai Cinema.

The offences have been subdivided into two sections: the first regards the offences also mapped in the 231 Model; the second one regards the additional offences taken into consideration in the Three-Year Corruption Prevention Plan

The listed offences were associated with Rai Cinema's Risk areas, as described and reported in Chapter 6 of the Three-Year Corruption Prevention Plan.

#### A) Offences also present in the 231 Model

##### 1) Malfeasance in office (art. 317 of the criminal code)<sup>25</sup>

a) Criminal behaviour: i) coercion of a private party, by the public official or the public service employee, to be unduly given (or to cause to be unduly given to third parties) money, abusing his or her role; ii) coercion of a private party, by the public official or the public service employee, to be unduly promised money, abusing his or her role; iii) coercion of a private party, by the public official or the public service employee, to be unduly given (or to cause to be unduly given to third parties) a benefit other than money, abusing his or her role; iv) coercion of a private party, by the public official or the public service employee, to be unduly promised a benefit other than money, abusing his or her role; v) coercion of a private party, by the public official or the public service employee, to be unduly given (or to cause to be unduly given to third parties) money, abusing his or her powers; vi) coercion of a private party, by the public official or the public service employee, to be unduly given (or to cause to be unduly given to third parties) a benefit other than money, abusing his or her powers; vii) coercion of a private party, by the public official or the public service employee, to be unduly promised money, abusing his or her powers; viii) coercion of a private party, by the public official or the public service employee, to be unduly promised a benefit other than money, abusing his or her powers.

b) Prerequisite of the offence: i) qualification as a public official or public service employee (the following, for example, are considered public officials: members of the Board of Directors of a municipal undertaking<sup>26</sup>; the director of a municipal undertaking<sup>27</sup>;

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<sup>25</sup> Art. 317 of the criminal code: "The public official or the public service employee who, abusing his or her role or powers, forces someone to unduly give or promise money or another benefit to him or herself or to a third party, is subject to six to twelve years' imprisonment."

<sup>26</sup> These parties, based on the regulations of public law, are tasked with forming and expressing the will of the company itself, which has the nature of a public entity, due to the public nature of the local authority from which it

members of consortia established by municipalities or by other local authorities for the industrial development nuclei provided for by the laws for Southern Italy<sup>28</sup>); ii) abuse of role; iii) abuse of powers; iv) psychological manipulation induced by the public official in the private party, due to the dominant position of the public official or the public service employee over the private party.

c) How the crime is perpetrated: abuse of role (understood as wrongful conduct of the party exercising a public function in violation of the duties of impartiality and good conduct of public administration) or abuse of power (in the sense of concrete exercise of official powers for purposes other than those provided for by law) by the public official or the public service employee, to coerce the private party to give or promise unowed money or other benefit.

d) Hypothetical cases: i) the victim is forced to maintain a behaviour that the perpetrator requires of him or her, and to suffer the consequences of a negative conduct unfavourable to the private party, even if only foreseeable<sup>29</sup>; ii) request by the official for the delivery, by the private party, of things of value with the promise of the favourable conclusion of a verification in progress<sup>30</sup>.

The offence may become relevant for the company even if no parties are operating in it that may qualified as public officials or public service employees, based on the public official's complicity in the offence.

The corporate representative (the "*extraneus*") might – in order to favour his or her own company – instigate or lend concrete assistance to the public official to carry out one of the crimes, even without giving or promising a benefit that might rise to the level of crimes of corruption.

According to Confindustria Guidelines, the liability in concert – pursuant to art. 110 of the criminal code – of the *extraneus* may occur where the *extraneus*, aware of the particular subjective qualification of his or her partner in crime (e.g. public official, mayor, etc.), is complicit in the very crime ascribable to the latter.

The necessary elements for charging complicity, then, are as follows:

1. awareness of the contacted party's function as public official;
2. awareness of the juridically unlawful nature of the requested behaviour;
3. active participation in making said behaviour take place.

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originates, due to the regulation of its administration and supervision, for the public purpose it pursues, and for the form of financial management (Cass. pen. [Criminal court of cassation], sect. VI, 17 February 2003, no. 953).

<sup>27</sup> This party, although without authoritative powers, contributes towards forming the entity's will and, moreover, has certification powers over expenses, given that according to Law no. 142 of 1990 (Law no. 142 of 1990, articles 22 and 23) the party is subject to the supervision of the local authority, which must be paid any of the company's profits and recoup its losses (Cass. pen., sect. VI, 25 March 1998, no. 5102).

<sup>28</sup> Cass. pen., sect. VI, 8 April 1999, no. 6038.

<sup>29</sup> Cass. pen., sect. VI, 23 June 2006, no. 32627.

<sup>30</sup> Cass. pen., sect. VI, '5 October 2010, no. 38650.

**2) Bribery for the exercise of the function** (Article 318 of the criminal code)<sup>31</sup>

Unlawful agreement between a private party and a public official who, in a position of equality, agree upon the payment of money or another benefit in exchange for the public official's favourable conduct or measure.

a) Criminal behaviour: i) undue reception, by the public official, of a sum of money, for him- or herself or for third parties, for the exercise of his or her functions; ii) undue reception, by the public official, of a sum of money, for him- or herself or for third parties, for the exercise of his or her powers; iii) undue acceptance, by the public official, of the promise of a sum of money, for him- or herself or for third parties, for the exercise of his or her functions; iv) undue acceptance, by the public official, of the promise of a sum of money, for him- or herself or for third parties, for the exercise of his or her powers; v) undue reception, by the public official, of a benefit other than money, for him- or herself or for third parties, for the exercise of his or her functions; vi) undue reception, by the public official, of a benefit other than money, for him- or herself or for third parties, for the exercise of his or her powers; vii) undue acceptance, by the public official of the promise of a benefit other than money, for him- or herself or for third parties, for the exercise of his or her functions; viii) undue acceptance, by the public official, of the promise of a benefit other than money, for him- or herself or for third parties, for the exercise of his or her powers.

b) Prerequisite of the offence: qualification as a public official, ii) giving of payment or promise; iii) act in line with official duties

c) How the crime is perpetrated: agreement between a public official and a private party to unduly exercise public powers or functions in exchange for a sum of money or another benefit (given or only promised).

d) Hypothetical cases: i) receiving gifts in order to perform an act contrary to official duties<sup>32</sup>; ii) receiving undue remuneration or acceptance of the promise thereof (whether or not this followed the actual commission of the act contrary to official duties for which the remuneration was paid, or the promise thereof made)<sup>33</sup>; iii) agreement between the directors of an enterprise that provides services and the administration for awarding the contract and for guaranteeing the enterprise prompt payment for the project during the contract's performance phase<sup>34</sup>; iv) direct bribery also by discretionary act<sup>35</sup>.

**3) Bribery for an act contrary to official duties** (Article 319 of the criminal code)<sup>36 37</sup>

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<sup>31</sup> Art. 318 of the criminal code: "The public official who, in exercising his or her functions or powers, unduly receives, for him or herself or for a third party, money or another benefit, or accepts the promise thereof, is subject to three to eight years' imprisonment."

<sup>32</sup> Cass. pen., 16 March 1995, no. 1449; Cass. pen., 17 July 1997, no. 10414.

<sup>33</sup> Cass. pen., sect. I, 27 October 2003, no. 4177.

<sup>34</sup> Trib. Milano [court of Milan], 20 March 2007, (Mychef), in Corr. mer., 2007, p. 1439.

<sup>35</sup> Cass pen, sect. IV, 4 June 2014, no. 23354.

<sup>36</sup> Art. 319 of the criminal code: "The public official who, in exchange for neglecting or delaying, or for having others neglect or delay, a function of his or her office, or for carrying out or for having others carry out an act contrary to official duties, receives, for him or herself or for a third party, money or another benefit, or accepts the promise thereof, is subject to six to ten years' imprisonment.

a) Criminal behaviour: i) the commitment by the public official to neglect an official act in exchange for a sum of money for him- or herself or for others; ii) the commitment by the public official to delay an official act in exchange for a sum of money for him- or herself or for others; iii) the neglect of an official act by the public official, in exchange for a sum of money for him- or herself or for others; iv) delay in an official act by the public official, in exchange for a sum of money for him- or herself or for others; v) the commitment by the public official to neglect an official act in exchange for a benefit other than money for him- or herself or for others; vi) the commitment by the public official to delay an official act in exchange for a benefit other than money for him- or herself or for others; vii) the neglect of an official act by the public official, in exchange for a benefit other than money for him- or herself or for others; viii) delay in an official act by the public official, in exchange for a benefit other than money for him- or herself or for others; ix) the commitment by the public official to commit an act contrary to official duties in exchange for money for him- or herself or for others; x) the commitment by the public official to commit an act contrary to official duties in exchange for a benefit other than money for him- or herself or for others; xi) the commission by the public official of an act contrary to official duties in exchange for money for him- or herself or for others; xii) the commission by the public official, of an act contrary to official duties in exchange for a benefit other than money for him- or herself or for others; xiii) the commitment by the public official to neglect an official act in exchange for the promise of a sum of money for him- or herself or for others; xiv) the commitment by the public official to delay an official act in exchange for the promise of a sum of money for him- or herself or for others; xv) the neglect of an official act by the public official, in exchange for the promise of a sum of money for him- or herself or for others; xvi) delay in an official act by the public official, in exchange for the promise of a sum of money for him- or herself or for others; xvii) the commitment by the public official to neglect an official act in exchange for the promise of a benefit other than money for him- or herself or for others; xviii) the commitment by the public official to delay an official act in exchange for the promise of another benefit for him- or herself or for others; xix) the neglect of an official act by the public official, in exchange for the promise of another benefit for him- or herself or for others; xx) delay in an official act by the public official, in exchange for the promise of another benefit for him- or herself or for others; xxi) the commitment by the public official to commit an act contrary to official duties in exchange for the promise of money for him- or herself or for others; xxii) the commitment by the public official to commit an act contrary to official duties in exchange for the promise of another benefit for him- or herself or for others; xxiii) the commission by the public official of an act contrary to official duties in exchange for the promise of money for him- or herself or for others; xxiv) the commission by the public official of an act contrary to official duties in exchange for the promise of another benefit for him- or herself or for others.

b) Prerequisite of the offence: i) qualification as a public official; ii) reception or acceptance of the promise of a benefit; iii) the act is contrary to the official duties subject to bargaining.

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<sup>37</sup> Reference is also made to the case provided for by art. 319-bis of the criminal code (aggravating circumstances), according to which "the penalty is increased if the offence pursuant to art. 319 involves the conferral of public-sector employment, wages, or pensions, or the execution of contracts in which the administration to which the public official belongs has an interest."

c) How the crime is perpetrated: the crime is committed with the delay in carrying out an official act, with the neglect of an official act, or with the commission of an act contrary to official duties.

d) Hypothetical cases: i) receiving gifts in order to perform an act contrary to official duties<sup>38</sup>; ii) acceptance of sums of money to guarantee a company's being awarded a competitive contract (while having to exclude the nature of act due to choice in a procedure in which the award is to the most advantageous bid, and thus based on a discretionary choice)<sup>39</sup>; iii) receiving undue remuneration or acceptance of the promise thereof (whether or not this followed the actual commission of the act contrary to official duties for which the remuneration was paid, or the promise thereof made)<sup>40</sup>; iv) agreement between the directors of an enterprise that provides services and the administration for awarding the contract and for guaranteeing the enterprise prompt payment for the project during the contract's performance phase<sup>41</sup> v) direct bribery also by discretionary act<sup>42</sup>.

**4) Inducement to give or promise a benefit** (art. 319-quater of the criminal code)<sup>43</sup>

a) Criminal behaviour: i) the public official (or the public service employee) who, abusing his or her role, induces the private party to unduly give money to him or her or to a third party; ii) the public official (or public service employee) who, abusing his or her powers, induces the private party to unduly give money to him or her or to a third party; iii) the public official (or public service employee) who, abusing his or her role, induces the private party to promise him or her or a third party money; iv) the public official (or public service employee) who, abusing his or her role, induces the private party to unduly give him or her or a third party a benefit other than money; v) the public official (or public service employee) who, abusing his or her powers, induces the private party to unduly give him or her or a third party benefit other than money; vi) the public official (or public service employee) who, abusing his or her role induces the private party to promise him or a third party a benefit other than money.

b) Prerequisite of the offence: i) qualification of public service employee in the cases in which it may be committed by Company employees; ii) prospect of damage in line with the regulatory provisions<sup>44</sup>.

c) How the crime is perpetrated: prospect for the private party of unfavourable consequences derived from his or her conduct (for example: failure to receive the broadcasting signal), but at any rate in compliance with law.

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<sup>38</sup> Cass. pen., 16 March 1995, no. 1449; Cass. pen., 17 July 1997, no. 10414.

<sup>39</sup> Cass. pen., sect. VI, 12 June 1997.

<sup>40</sup> Cass. pen., sect. I, 27 October 2003, no. 4177.

<sup>41</sup> Trib. Milano, 20 March 2007, (Mychef), in Corr. mer., 2007, p. 1439.

<sup>42</sup> Cass pen, sect. IV, 04 June 2014, no. 23354.

<sup>43</sup> Art. 319 quater of the criminal code: "Unless the act constitutes a graver offence, the public official or the public service employee who, abusing his or her office or powers, forces someone to unduly give or promise money or another benefit to him or herself or to a third party, is subject to six years' to ten years, six months' imprisonment. In the cases provided for by the first paragraph, whoever gives or promises money or another benefit is subject to up to three years' imprisonment."

<sup>44</sup> Cass. pen., sect. VI, 23 May 2013, no. 29338.

d) Hypothetical cases: i) abuse of roles by a member of the commissioned to issue concessions in order to induce some public operators to deliver unowed money, stating that this is the only way to obtain the concession (requested on a number of occasions by the interested parties, but never obtained)<sup>45</sup>; ii) the offence also occurs with the threat to exercise a “legitimate” activity<sup>46</sup>.

The offence may become relevant for the company even if no parties are operating in it that may qualified as public officials or public service employees, based on the public official's complicity in the offence.

The corporate representative (the “*extraneus*”) might – in order to favour his or her own company – instigate or lend concrete assistance to the public official to carry out one of the crimes, even without giving or promising a benefit that might rise to the level of crimes of corruption.

According to Confindustria Guidelines, the liability in concert – pursuant to art. 110 of the criminal code – of the *extraneus* may occur where the *extraneus*, aware of the particular subjective qualification of his or her partner in crime (e.g. public official, mayor, etc.), is complicit in the very crime ascribable to the latter.

The necessary elements for charging complicity, then, are as follows:

1. awareness of the contacted party's function as public official;
2. awareness of the juridically unlawful nature of the requested behaviour;
3. active participation in making said behaviour take place.

#### **5) Bribery of a public service employee (art. 320 of the criminal code)<sup>47</sup>**

a) Criminal behaviour: the provision extends to the public service employee the penalty established for the offences of: i) Bribery for the exercise of the function (art. 318 of the criminal code); and ii) Bribery for an act contrary to official duties (art. 319 of the criminal code).

b) Prerequisite of the offence: i) corrupt party's qualification of public service employee ii) prerequisites pursuant to articles 318 and 319 of the criminal code<sup>48</sup>.

c) How the crime is perpetrated: payment or promised payment of a sum of money by the private party to corrupt a public service employee.

d) Hypothetical cases: i) appropriation of sums of money by the public service employee in order to “facilitate and speed” the conclusion of contracts in violation of the principle of impartiality<sup>49</sup>; ii) appropriation of sums by the Chairman of a public service tasked with operating a motorway<sup>50</sup>.

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<sup>45</sup> Cass. pen., sect. VI, 08 March 2013, no. 28412.

<sup>46</sup> Cass. pen, sect. VI, 21 March 2013, no. 13047.

<sup>47</sup> Art. 320 of the criminal code: “the provisions of articles 318 and 319 also apply to the public service employee. In any event the penalties are reduced by a measure not to exceed one third.”

<sup>48</sup> See above.

<sup>49</sup> Cass. pen., sect. VI, 16 October 1998, no. 12990, in Cass. pen, 1999, p. 3130.

<sup>50</sup> Cass. pen., sect. VI, 24 June 2013, no. 27719.

**6) Incitement to bribery** (art. 322, paragraph 1 and paragraph 3 of the criminal code)<sup>51</sup>

a) Criminal behaviour:

1) for paragraph 1 (active incitement): i) the private party's offer<sup>52</sup> of a sum of money not owed to the public official (or to the public service employee) for the exercise of his or her functions, if the offer is not accepted; ii) the private party's offer of a benefit other than money not owed to the public official (or to the public service employee) for the exercise of his or her functions, if the offer is not accepted; iii) the private party's offer of a sum of money not owed to the public official (or to the public service employee) for the exercise of his or her powers, if the offer is not accepted; iv) the private party's offer of a benefit other than money not owed to the public official (or to the public service employee) for the exercise of his or her powers, if the offer is not accepted; v) the private party's promise of a sum of money not owed to the public official (or to the public service employee) for the exercise of his or her functions, if the promise is not accepted; vi) the private party's promise of a benefit other than money not owed to the public official (or to the public service employee) for the exercise of his or her functions, if the promise is not accepted; vii) the private party's promise of a sum of money not owed to the public official (or to the public service employee) for the exercise of his or her powers, if the promise is not accepted; viii) the private party's promise of a benefit other than money not owed to the public official (or to the public service employee) for the exercise of his or her powers, if the promise is not accepted;

2) for paragraph 2 (passive incitement): i) solicitation by the private party, by the public official or the public service employee, of the promise of a sum of money for the exercise of his or her functions; ii) solicitation by the private party, by the public official or the public service employee, of the giving of a sum of money for the exercise of his or her functions; iii) solicitation by the private party, by the public official or the public service employee, of the promise of a benefit other than money for the exercise of his or her functions; iv) solicitation by the private party, by the public official or the public service employee, of the giving of a benefit other than money for the exercise of his or her functions; v) solicitation by the private party, by the public official or the public service employee, of the promise of a benefit other than money for the exercise of his or her powers; vi) solicitation by the private party, by the public official or the public service employee, of the giving of money for the exercise of his or her powers; vii) solicitation by the private party, by the public official or the public service employee, of the promise of money for the exercise of his or her powers; viii) solicitation by the private party, by the public official or the public service employee, of the giving of a benefit other than money for the exercise of his or her powers.

b) Prerequisite of the offence: i) qualification as a public official or public service employee; ii) offer or promise of unowed money or benefit; iii) non-acceptance of offer or promise.

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<sup>51</sup> Art. 322 of the criminal code: "whoever offers or promises money or another benefit not owed to a public official or to a public service employee, for the exercise of his or her powers, is subject, if the offer or promise is not accepted, to the penalty established in paragraph 1 of article 318, reduced by one third. The penalty as per the first paragraph applies to the public official or to the public service employee that solicits a promise or gift of money or another benefit for the exercise of his or her functions or of his or her powers."

<sup>52</sup> The offer is the initial part of the behaviour of giving.



c) How the crime is perpetrated: offer or promise of money or another benefit not followed by acceptance by the public official or the public service employee; solicitation of the promise or of the giving of money or another benefit.

d) Hypothetical cases: cfr. Hypothetical cases referred to under art. 318 of the criminal code

**7) Incitement to bribery** (art. 322, paragraph 2 and paragraph 4 of the criminal code)<sup>53</sup>

a) Criminal behaviour:

i) offer (of money or another benefit) to the public official (or the public service employee) to neglect an official act; ii) offer (of money or another benefit) to the public official (or the public service employee) to delay an official act; iii) promise (of money or another benefit) to the public official (or public service employee) to neglect an official act; iv) promise (of money or another benefit) to the public official (or the public service employee) to delay an official act; v) solicitation by the public official of the private party to promise or give a sum of money or another benefit to carry out an act contrary to his or her official duties in exchange for the promise of money; vi) solicitation by the private party, by the public official, to carry out an act contrary to his or her official duties in exchange for the promise of a benefit other than money; vi) solicitation by the private party, by the public official, to carry out an act contrary to his or her official duties in exchange for money; vii) solicitation by the private party, by the public official, to carry out an act contrary to his or her official duties in exchange for a benefit other than money.

b) Prerequisite of the offence: i) failure to accept the private party's offer or request of the public service employee. ii) act contrary to official duties iii) mental disturbance of the public official, such that the danger is raised that he or she will accept the offer or promise<sup>54</sup>.

c) How the crime is perpetrated: incitement by the private party to bribe a public official with the prospect of money or another benefit in order to delay an an official act or to cause an act contrary to official duties be done; inducement by a public official of a private party to promise or deliver money or another benefit to neglect or delay an official act or to carry out an act contrary to official duties.

d) Hypothetical cases: i) offer of gifts to the public official to neglect submitting a report to the judicial authority<sup>55</sup>; ii) conduct of the public official that solicits the private party to lend him or her a sum of money, while at the same time showing his or her willingness to give him or her favourable treatment during an inspection<sup>56</sup>.

**8) Bribery in judicial proceedings** (art. 319 ter, paragraph 1 of the criminal code)<sup>57</sup>

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<sup>53</sup> According to Art. 322 of the criminal code, "if the offer or promise is made to induce a public official or a public service employee to neglect or delay an official act, or to carry out an act contrary to his or her duties, the guilty party is subject, if the offer or promise is not accepted, to the penalty established in article 319, reduced by one third. 4. The penalty as per the second paragraph applies to the public official or to the public service employee that solicits a promise or the giving of money or another benefit by a private party for the purposes indicated by article 319."

<sup>54</sup> Cass. pen., sect. VI, no. 2716 of 1996.

<sup>55</sup> Cass. pen., sect. VI, 09 July 2002, no. 30268.

<sup>56</sup> Cass. pen., sect. VI, 14 November 2012, no. 44205.

<sup>57</sup> Art. 319, paragraph 1 of the criminal code: "If the acts indicated in articles 318 and 319 are committed to favour or damage a party in a civil, criminal, or administrative proceeding, the penalty of six to twelve years' imprisonment shall apply."

a) Criminal behaviour: i) commission of the offence of bribery for the exercise of a function in order to favour a party to a legal proceeding (civil, criminal, administrative); ii) commission of the offence of bribery for an act contrary to official duties in order to favour a party to a proceeding (civil, criminal, administrative); iii) commission of the offence of bribery for the exercise of a function in order to damage a party to a proceeding (civil, criminal, administrative); iv) commission of the offence of bribery for an act contrary to official duties in order to damage a party to a proceeding (civil, criminal, administrative).

b) Prerequisite of the offence: i) qualification as a public official; ii) prerequisites pursuant to articles 318 and 319 of the criminal code.

c) How the crime is perpetrated: offence of bribery (agreement between bribe taker and bribe payer) that must be perpetrated in favour of or to the detriment of a party to the proceeding.

d) Hypothetical cases: i) the crime is committed not only when the public official receives a benefit to carry out an act contrary to official duties, but also in the case in which he or she accepts remuneration of an economic benefit in order to carry out an official act<sup>58</sup>; ii) delivery of money to parties that have made false depositions in the execution of an unlawful agreement aimed at favouring a party to the civil proceeding (it is to be considered that the witness, who contributes towards forming the judge's will, serves, from the moment he or she is summoned, in the role of public official)<sup>59</sup>; iii) bribery of the public prosecutor's technical consultants<sup>60</sup>; iv) bribery of witnesses<sup>61</sup>.

**9) Bribery in judicial proceedings resulting in unfair conviction** (art. 319 ter, paragraph 2 of the criminal code)<sup>62</sup>

a) Criminal behaviour: i) commission of the offence provided for by art. 318 of the criminal code, giving rise to the unjust conviction of someone to no more than five years' imprisonment; ii) commission of the offence provided for by art. 319 of the criminal code, giving rise to the unjust conviction of someone to no more than five years' imprisonment; iii) commission of the offence provided for by art. 318 of the criminal code, giving rise to the unjust conviction of someone to more than five years' imprisonment or life imprisonment; iv) commission of the offence provided for by art. 319 of the criminal code, giving rise to the unjust conviction of someone to more than five years' imprisonment or life imprisonment.

b) Prerequisite of the offence: i) prerequisites pursuant to articles 318 and 319 of the criminal code; ii) unjust conviction.

c) How the crime is perpetrated: agreement between the bribe taker and the bribe payer that results in an unjust conviction.

d) Hypothetical cases: giving false testimony in a criminal proceeding<sup>63</sup>.

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<sup>58</sup> Cass. pen., sect. VI, 09 November 2005, no. 44971.

<sup>59</sup> Cass. pen., sect. I, 23 January 2003, no. 6274.

<sup>60</sup> Cass. pen., sect. VI, 7 January 1999, no. 4062.

<sup>61</sup> Cass. pen., sect. I, 23 January 2003, no. 6274.

<sup>62</sup> Art. 319 ter, paragraph 2 of the criminal code: "If the crime results in the unjust conviction of someone to no more than five years' imprisonment, the penalty is six to fourteen years' imprisonment; if the crime results in the unjust conviction to more than five years' imprisonment or life imprisonment, the penalty is eight to twenty years' imprisonment."

**10) Embezzlement against the state** (Art. 316-bis of the criminal code)<sup>64</sup>

a) Criminal behaviour: i) diversion from their intended purpose of contributions, grants, or funding by anyone outside public administration, who has obtained same from the State or from another public authority or from the European Communities, in order to foster initiatives aimed at carrying out works of public interest; ii) diversion from their intended purpose of contributions, grants, or funding by anyone outside public administration, who has obtained same from the State or from another public authority or from the European Communities, in order to foster initiatives aimed at carrying out activities of public interest.

b) Prerequisite of the offence: i) qualification of party outside public administration; ii) earning of contributions, grants, or funding from the State or from another public body Stato or the European Communities; iii) allocation of sums to initiatives aimed at carrying out works or performing activities of public interest; iv) diversion of sums from the purposes for which they were allocated.

c) How the crime is perpetrated: diversion aimed at withholding sums or using them for purpose other than those for which they were granted.

d) Hypothetical cases: the notion of “works” or “activities of public interest” is to be understood in the broad sense, excluding only those economic grants paid for purposes of social assistance with no precise constraint of allocation<sup>65</sup>.

**11) Misappropriation of payments against the state** (Art. 316-ter of the criminal code)<sup>66</sup>

a) Criminal behaviour: i) undue obtaining, for oneself or for others, by anyone, by a public official, or by a public service employee, of contributions, funding, facilitated loans, other payments of this kind, however they are called, granted or paid by the State, by other Public Entities, or by the European Communities, through the use or submission of false or untruthful declarations or documents; ii) undue obtaining, for oneself or for others, by anyone, by a public official, or by a public service employee, of contributions, funding, facilitated loans, other payments of this kind, however they are called, granted or paid by the State, by other Public Entities, or by the European Communities, through the omission of mandatory information.

b) Prerequisite of the offence: i) false or untruthful declarations or documents or omission of mandatory information; ii) undue obtaining of payments.

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<sup>63</sup> Cass. pen., united sections, 21 April 2010, no. 15208.

<sup>64</sup> Art. 316-bis: “Anyone outside public administration, having obtained from the State, from another public body, or from the European Union, contributions, grants, or funding allocated to initiatives aimed at carrying out works or activities of public interest, fails to allocate them to said activities, is subject to six months’ to four years’ imprisonment.”

<sup>65</sup> Cass. pen., sect. VI, 13 December 2011, no. 23778.

<sup>66</sup> Art. 316-ter: “unless the act constitutes the offence provided for by article 640-bis, anyone, through the use or submission of false or untruthful declarations or documents, or through the omission of required information, obtains contributions, funding, facilitated loans, or other payments of this kind, however they are called, granted or paid by the State, by other Public Entities, or by the European Union, is subject to six months’ to three years’ imprisonment. The penalty is one to four years’ imprisonment if the offence is committed by a public official or by a public service employee with abuse of his or her office or powers. When the sum unduly earned is less than or equal to € 3,999.96, only the administrative penalty of paying a sum of money of € 5,164 to € 25,822 is applied. This penalty, however, cannot be more than triple the benefit gained.”

c) How the crime is perpetrated: submission of false statements or documents, or omission of mandatory information, resulting in the earning of payments by the indicated passive subjects.

d) Hypothetical cases: the crime occurs with the earning of public payments on the strength of falsely receipted invoices<sup>67</sup>.

**12) Penalties for the bribe payer** (art. 321 of the criminal code)<sup>68</sup>

a) Criminal behaviour: if bribery offences in the exercise of the function or bribery by an act contrary to official duties are committed, the other party (the bribe payer) shall be subject to the same penalty as the public official in the following cases: i) giving of money to the public official; ii) giving of another benefit to the public official; iii) promise of money to the public official; iv) promise of another benefit to the public official.

b) Prerequisite of the offence: i) bribe taker's qualification as a public official; ii) necessary complicity between bribe taker ("*intraneus*") and bribe payer ("*extraneus*").

c) How the crime is perpetrated: payment or promised payment of a sum of money by the private party to bribe a public official.

d) Hypothetical cases: cf. Hypothetical cases referred to by articles 318, 319, 319 bis, and 319 ter.

**13) Fraud** (art. 640 of the criminal code)<sup>69</sup>

a) Criminal behaviour: i) party that procures for him- or herself an unjust profit with damage to others; ii) party that procures for others an unjust profit with damage to others.

b) Prerequisite of the offence: i) artifice or deception; ii) producing error.

c) How the crime is perpetrated: manipulation of the external reality such as to deceive a person, who is led to carry out an action or omission that results in a diminution of his or her assets with unjust profit of the perpetrator or of others.

d) Hypothetical cases: i) for the purposes of application of the aggravating circumstance pursuant to art. 640, second paragraph, no. 1, of the criminal code, the category of public authorities must be held to include all the bodies, even with formal private-law structure, having legal personality, that perform functions instrumental to the pursuit of needs of general interest, of a nonindustrial or commercial nature, placed in situations of close dependency vis-à-vis the State, local public authorities, or other bodies under public law<sup>70</sup>; ii) the offence of fraud against the public authority is committed by the employee who makes an arbitrary removal from the position appear as due to reasons of duty, it not

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<sup>67</sup> Cass. pen., sect. VI, 09 May 2013, no. 35220.

<sup>68</sup> Art. 321 of the criminal code: "the penalties established in paragraph 1 of article 318, in article 319, in article 319-bis, in article 319-ter, and in article 320 with regard to the aforementioned hypotheses of articles 318 and 319, also apply to those who give or promise the money or other benefit to the public official or the public service employee."

<sup>69</sup> Art. 640 of the criminal code: "anyone who, with artifice and reception, producing error, procures for him- or herself or for others an unjust profit with damage to others, is subject to six months' to three years' imprisonment and a fine of € 51 to € 1,032. The penalty is five years imprisonment and a fine of a fine of € 309 to € 1,549: 1) if the act is committed to the detriment of the State or of another public authority, or with the pretext of having someone exempted from military service [...].";

<sup>70</sup> Cass. pen., Sect. II, 17 July 2014, no. 38614.

being found, to the contrary, that the hierarchical superior was aware of the lack of authorization for removal from duty<sup>71</sup>.

**14) Aggravated fraud for the purpose of obtaining public funds** (art. 640-bis of the criminal code)<sup>72</sup>

a) Criminal behaviour: cf. art. 640.

b) Prerequisite of the offence: fraud having as its object the obtaining of contributions, financing, or other payments of this kind, however they are called, granted or paid by the State, by other Public Entities, or by the European Communities.

c) How the crime is perpetrated: cf. art. 640.

d) Hypothetical cases: i) the sums originating from public funding continue being public property even when they become available to the financed private entity, with the constraint of their allocation for the purpose for which they were paid thus remaining intact; there is also the offence of fraud pursuant to art. 640 bis of the criminal code in the case that artifice of deception are used to obtain an unjust profit with regard to said funding<sup>73</sup>;

ii) obtaining a facilitated loan for non-existent assets to be purchased, even if instalments and interests are regularly repaid, is fraud<sup>74</sup>.

**15) Embezzlement** (art. 314 of the criminal code)

a) Criminal behaviour: i) appropriation by the public official or the public service employee of money or of another movable good belonging to someone else, of which he or she has possession or which is at any rate available to him or her in connection with his or her office (paragraph 1); ii) appropriation by the public official or the public service employee of money or of another movable good belonging to someone else, of which he or she has possession or which is at any rate available to him or her in connection with his or her office, in order to make momentary use thereof, returning the money or benefit immediately after use (paragraph 2).

b) Prerequisite of the offence: i) it is enough for the “reasons of office or service ” provided for by art. 314 of the criminal code to find their source even in practice, and it is not necessary for the qualified possession of the money or other movable good belonging to someone else by the public official or the public service employee to fall under his or her specific functional responsibility.

Similarly, the de facto official not formally vested with public office is also held responsible for the offence.

c) How the crime is perpetrated: appropriation by the public official or the public service employee of the money or of another movable good belonging to someone else is done with a conduct incompatible with the grounds for which these assets are possessed, that

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<sup>71</sup> Cass. pen., Sect. II, 19 May 2011, no. 23785.

<sup>72</sup> Art. 640-bis of the criminal code: “ The penalty is one to six years imprisonment and action is taken automatically if the act as per article 640 regards contributions, funding, facilitated loans, or other payments of this kind, however they are called, granted or paid by the State, by other Public Entities, or by the European Communities.”

<sup>73</sup> Cass. pen., sect. III, 27 November 2012, no. 5150.

<sup>74</sup> Cass. pen., sect. II, 12 May 2011, no. 35355.

places them wholly outside the assets of the entitled party. Moreover, the perpetrator inverts his or her representation of being possessor on behalf of others of the thing belonging to someone else into that of being possessor of the thing on his or her own account. The term “possession” is not to be understood not only as materially holding the thing, but also the ability to dispose of it.

d) Hypothetical cases: the conduct of the manager of the bursary department of a public authority who prepares and signs payment orders to him or herself, with causes having no correspondence whatsoever, and then personally collects them at the bank that performed the treasury service, commits the offence of embezzlement.

The offence may become relevant for the company even if no parties are operating in it that may qualified as public officials or public service employees, based on the public official's complicity in the offence.

The corporate representative (the “*extraneus*”) might – in order to favour his or her own company – instigate or lend concrete assistance to the public official to carry out one of the crimes, even without giving or promising a benefit that might rise to the level of crimes of corruption.

According to Confindustria Guidelines, the liability in concert – pursuant to art. 110 of the criminal code – of the *extraneus* may occur where the *extraneus*, aware of the particular subjective qualification of his or her partner in crime (e.g. public official, mayor, etc.), is complicit in the very crime ascribable to the latter.

The necessary elements for charging complicity, then, are as follows:

1. awareness of the contacted party's function as public official;
2. awareness of the juridically unlawful nature of the requested behaviour;
3. active participation in making said behaviour take place.

**16) Embezzlement, malfeasance in office, undue inducement to give or promise a benefit, corruption and incitement to corruption of members of the International Criminal Court or of the bodies of the European Communities and of officials of the European Communities and of foreign states** (art. 322-bis of the criminal code)

a) Criminal behaviour: perpetration of the indicated offences with regard to: i) members of the Commission of the European Communities, of the European Parliament, of the Court of Justice, and of Corte dei conti (court of audit) of the European Communities; ii) officers and agents of the European Communities; iii) persons commanded by the Member States or by any public or private entity at the European Communities, that exercise functions corresponding to those of officers or agents of the European Communities; iv) members and employees of entities set up on the basis of the Treaties establishing the European Communities; v) those who, in the context of other EU Member States, perform functions or activities corresponding to those of public officials and of public service employees; vi) the judges, the Prosecutor, the Deputy Prosecutors the officers, and the agents of the International Criminal Court, persons commanded by the States belonging to the Treaty establishing the International Criminal Court.

b) Prerequisite of the offence: qualification as a public official of the party committing the offence (party belonging to one of the supranational bodies indicated by the regulation, the so-called “international officer”).

c) How the crime is perpetrated: active conduct of one of the parties indicated by the regulation. In particular, art. 322-bis of the criminal code punishes all those who perpetrate the activities punishable under articles 321 and 322 of the criminal code (that is, corruptive activities) with regard to the persons themselves, and not only the passive parties of the corruption.

Moreover, art. 322-bis of the criminal code also punishes the offer or promise of money or another benefit “to persons who exercise functions or activities corresponding to those of public officials or of public service employees in the context of other foreign States [other than those in the EU, ed.] or international public organizations, if the fact is committed to procure for him- or herself or for others an undue advantage in international economic operations.”

d) Hypothetical cases: the giving of sums of money to officers of foreign governments in order to be awarded international contracts (“international corruption”) would be the case of a crime punishable by art. 322-bis of the criminal code.

For this offence, the considerations made with regard to embezzlement shall apply as relates to the ability to charge complicity in the public official’s offence.

#### **17) Abuse of office** (art. 323 of the criminal code)

a) Criminal behaviour: i) intentional obtaining of an unjust economic advantage by the public official or public service employee, in the exercise of his or her functions or service, in violation of the rules of law or regulations; ii) intentional obtaining of an unjust economic advantage by the public official or public service employee, in the exercise of his or her functions or service, by neglecting to refrain in the presence of his or her own interest or that of next of kin; iii) intentional production of an unjust damage by the public official or public service employee, in the exercise of his or her functions or service, in violation of the rules of law or regulations; iv) intentional production of an unjust damage by the public official or public service employee, in the exercise of his or her functions or service, by neglecting to refrain in the presence of his or her own interest or that of next of kin.

b) Prerequisite of the offence: i) the unlawful conduct must be carried out by acting in his or her office as public official or public service employee. Behaviour that, even if in violation of the duty of fairness, is maintained as a private party without relying in any way on the functional activity performed, is thus excluded; ii) to verify the existence of the prerequisite of violation of law (de facto prerequisite of fact for the offence to be committed), it is necessary to ascertain whether or not, at the moment when the offence was committed, the regulation thought to be violated was in force (therefore, the supervening abrogation of the law is of no relevance).

c) How the crime is perpetrated: i) it is not necessary for specific acts to be committed, or provisions to be issued by the public official or public service employee; ii) the abuse is carried out through the exercise by the public official of a power for purposes other than those imposed by the nature of the office attributed to him or her; iii) the term “violation of law” is to be understood only as that referring to provisions with specific prescriptive content, excluding procedural regulations; iv) the offence is committed not only when the conduct conflicts with the literal or systematic logical meaning of a regulation, but also when the behaviour maintained by the public official or by the public service employee contradicts the specific purpose pursued by the regulation attributing the exercised power,

in order to achieve a personal or selfish purpose, or a purpose at any rate extraneous to public administration, giving rise to a “diversion” producing injury to the interest protected by the criminal law; v) the offence is also committed when the public official or the public service employee acts for retaliatory and unfair purposes extraneous to the reasons of office; vi) if the purpose of pursuing a private benefit is accompanied by a public purpose, it is necessary to verify – from time to time – what was the true purpose pursued by the acting party, with the offence consequently excluded only in the case in which the public purpose prevailed over the private one.

d) Hypothetical cases: awarding a contract without having called the tender, in order to favour the (unduly) advantaged contractor.

The offence may become relevant for the company even if no parties are operating in it that may qualified as public officials or public service employees, based on the public official's complicity in the offence.

The corporate representative (the “*extraneus*”) might – in order to favour his or her own company – instigate or lend concrete assistance to the public official to carry out one of the crimes, even without giving or promising a benefit that might rise to the level of crimes of corruption.

According to Confindustria Guidelines, the liability in concert – pursuant to art. 110 of the criminal code – of the *extraneus* may occur where the *extraneus*, aware of the particular subjective qualification of his or her partner in crime (e.g. public official, mayor, etc.), is complicit in the very crime ascribable to the latter.

The necessary elements for charging complicity, then, are as follows:

1. awareness of the contacted party's function as public official;
2. awareness of the juridically unlawful nature of the requested behaviour;
3. active participation in making said behaviour take place.

## **B) Crimes not included in the 231 Model but included in this Three-Year Corruption Prevention Plan**

### **1) Revealing and using official secrets (art. 326 of the criminal code)<sup>75</sup>**

a) Criminal behaviour:

paragraph 1: i) the public official or public service employee who, in violation of the duties inherent to his or her functions or service, reveals official information which should remain secret; ii) the public official or public service employee who, abusing his or her role, reveals official information which should remain secret; iii) the public official or public service employee who, in violation of the duties inherent to his or her functions or service,

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<sup>75</sup> Art. 326 of the criminal code states “the public official or the public service employee who, in violation of the duties inherent to his or her functions or service, or at any rate abusing his or her role, reveals official information which must remain secret, or in any way facilitates knowledge thereof, is subject to six months’ to three years’ imprisonment. If the facility is merely out of negligence, up to one year’s imprisonment shall apply. The public official or public service employee who, to procure for him- or herself or for others an undue economic profit, relies unlawfully of official information which must remain secret, is subject to two to five years’ imprisonment. If the act is committed for the purpose of procuring for him- or herself or for others an unjust non-economic profit or to cause unjust damage to others, the penalty of up to two years’ imprisonment shall apply.”



in any way facilitates knowledge of official information which should remain secret; iv) the public official or public service employee who, abusing his or her role, in any way facilitates knowledge of official information which should remain secret.

paragraph 2: i) the public official or public service employee who, in violation of the duties inherent to his or her functions or service, negligently facilitates knowledge of official information which should remain secret; ii) the public official or public service employee who, abusing his or her role, negligently facilitates knowledge of official information which should remain secret.

paragraph 3: i) the public official or public service employee who unlawfully relies on official information which should remain secret in order to procure for him- or herself or for others an undue economic profit; ii) the public official or public service employee who unlawfully relies on official information which should remain secret in order to procure for him- or herself or for others an unjust non-economic profit.

b) Prerequisite of the offence: qualification as a public official or public service employee.

c) How the crime is perpetrated: i) revealing secret information; ii) facilitating knowledge of secret information; iii) the public official exploits – for economic or non-economic profit – the economic and moral content of the secret information (paragraph 3).

## **2) Unlawful influence peddling (art. 346 bis of the criminal code)<sup>76</sup>**

a) Criminal behaviour: i) exploiting or boasting of existing or alleged relationships with a public official, with a public service employee or with one of the other parties pursuant to article 322-bis; ii) unlawful mediation with the public official, public service employee or one of the other parties pursuant to article 322-bis; iii) causes to be given or promised, to him- or herself or to others, money or other benefit; iv) remuneration of the public official, of the public service employee, or of one of the parties pursuant to article 322-bis, in relation to the exercise of their functions or their powers.

b) Prerequisite of the offence: qualification as a public official for the party with whom the RAI employee or collaborator comes into contact.

c) How the crime is perpetrated: the offence takes place with the unlawful mediation regarding the exercise of the functions or powers of a public official; the mediation may be free or remunerated, but aimed at remunerating the public official. With respect to the cases of corruption, the offence in question is presented as an anticipatory protection thereof, aimed at punishing the intermediary before the corruptive agreement can be completed between the private party and the public administration.

## **3) Refusal of official acts. Neglect (art. 328 of the criminal code)<sup>77</sup>**

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<sup>76</sup> Art. 346 bis, c. 1, of the criminal code: "anyone, outside of cases of complicity in the offences pursuant to articles 318, 319 and 319-ter and in the bribery offences pursuant to article 322-bis, by exploiting or boasting of existing or alleged relationships with a official or with a public service employee or one of the other parties pursuant to article 322-bis, unduly causes to be given or promised, to him- or herself or to others, money or other benefit, as the price for his or her unlawful mediation with a public official or a public service employee or one of the other parties pursuant to article 322-bis, or to remunerate him or her with regard to the exercise of his or her functions or powers, is subject to one to four years and six months' imprisonment."

<sup>77</sup> Art. 328 of the criminal code "the public official or the public service employee who unduly refuses an official act which, for reasons of justice of public safety, or of public order or of health and hygiene, must be done without delay, is subject to six months' to two years' imprisonment. Outside of the cases provided for by the first paragraph, the public official or the public

a) Criminal behaviour: i) undue refusal of an official act which, for reasons of justice of public safety, or of public order or of health and hygiene, must be done without delay; ii) failure to perform an official act and failure to respond to set out the reasons for the delay, by no later than thirty days after the request by the person with an interest therein.

b) Prerequisite of the offence: the unlawful conduct must be carried out by acting as public official or public service employee.

c) How the crime is perpetrated: Article 328 provides for two distinct offences: in the first, the crime is committed with the mere omission of the provision for which prompt adoption is urged, affecting goods of primary value (justice, public safety, public order, health and hygiene); in the second, on the other hand, for it to be committed, the combination of two acts of omission is required: failure to adopt the act within thirty days after the request, and failure to respond as to the reasons for the delay.

d) Hypothetical cases: the failure to respond to a request for access by a local health concern executive, also in the case of silence given that implicit refusal must be considered default and, therefore, as omissive conduct required for the crime to take place<sup>78</sup>.

**4) Rigged freedom of proceedings for choice of contracting party** (art. 353-bis of the criminal code)<sup>79</sup>

a) Criminal behaviour: i) rigging the administrative proceeding aimed at establishing the content of the tender or of another equivalent act; and ii) conditioning the procedures for the selection of the contracting party by contracting authority.

b) Prerequisite of the offence: use of i) violence or threat; ii) or gifts, promises, collusion, or other fraudulent means.

c) How the crime is perpetrated: rigging the proceeding of setting the tender for the purpose of conditioning the choice of contracting party.

d) Hypothetical cases: i) the party responsible for rigging the freedom of proceedings for choice of the contracting party can be “anyone,” and therefore also the public official who represents the interested administration<sup>80</sup>; ii) the offence of rigging the freedom of proceedings for choice of the contracting party is a crime of potential danger, that is committed regardless of the achievement of the purpose of conditioning the procedures for choosing the contracting party; to commit the offence, then it is necessary that the fairness of the procedure for preparing the tender be concretely endangered, but not that the

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service employee, who by no later than thirty days after the request by the person with an interest therein fails to carry out his or her official act, and fails to respond to set out the reasons for the delay, is subject to up to one year’s imprisonment and a fine of up to € 1,032. This request must be drawn up in written form, and the thirty-day deadline is counted from the reception of said request.”

<sup>78</sup> Cass. pen., sect. VI, 13 November 2013, no. 45629.

<sup>79</sup> Art. 353-bis of the criminal code: “unless the act constitutes a graver offence, whoever by violence or threat, or with gifts, promises, collusion, or other fraudulent means, rigs the administrative proceeding aimed at establishing the content of the tender or of another equivalent act for the purpose of conditioning the procedures for the selection of the contracting party by public administration, is subject to six months’ to five years’ imprisonment and to a fine of € 103 to € 1,032.”

<sup>80</sup> Cass. pen., sect. VI, 22 October 2013, no. 44896.

content of the document calling the tender be effectively changed so as to interfere with the identification of the winning bidder<sup>81</sup>.

**5) Use of inventions or discoveries learned about by reasons of office** (art. 325 of the criminal code)<sup>82</sup>

a) Criminal behaviour: use, by the public official or by the public service employee, for his or her own profit or for that of others, inventions or scientific discoveries, or new industrial applications, that he or she is acquainted with by reason of their office or service, and that must remain secret.

b) Prerequisite of the offence: the unlawful conduct must be committed when acting as a public official or public service employee.

c) How the crime is perpetrated: i) the public official or the public service employee who uses inventions or discoveries or industrial applications; ii) secrecy of the information used.

**6) Interruption of a public service or of a service of public necessity** (art. 331 of the criminal code)<sup>83</sup>

a) Criminal behaviour: i) interruption of service or suspension of service at his or her facilities, offices, or companies; ii) disturbing the regularity of the service.

b) Prerequisite of the offence: exercise of a public service or a service of public necessity.

c) How the crime is perpetrated: i) interruption of a public service or a service of public necessity; or ii) suspension of the work.

d) Hypothetical cases: to commit the crime of interrupting a public service, it is sufficient for the extent of the disturbance of the regularity of the office or the interruption thereof, even without having concretely resulted in the concrete effect of a real cessation of the activity or a persistent disarray of the function, to be liable to alter the prompt, orderly, and efficient performance of the service, also in terms of limited duration in time, and of involvement of a single sector<sup>84</sup>.

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<sup>81</sup> Cass. Last cited.

<sup>82</sup> Art. 325 of the criminal code: "the public official of the public service employee who uses, for his or her own profit or for that of others, inventions or scientific discoveries, or new industrial applications, that he or she is acquainted with by reason of their office or service, and that must remain secret, is subject to one to five years' imprisonment and to a fine of no less than € 516."

<sup>83</sup> Art. 331 of the criminal code: "those who, in exercising enterprises of public services or public need, interrupt the service, or suspends the work at their facilities, offices, or companies, in such a way as to disturb the regularity of the service, are subject to six months' to one year's imprisonment and to a fine of no less than € 516. The chiefs, promoters, or organizers are subject to three to seven years' imprisonment and to a fine of no less than € 3,098. the provisions of the last paragraph of the previous article shall apply."

<sup>84</sup> Cassazione penale, sect. VI, 9 June 2004, no. 26077.

**7) Removal or damage of things subject to seizure during a criminal proceeding or by the administrative authority** (art. 334 of the criminal code)<sup>85</sup>

- a) Criminal behaviour: To remove, suppress, destroy, disperse, or deteriorate a seized item.
- b) Prerequisite of the offence: i) act of seizure of the item taking place during a criminal proceeding or ordered by the administrative authority; ii) custody of the item.
- c) How the crime is perpetrated: Art. 334 of the criminal code covers a number of cases.

The one provided for by paragraph 1, may be committed only by those who have the item in custody, and is committed with analytically indicated alternative behaviour (removal, suppression, destruction, disperse, deterioration); this is a case that requires for the perpetrator to have a specific criminal intent (the purpose of favouring the owner of the item). In the case provided for by art. 334, paragraph 2, the typical conduct is committed by the owner and by the custodian.

- d) Hypothetical cases: the conduct of removal does not imply taking possession of the thing, and may take place by simply circumventing the constraint to which the item is subjected<sup>86</sup>.

**8) Negligent violation of duties related to the custody of items subjected to seizure ordered during a criminal proceeding or by the administrative authority** (art. 335 of the criminal code)<sup>87</sup>

- a) Criminal behaviour: i) causing the destruction or dispersal; or ii) facilitating the removal or suppression of the item.
- b) Prerequisite of the offence: i) act of seizure of the item taking place during a criminal proceeding or ordered by the administrative authority; ii) custody of the item.
- c) How the crime is perpetrated: the criminal case pursuant to art. 335 of the criminal code is a proper offence, of damage and event, as it takes place when a damage event occurs. The subjective element of the offence is the guilt of the perpetrator who provoked the crime act (event) due to having neglected to adopt and comply with all the precautionary prescriptions that are connected with the professional duties inherent to the qualification of custodian: failure to observe the precautionary rules, capable of leading to the destruction or dispersal of the item subjected to seizure, or to facilitate its removal or suppression. Therefore, it is necessary – due to the custodian’s negligent and imprudent conduct – for the thing subjected to seizure, ordered during a criminal proceeding or by the administrative authority, to be removed by the owner or by outside third parties.

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<sup>85</sup> Art. 331 of the criminal code: “whoever removes, suppresses, destroys, disperses, or deteriorates an item subject to seizure ordered in a criminal proceeding or by the administrative authority and entrusted to his or her custody, for the sole purpose of favouring the owner thereof, is subject to six months’ to three years’ imprisonment and a fine of fifty-one to five hundred and sixteen euros. Three months’ to two years’ imprisonment and a fine of thirty to three hundred and nine euros are applied if the removal, suppression, destruction, disperse, or deterioration are committed by the owner of the item entrusted to his or her custody. The penalty is one month to one year’s imprisonment and a fine of three hundred and nine euros if the act is committed by the owner of the item not entrusted to his or her custody.”

<sup>86</sup> Cass. pen., 21 January 2011, no. 1963.

<sup>87</sup> Art. 335 of the criminal code “anyone having in custody an item subjected to seizure ordered during a criminal proceeding or by the administrative authority, out of negligence causes the destruction or loss thereof, or facilitates its removal or suppression, is subject to up to six months’ imprisonment or to a fine of up to three hundred and nine euros.”

d) Hypothetical cases: the destruction of one or more of the parts of a motor vehicle subjected to seizure is damage or deterioration, and not destruction, unless this is an essential part whose destruction implies that the complex item, which remains following the partial destruction, has been modified to the point of no longer being definable as a motor vehicle<sup>88</sup>.

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<sup>88</sup> Cass. pen., section VI, decision no. 26699 of 19 June 2003.