MOLESKINE

ORGANISATION AND MANAGEMENT MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

General part

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Contents

1. PURPOSE AND PRINCIPLES OF LAW

1.1 ITALIAN LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

Italian Legislative Decree no. 231 of 8 June 2001 "Rules on the administrative liability of legal entities, companies and associations even without legal status" (hereinafter also "Decree 231") immediately implemented the delegation of legislative powers contained in Art. 11 of Italian Law no. 300 of 29 September 2000, in which Italian Parliament established guiding principles and criteria for the regulating administrative liability of legal persons and entities without legal status for criminal offences committed by parties operating within the entity, in the interest of or to the advantage of the same institution.

This solution originated from a number of INTERNATIONAL CONVENTIONS of which Italy has been a signatory in recent years. In particular, they are:

- Convention on the protection of the European Communities' financial interests signed in Brussels on 26 July 1995 and its First Protocol ratified in Dublin on 27 September 1996;
- Protocol on the interpretation of preliminary rulings by the Court of Justice of the European Communities of said Convention, signed in Brussels on 29 November 1996;
- Convention on the fight against corruption involving officials of the European Communities ratified in Brussels on 26 May 1997;
- OECD Convention on combating bribery of foreign public officials in international business transactions with annex and ratified in Paris on 17 December 1997.

Decree 231 entered into Italian law the principle of administrative liability for offences as a result of the offences committed by persons acting in the name and on behalf of the entity represented, that is:

a) persons in positions of representation, administration or management of the entity or one of its organisational units with financial and functional autonomy, as well as persons who exercise, even de facto, management and control of the entity (so-called "top managers");

b) persons subject to the direction or supervision of any of the subjects indicated, as referred to in letter a (so-called "persons in a subordinate position")[1].

For the cases expressly provided for in the regulation, traditional responsibility for the offence committed (personal criminal liability which can only refer to individuals under the principle contained in Article 27, paragraph 1 of the Constitution) and other types of liability deriving from a criminal offence is supported by a liability of the entity that leads to the same different consequences of sanctions depending on the subject called to account. The offence, where the conditions specified in the legislation applies, operates on two levels since it integrates both the

[1] The entity is not liable if the persons mentioned under a) and b) have acted in their own interest or in the interest of third parties.

offence attributed to the person who committed it (offence punished with criminal sanction) and the administrative offence (offence punished with administrative sanction) for the entity.

As for the NATURE OF LIABILITY of Decree 231, despite the title of *administrative liability* that appears in the title of the decree, there are various provisions that nevertheless point to a basically criminal law system of the entire *corpus* of legislation. In the first place, Decree 231 introduced the configuration of responsibility of the entity on the commission of an offence to which it responds autonomously if initiated in its interest or to its advantage by persons belonging the entity's structure (Art. 6) who became responsible for such conduct due to a culpable disorganisation consisting in non-compliance with the obligations of management or supervision (Art. 7). Attribution of jurisdiction to the criminal judge called upon to follow the rules of the criminal process where not expressly derogated by Decree 231 also reveals a substantially criminal meaning of the responsibility. Moreover, another indication of the criminal matrix of the regulations is the attempt to personalise the sanction not only with fines, but also - among others - with debarment sanctions that may lead to the permanent closure of the entity. The possibility of being "exempted" from liability or of obtaining a reduction in afflictive-sanction interventions by implementing behaviour, both compensatory and demonstration of a will to reorganise the company structure by adopting organisation and management models (Art. 6) able to prevent criminally significant conduct of the parties belonging to the structure of the entity is however envisaged.

Decree 231 deals with defining the scope of the RECIPIENTS of the regulatory legislation, that is: "entities with legal personality, companies and associations without legal personality". Therefore, they are:

- subjects who have acquired legal personality according to the statutory measures, such as associations, foundations and other institutions of a private nature that have received recognition of the State;
- companies that have acquired legal personality through registration in the Companies Register;
- non-personified entities, without financial autonomy, but still considered to have legal personality.

Excluded from the list of recipients of the administrative offence code are: the State, regional or local authorities (Regions, Provinces, Municipalities and Mountain communities), public non-economic entities and, in general, all the institutions that perform functions of constitutional significance (Chamber of Deputies, Senate of the Italian Republic, the Constitutional Court, General Secretariat of the Presidency of the Italian Republic, Superior Council of Magistracy (SCM), and National Council for Economics and Labour (CNEL).

Art. 5 of Decree 231 identifies the OBJECTIVE INDICTMENT CRITERIA of administrative liability for offence. The regulation provides for three conditions in which the offence can be attributed to the entity:

- the offence must have been committed in the interest or to the advantage of the entity;
- the acting subjects must be top managers or subordinate persons;

- the acting subjects must not have acted solely in their own interest or that of third parties.

Art. 6 and 7 identify the SUBJECTIVE INDICTMENT CRITERIA since for the purpose of establishing administrative liability for the offence attributing the offence to the entity on the objective level alone is not sufficient, but rather it is necessary to be able to express a judgement of reproachability against the same entity.

The parameters of liability of the entity are different depending on whether the assumed offence has been committed by top managers or subordinate subjects. Art. 6 outlines the responsibility profiles of the entity in the case of offences committed by top managers, as identified in Art. 5, paragraph 1, letter a. The entity, however, is not liable if it proves that:

- organisation and management models designed to prevent criminal conduct of the same nature as those notified have been adopted and effectively implemented by the executive body before the crime was committed;
- the task of supervising the functioning, the compliance and the updating of such models has been entrusted with a body of the entity having independent powers of initiative and control (also called "Supervisory Body");
- the natural persons have been able to commit the offence since they have fraudulently evaded the models;
- supervision by the Supervisory Body within the entity has not been omitted or has not been insufficient.

Regarding the conditions that must occur in order for the entity to be held responsible for offences committed by persons in a subordinate position (Art. 5, paragraph 1, letter b), Art. 7 establishes in general terms that the entity's liability arises from the non-fulfilment of the obligations of management or supervision that are the responsibility of the same entity. In any case, the entity is exempt if it had adopted organisational and management models capable of preventing offences of the same kind as those committed by the person in a subordinate position before the offence was committed. Unlike what is established for the offence committed by the top manager, in this case it is the responsibility of the prosecution to prove failure to adopt and ineffective enforcement of the models.

Section III of Chapter I of Decree 231 outlines an exhaustive catalogue of offences by the commission of which the administrative liability of the entity can arise if they are committed by a top manager or a person subjected to another management.

Over the years this catalogue has gradually expanded (originally limited by the provisions of Art. 24 and 25) and for the most part this occurred during transposition of the content of international conventions to which Italy has agreed and which also included types of liability of the collective entities.

The following offences against Public Administration are included in the original core of the Section, which coincides with the provisions of Art. 24 of Decree 231:

- embezzlement to the detriment of the Italian State (Art. 316-bis of the Italian Criminal Code);

- misappropriation of funds to the detriment of the Italian State (Art. 316-ter of the Italian Criminal Code);
- fraud to the detriment of the Italian State or other public entity (Art. 640, par. 2, no. 1 of the Italian Criminal Code);
- aggravated fraud to obtain public funds (Art. 640-bis of the Italian Criminal Code);
- computer fraud committed to the detriment of the Italian State or other public entity (Art. 640-ter of the Italian Criminal Code).

Public Administration includes the public institutions, public officials and public service representatives, i.e. all of the public entities and parties (State, Ministries, Regions, Provinces, Municipalities, etc.) and sometimes private bodies (public service licensees, contracting authorities, joint companies, etc.) and all the other figures that carry out civil service in the public interest.

Public institutions include, without limitation, the companies and administrations of the State, Regions, Provinces, Municipalities and their consortiums and associations, the universities, chambers of commerce, national regional and local non-economic public entities, administrations, companies and entities of the national health service. Civil service is performed by members of the Commission of the European Communities, the European Parliament, Court of Justice and the Court of Auditors of the European Communities.

Public Official, as regulated by Art. 357 of the Italian Criminal Code, is a person who exercises a public legislative, judicial or administrative function. The administrative function governed by public law and authoritative acts is public, and is characterised by the formation and manifestation of the will of the Public Administration and its exercise by means of authoritative and certification powers.

Public service representative, as regulated by Art. 358 of the Italian Criminal Code, is one who for whatever reason lends a "public service", meaning as such *"an activity regulated in the same forms of the public function, but marked by the lack of the powers typical of public function and except for the carrying out of simple duties of order and supply of purely material work".*

Therefore, a public service representative is one who performs a 'public activity' not associated with any of the above functions and not concerning simple duties of order and/or supply of purely material work and, as such, without any intellectual or discretionary input. Examples of Public Service Employees are the employees of entities that perform public services although in the nature of private entities.

Article 24-bis of Decree 231 was introduced by Italian Law no. 48 of 18 March 2008 that ratified and executed the Convention of the Council of Europe on cybercrime, signed in Budapest on 23 November 2001 in line with the increase in the type of offences triggered by the unavoidable subjection of the IT structure (which includes the computer and electronic systems, as well as the programs, information and data of others) to the exercise of business activities.

The text of the law introduced new offences depending on computer crimes and illegal processing of data. These offences are:

- unlawful access to a computer or electronic system (Art. 615-ter of the Italian Criminal Code);
- unlawful tapping, obstruction or interruption of computer or electronic communications (Art. 617-quarter of the Italian Criminal Code);
- installation of equipment used to tap, block or interrupt computer or electronic communications (Art. 617-quinquies of the Italian Criminal Code);
- damage to computer and electronic systems (Art. 635-bis of the Italian Criminal Code);
- damage to information, data and software programs used by the State or other public entity or in any case of public interest (Art. 635-ter of the Italian Criminal Code);
- damage to computer or electronic systems (Art. 635-quarter of the Italian Criminal Code);
- damage to computer or electronic systems of public interest (Art. 635-quinquies of the Italian Criminal Code);
- certain misrepresentations envisaged in Chapter III, Book II of the Italian Criminal Code, if regarding a public or private electronic document, this meaning any computer support medium containing data or information having a probative effect or programs specifically intended to process them and having probative value (Art. 491-bis of the Italian Criminal Code);
- computer fraud of the person who provides electronic signature certification services (Art. 640 quinquies of the Italian Criminal Code).

Art. 1 of the Convention of Budapest defines the concepts of *computer system* and *computer data. Computer system* means: "any device or a group of interconnected or related devices, one or more of which, pursuant to a program, performs automatic processing of data." The concept of *computer data* is identified referring to use, meaning: "any representation of facts, information or concepts in a form suitable for processing in a computer system, including a program able to allow a computer system to perform a function".

Art. 24-ter of Decree 231 was introduced by Italian Law 94 of 15 July 2009 and includes the offences of organised crime as part of the administrative liability of companies, which include the following offences:

- criminal association offences for the purpose of reducing to and maintaining in slavery, child prostitution, child pornography and the smuggling of migrants (Art. 416, paragraph VI of the Italian Criminal Code);
- Mafia-type association including foreign (Art. 416-bis of the Italian Criminal Code);
- election exchange between politics and Mafia (Art. 416-ter of the Italian Criminal Code);
- kidnapping for extortion purposes (Art. 630 of the Italian Criminal Code);
- criminal association aimed at the trafficking of drugs and psychotropic substances (Art. 74 of Italian Presidential Decree 309/90);

- crimes of criminal association (Art. 416 of the Italian Criminal Code, excluding paragraph VI);
- offences relating to the manufacture and trafficking of weapons of war, explosives and illegal weapons (Art. 407, paragraph 2, letter a), no. 5, of the Criminal Procedure Code);
- offences committed in order to facilitate the activity of the Mafia-type associations including foreign provided for in Art. 416 bis of the Italian Criminal Code;
- crimes committed taking advantage of the conditions of Art. 416 bis of the Italian Criminal Code.

Art. 25 of Decree 231, as updated following Law no. 190/2012 (so-called "Anti-Corruption law") counts among crimes against the Public Administration (administrative liability of companies) the offences of extortion and bribery, so-called "proper" crimes, since they take shape only if the active subject holds the status of public official or public service representative. The regulation divides these offences into three categories according to the seriousness of the individual criminal conduct.

The first category includes:

- bribery in exercising a function (Art. 318 of the Italian Criminal Code) both in relation to cases of active bribery (Art. 321 of the Italian Criminal Code) and cases of attempted bribery not accepted (Art. 322, par. 1 and 3 of the Italian Criminal Code).

The second category includes:

- bribery for an act against official duties (Art. 319 of the Italian Criminal Code);
- simple bribery in judicial proceedings (Art. 319-ter of the Italian Criminal Code) also including the cases regarding the corrupter (Art. 321 of the Italian Criminal Code) and attempted bribery not accepted (Art. 322 par. 2 and 4 of the Italian Criminal Code).

The third category includes:

- extortion (Art. 317 of the Italian Criminal Code);
- bribery for an act against official duties (Art. 319 of the Italian Criminal Code) aggravated when the entity obtains a substantial profit (Art. 319-bis of the Italian Criminal Code);
- aggravated bribery in judicial proceedings (Art. 319-ter par. 2 of the Italian Criminal Code) including the cases relating to the corrupter;
- Undue inducement to give or promise benefits (Art. 319-quater of the Italian Criminal Code).

Decree 231 provides for extension of the administrative liability of the entity also to the cases where the offences referred to in the three categories described above are committed by public employees, public service representatives, members of the European Communities or officials of the European Communities and foreign states.

Art. 25-bis of Decree 231, introduced by Italian Law no. 409 of 23 November 2001 converting Italian Law Decree 350/2001 including urgent provisions in view of the Euro and subsequently amended by Italian Law no. 99 of 23 July 2009 including provisions for the development and internationalisation of companies, as well as energy, concerns offences relating to the counterfeiting of money, public credit cards, tax stamps and instruments or identity marks. The offences listed therein and relevant to the administrative liability of companies are:

- counterfeiting of money, spending and introducing into the State of counterfeit money, acting in concert (Art. 453 of the Italian Criminal Code);
- altering money (Art. 454 of the Italian Criminal Code);
- spending and introducing into the State counterfeit money, without acting in concert (Art. 455 of the Italian Criminal Code);
- spending counterfeit money received in good faith (Art. 457 of the Italian Criminal Code);
- counterfeiting of tax stamps, introduction into the State, purchase, possession or circulation of counterfeit tax stamps (Art. 459 of the Italian Criminal Code);
- counterfeiting of watermarked paper used for the manufacture of public credit cards or of tax stamps (Art. 460 of the Italian Criminal Code);
- manufacture or possession of watermarks or instruments used to counterfeit money, tax stamps or watermarked paper (Art. 461 of the Italian Criminal Code);
- use of counterfeit or falsified tax stamps (Art. 464 of the Italian Criminal Code);
- counterfeiting, alteration or use of distinctive signs of know-how or industrial products (Art. 473 of the Italian Criminal Code);
- introduction into the State and sale of products with false trademarks (Art. 474 of the Italian Criminal Code).

Art. 25-bis 1 of Decree 231, introduced by Italian Law no. 99 of 23 July 2009 including "Provisions for the development and internationalisation of companies and energy" concerns offences against industry and trade. The offences listed therein and relevant to the administrative liability of companies are:

- disruption of the freedom of industry or trade (Art. 513 of the Italian Criminal Code);
- unlawful competition through threat or violence (Art. 513 bis of the Italian Criminal Code);
- fraud against national industries (Art. 514 of the Italian Criminal Code);
- fraud in commercial business activities (Art. 515 of the Italian Criminal Code);
- sale of non-genuine food substances as genuine (Art. 516 of the Italian Criminal Code);
- sale of industrial products with mendacious trademarks (Art. 517 of the Italian Criminal Code);

- production and sale of goods produced by usurping industrial property rights (Art. 517-ter of the Italian Criminal Code);
- counterfeiting of geographic indications or designations of origin pertaining to agricultural and food products (Art. 517-quater of the Italian Criminal Code).

Italian Legislative Decree no. 61/2002 on the rules and regulations of criminal and administrative offences involving commercial companies added Art. 25-ter to Decree 231, extending the administrative liability of entities to some types of corporate offences committed in the interest of the company by directors, general managers, managers in charge of preparing company accounting documents, liquidators or persons under their supervision, if the act would not have occurred had they supervised in accordance with the obligations of their office.

The following offences were included with Art. 25-ter of Decree 231:

- false company statements (Art. 2621 of the Italian Civil Code);
- minor damage events (Art. 2621-bis of the Italian Civil Code);
- no criminal liability when the damage is particularly slight (Art. 2621-ter of the Italian Civil Code);
- false company statements of listed companies (Art. 2622 of the Italian Civil Code); false reporting in prospectuses (Art. 2623 of the Italian Civil Code, abrogated by Art. 34 of Italian Law no. 262 of 28 December 2005 which has, however, introduced Art. 173-bis of Italian Legislative Decree no. 58 of 24 February 1998);
- falseness in reports or communications of auditing firms (Art. 2624 of the Italian Civil Code, abrogated by Art. 37, par. 34 of Italian Legislative Decree no. 39 of 27 January 2010);
- obstructed control (Art. 2625, par. 2 of the Italian Civil Code);
- undue return of contributions (Art. 2626 of the Italian Civil Code);
- illegal distribution of profits and reserves (Art. 2627 of the Italian Civil Code);
- illegal transactions involving shares or stocks of companies or of their parent companies (Art. 2628 of the Italian Civil Code);
- transactions to the detriment of creditors (Art. 2629 of the Italian Civil Code);
- failure to notify conflict of interest (Art. 2629-bis of the Italian Civil Code);
- fictitiously paid-up capital stock (Art. 2632 of the Italian Civil Code);
- illegal distribution of company assets by liquidators (Art. 2633 of the Italian Civil Code);
- illicit influence on the general shareholders' meeting (Art. 2636 of the Italian Civil Code);
- share manipulation (Art. 2637 of the Italian Civil Code);

- obstacle to the exercise of public supervisory authority functions (Art. 2638 of the Italian Civil Code).

Italian Law 190/2012 added also the offence of bribery between private parties to the offences listed in Art. 25-ter of the Decree (Art. 2635 of the Italian Civil Code).

Art. 25-quater of Decree 231, introduced by Italian Law no. 7 of 14 January 2003 including "*Ratification and execution of the International Convention for the Suppression of the Financing of Terrorism*", drawn up in New York on 9 December 1999, establishes punishment of the entity, where there are appropriate grounds, in the case offences have been committed in the interest or to the benefit of the entity itself for the purpose of terrorism or overthrow of democracy.

Compared to the other provisions, Art. 25-quater stands out in so far as it does not contain a closed and express list of offences, but instead it refers to a general category of cases sharing the particular purpose of terrorism or overthrow of democracy.

The offences are committed if the entity or one of its organisational structures is used for the sole or primary purpose of allowing or abetting the commission of terrorist acts (also with reference to enrolment, training or propaganda) or the overthrow of democracy. More specifically, among others the following offences are referred to: association with terrorist or overthrow of democracy purposes (Art. 270-bis of the Italian Criminal Code), aid to partners (Art. 270-ter of the Italian Criminal Code), enrolment with purposes of terrorism including international (Art. 270-quater of the Italian Criminal Code), conduct with terrorist purposes (Art. 270-sexies of the Italian Criminal Code).

Art. 8 of Italian Law no. 7 of 9 January 2006 including "*Measures necessary to prevent, impede and repress the practices of female genital mutilation as violations of the rights essential for the integrity of people and the health of women and children*" added Art. 25-quater.1 to Decree 231, which introduces a new type of offence to those against personal safety, that is to say the practice of mutilating female genital organs that is committed if the female genital organs are mutilated without therapeutic needs (for example: clitoridectomy, excision and infibulation, and any other practice that gives rise to the same type of effect).

For the purposes of committing the offences described, it states that the materialisation of the so-called "structural criterion" that - to be interpreted in combined provisions with the mechanisms of charging the entity with the offence pursuant to Art. 5 of Decree 231 - requires that the mutilation of the female genital organs has been carried out on the premises where the entity carries on its business or however has been performed with the aid of the material or human structures at the entity's disposal.

Art. 25-quinquies of Decree 231 was introduced by Art. 5 of Italian Law no. 228 of 11 August 2003 including measures against human trafficking. The rule is not limited to introducing just human trafficking offences to the list of offences, but extended the sanctions perspective to the offences provided for by Section I of Chapter III of Title XII of Book II of the Italian Criminal Code, recorded as "*criminal offences against the individual*".

The list includes:

- reduction to and keeping in slavery or in servitude (Art. 600 of the Italian Criminal Code);

- child prostitution (Art. 600-bis of the Italian Civil Code);
- child pornography (Art. 600-ter of the Italian Civil Code);
- possession of pornographic material (Art. 600-quater of the Italian Criminal Code);
- virtual pornography (Art. 600-quater of the Italian Civil Code);
- tourist initiatives aimed at exploiting child prostitution (Art. 600-quinquies of the Italian Criminal Code);
- human trafficking (Art. 601 of the Italian Criminal Code);
- purchase or sale of slaves (Art. 602 of the Italian Criminal Code).

Art. 9, par. 3 of Italian Law no. 62 of 18 April 2005 introduced Art. 25-sexies to Decree 231, which constitutes administrative liability of the entity in the event of market abuse or committing offences of:

- abuse of privileged information (Art. 184 and 187-bis of the Italian Consolidated Law on Finance);
- market abuse (Art. 185 and 187-ter of the Italian Consolidated Law on Finance).

Transposition of European Community Directive 2003/6/EC of the European Parliament and Council of 28 January 2003 on the abuse of privileged information and market abuse and of implementing Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC into Italian legislation was the starting point of reviewing all administrative offences on the subject of financial market.

Repression of market abuse is based on a "*double-track*" system, meaning: criminal sanctions set out in Art. 184 and 185 of the Italian Consolidated Law on Finance and administrative sanctions set out in Art. 187-bis and 187-ter of the Italian Consolidated Law on Finance.

Art. 25-septies of Decree 231 was introduced by Art. 9 of Italian Law no. 123 of 3 August 2007 as later amended by Art. 30 of Italian Legislative Decree no. 81 of 9 April 2008 ("Implementation of Art. 1 of Italian Law no. 123 of 3 August 2007 on protecting health and safety at work", and also "Consolidated protection of health and safety at work act" or "TUSSL"). The provision includes measures regarding the commission of health and safety at work offences that are adjusted to the seriousness of the offence, namely:

- manslaughter (Art. 589 of the Italian Criminal Code committed with violation of Art. 55, par. 2 of the legislative decree implementing the powers pursuant to Italian Law no. 123 of 3 August 2007);
- manslaughter (Art. 589 of the Italian Criminal Code with violation of the protection of health and safety at work rules);
- negligent serious or very serious personal injury committed with violation of the protection of health and safety at work rules (Art. 590, par. 3 of the Italian Criminal Code).

Unlike the other offences identified in Decree 231, which are wilful in nature and therefore voluntarily executed by the party, the offences considered in Art. 25-septies are instead negligent in nature. To this regard, an offence is considered as negligent, or against intent, when the event is not desired by the agent, even if expected, and occurs due to negligence, carelessness or incompetence, or due to the non-observance of laws, regulations, orders or rules.

Art. 10 of Italian Law 146 of 16 March 2006 ("*Ratification and execution of the Convention and Protocols of the United Nations against transnational organised crime adopted by the General Assembly on 15 November 2000 and 31 May 2001*") extended the administrative liability of entities to the so-called "transnational offences". Subjection of these offences to the regulations set forth in Decree 231 did not take place by introducing an article in the text of the Decree, but rather - as previously stated - as a result of ratification of the Convention.

Art. 3 of Italian Law no. 146/2006 defines "transnational offence" as the offence punished with the sentence of imprisonment no less than the maximum of four years if an "organised criminal group" is involved, and:

- it is committed in more than one State, or
- it is committed in one State, but a substantial portion of the preparation, planning, management or control of the offence took place in another State, or
- it is committed in one State, but an organised criminal group engaged in a criminal activity in more than one State is involved in it, or
- it is committed in one State, but has substantial effects in another State.

The transnational offences regulated by Italian Law 146/2006 and included in liability pursuant to Decree 231 are:

- criminal association (Art. 416 of the Italian Criminal Code);
- Mafia-type association (Art. 416-bis of the Italian Criminal Code);
- criminal association for the purpose of smuggling foreign processed tobaccos (Art. 291-quater of Italian Presidential Decree no. 43 of 23 January 1976, Consolidated Act of Customs Laws);
- association aimed at the illegal trafficking of drugs and psychotropic substances (Art. 74 of Italian Presidential Decree no. 309 of 9 October 1990, Consolidated Act of Drug Laws);
- offences concerning illegal immigrant smuggling (Art. 12, par. 3, 3-bis, 3-ter and 5 of Italian Legislative Decree no. 286 of 25 July 1998, Consolidated Act of Immigration Measures as amended);
- inducement not to provide statements or to provide untruthful statements to the judicial authorities (Art. 377-bis of the Italian Criminal Code);
- aiding and abetting (Art. 378 of the Italian Criminal Code).

Art. 10 of Italian Law no. 146/2006 under paragraphs 5 and 6 provided for the administrative liability of entities also with regard to money laundering (Art. 648-bis of the Italian Criminal Code) and use of money, assets or benefits of illegal origin (Art. 648-ter of the Italian Criminal Code) if committed transnationally. Later Italian Legislative Decree no. 231 of 21 November 2007 repealed that aforesaid paragraphs (Art. 64, par. 1, letter f) and, with the introduction of Art. 25-octies in Decree 231 (Art. 63 of Italian Legislative Decree 231/2007), these offences proved significant towards the liability of entities, even if committed on national territory.

Art. 25-octies of Decree 231 (handling stolen goods, money laundering and use of money, assets or benefits of illegal origin, as well as self-laundering) was introduced by Art. 63 of Italian Legislative Decree no. 231 of 21 November 2007 ("Implementation of Directive 2005/60/EC concerning the prevent of using the financial system for the purpose of laundering income from criminal activities and financing terrorist activities and Directive 2006/70/EC that provides its execution measures"), which came into force on 29 December 2007 and extended the list of liable offences for applying administrative liability of the entities by adding offences regarding money laundering and use of money, assets or benefits of illegal origin not only in the area of transnational offences, but also in the domestic area.

The crimes that concern Art. 25-octies of Decree 231 are those regulated by the Italian Criminal Code, and more precisely:

- handling stolen goods (Art. 648 of the Italian Criminal Code);
- money laundering (Art. 648-bis of the Italian Criminal Code);
- use of money, assets or benefits of illegal origin (Art. 648-ter of the Italian Criminal Code);
- self-laundering (Art. 648-ter.1 of the Italian Criminal Code).

The entity answers for these offences if it gains an interest or advantage from them. In consideration of the fact that the offences set out in Art. 648, 648-bis and 648-ter of the Italian Criminal Code may be committed by "anyone", the interest or advantage of the entity must therefore be assessed in connection with the relevance of the charged conduct with the activity that the entity carries on.

The purpose of introducing Art. 25-octies to the list of offences to apply Decree 231 is to protect the economic system from the distortions that money laundering creates by preventing money and other income generated by illegal activities to be put into the normal business or financial activities.

The rules concerning prevention for money laundering activities, and in particular Art. 648-bis of the Italian Criminal Code, affect any form of reinvestment of illegal profits, whatever the intentional offence from which the illegal capital derives may be, by putting them back into circulation as "purified" in order to prevent the illegal origin from being identified. Art. 648-ter of the Italian Criminal Code consists in using capital of illegal origin in business or financial activities.

It is advisable to briefly mention the fact that Italian Legislative Decree no. 231/2007 provides for a change in the role of the Supervisory Body (compared to the content of Art. 6) for specific categories of subjects, i.e. for financial intermediaries, professionals, auditors and other parties operating in specific activities, which is obliged to supervise observance of the anti-money

laundering provisions contained in the decree (Art. 52 of Italian Legislative Decree no. 231/2007). The Body is also required to inform the control authorities indicated in Art. 52 of anti-money laundering infractions. Failure to comply with the disclosure obligations is punishable under criminal law with imprisonment up to one year and a fine from Euro 100 to 1000 (Art. 55 of Italian Legislative Decree no. 231/2007).

Italian Law no. 99 of 23 July 2009 including "Provisions for the development and internationalisation of companies and energy" introduced Art. 25-novies to Decree 231 with reference to offences concerning copyright infringement. The offences included therein and significant for the purposes of administrative liability of companies are provided for in Art. 171, par. 1, letter a-bis) and par. 3, 171-bis, 171-ter, 171-septies and 171-octies of Italian Law no. 633 of 22 April 1941 on the subject of protection of copyright and other rights connected with its exercise.

Through Art. 4 of Italian Law no. 116 of 3 August 2009 including "Ratification and execution of the Convention of the United Nations Organisation against Corruption, adopted by the UN General Assembly on 31 October 2003 with Resolution no. 58/4 signed by Italy on 9 December 2003, and rules of domestic compliance and amendments to the criminal code and code of criminal procedure", the offence concerning inducement not to provide statements or to provide untruthful statements to the judicial authorities is regulated in terms of administrative liability of entities through Art. 25-decies of Decree 231.

Art. 25-undecies of Decree 231 (environmental offences) was introduced by Art. 2 of Italian Legislative Decree no. 121 of 7 July 2011 ("Implementation of Directive 2008/99/EC on the criminal protection of the environment, and Directive 2009/123/EC that amends Directive 2005/35/EC regarding pollution caused by ships and the introduction of sanctions for violations, which extends the administrative liability of entities to some offences committed in violation of the environmental protection rules") and contemplates the following offences:

a) killing, destruction, capture, collection, possession of specimens of protected wild animal or vegetable species (Art. 727-bis of the Italian Criminal Code);

b) damage to habitat (Art. 733-bis of the Italian Criminal Code);

c) offences pursuant to Art. 137 of Italian Law 152 of 3 April 2006 regarding discharges of waste water;

d) offences pursuant to Art. 256 of Italian Law no. 152 of 3 April 2006 on unauthorised waste management activities;

e) offences pursuant to Art. 137 of Italian Law 152 of 3 April 2006 on the subject of reclamation of sites;

f) offences pursuant to Art. 258 of Italian Law 152 of 3 April 2006 related to the violation of disclosure obligations, keeping mandatory books and forms;

g) offences pursuant to Art. 259 and 260 of Italian Law no. 152 of 3 April 2006 relating to illegal trafficking of waste;

h) offences pursuant to Art. 260-bis of Italian Law 152 of 3 April 2006 on the subject of waste traceability;

i) offences pursuant to Art. 279 of Italian Law 152 of 3 April 2006 on the subject of environmental permits;

j) offences pursuant to Art. 1, 2, 3-bis and 6 of Italian Law no. 150 of 7 February 1992 relating to the international trade of endangered animal and vegetable species, and to the sale and possession of live specimens of mammals and reptiles that may constitute a danger for public health and safety;

k) offences pursuant to Art. 3 of Italian Law no. 549 of 23 December 1993 relating to the production, consumption, import, export, possession and sale of substances harmful to the ozone;

l) offences pursuant to Art. 8 and 9 of Italian Law no. 202 of 6 November 2007 relating to pollution caused by ships;

m) offences pursuant to Art. 452-bis of the Italian Criminal Code "Environmental pollution", 452-quater of the Italian Criminal Code "Environmental disaster", 452-quinquies of the Italian Criminal Code "Crimes against the environment committed without malice aforethought", 452-sexies of the Italian Criminal Code "Trafficking and abandonment of highly radioactive material", 452-octies of the Italian Criminal Code "Aggravating circumstances".

Art. 25-duodecies of Italian Legislative Decree 231/01, introduced with Art. 2 of Italian Legislative Decree 109 of 16 July 2012 to implement Directive 2009/52/EC which introduces minimum rules regarding sanctions and measures for employers that use third-country citizens who do not have valid residence permits.

Administrative liability of entities pursuant to Italian Legislative Decree 231/01 applies only in the cases in which the offence, according to Art. 22, par. 12 of Italian Legislative Decree 286/1998 is aggravated by at least one of the circumstances provided for by par. 12-bis of the same article, i.e. by the fact that the employed subjects amount to more than three, are minors or the conditions pursuant to Art. 603-bis, par. 3 of the Italian Criminal Code occur, i.e. violations of the regulations on safety and hygiene at work such as to expose the worker to a danger to health, safety or personal safety.

1.2 SANCTIONS

The sanctions arising from administrative liability following commission of the offence (the offences are specifically listed under paragraph 1.1), regulated by Art. 9 to 23 of Decree 231, are the following:

- **financial penalties** (Art. 10 – 12): these are always applied for all administrative infringements and are sanctions, not compensatory in nature. Only the entity with its

assets or with the mutual fund answers the obligation for payment of the financial penalty. The sanctions are calculated based on a system "by units in a number no less than one hundred and no more than one thousand", whose proportioning is determined by the judge on the basis of the seriousness of the fact and the degree of the entity's liability, by the steps that the entity takes to eliminate or mitigate the consequences of the offence and to prevent the commission of other infringements; every single unit ranges from a minimum of Euro 258.23 to a maximum of Euro 1,549.37. The judge determines the amount of each unit bearing in mind the financial conditions and assets of the entity; therefore, the amount of the financial penalty is determined by multiplying the first factor (number of units) by the second factor (amount of the unit);

- **debarment penalties** (Art. 13 to 17): these apply only in the cases in which they are explicitly envisaged, and are (Art. 9, par. 2):

  - debarment from carrying on the activity;

  - suspension or annulment of permits, licences or concessions useful in committing the infringement;

  - prohibition to negotiation with the Public Administration, unless to obtain a public service; said prohibition can also be restricted to certain types of contracts or to certain administrations;

  - exclusion from benefits, funding, contributions or subsidies and potential annulment of those already granted;

  - prohibition to advertise goods or services.

  The debarment penalties have the characteristic of limiting or conditioning the company activity, and in the more serious cases they reach the point of paralysing the entity (debarment from exercising the activity); they also have the purpose of preventing behaviour connected with the commission of offences. Art. 45 of Decree 231 indeed provides for enforcement of the debarment penalties indicated in Art. 9, par. 2 as a precautionary measure when there are serious indications for believing liability of the entity exists for an administrative infringement resulting from an offence and there are well-founded and specific elements that lead one to believe that the danger that infringements of the same nature as the foregoing one might be committed exists. These penalties apply in the cases explicitly provided for by Decree 231 when at least one of the following conditions occurs:

    I. the entity has gained a considerable profit from the offence and the offence was committed by top managers or parties subject to another management and in this case the commission of the offence was determined or helped by serious organisational deficiencies;

    II. in the case infringements are repeated.

  The debarment penalties last no less than three months and no longer than two years; departing from the time frame, final enforcement of the debarment penalties is possible in the more serious situations described in Art. 16 of Decree 231;

- **confiscation** (Art. 19): this is an independent and mandatory sanction that is applied with the guilty verdict against the entity, and it concerns the price or profit of the offence (except for the part that can be returned to the injured party), or, if this is impossible, sums of money or other benefits of a value equivalent to the price or profit of the offence; the rights that the third party has acquired in good faith are not jeopardised. The purpose is to prevent the entity from exploiting illegal behaviour for the purpose of "profit"; with regard to the meaning of "profit", considering the significant impact that the confiscation may have on the entity's assets, legal theory and case law have voiced different and wavering positions due to the newness of the topic with reference to the "confiscation-sanction" provided for by Decree 231. Art. 53 of Decree 231 offers the possibility to order preventive seizure aimed at confiscating the entity's assets that form the price or profit of the offence when the legal conditions exist; the procedure set out in Art. 321 et seq. of the Italian Code of Criminal Procedure on the subject of preventive seizure is applied;

- **filing of judgement** (Art. 18): this may be ordered when a debarment sanction is applied against the entity; the judgement is published only once, either as an abstract or in its entirety, in one or more newspapers that the judge chooses, and by posting it on the noticeboard of the municipality where the entity has its headquarters. Publication is at the entity's expenses, and is executed by the office of the judge's clerk; the purpose is to bring the guilty verdict to the public's knowledge.

1.3 PRECAUTIONARY MEASURES

Decree 231 offers the possibility to apply the debarment sanctions provided for by Art. 9, par. 2 against the entity also as a precautionary measure.

Precautionary measures meet a need for procedural precaution since they are applicable during the proceedings and hence against a party subject to investigations or is a defendant, but who has not yet been found guilty. This is why precautionary measures might be ordered upon the request of the public prosecutor when certain conditions are present.

Art. 45 indicates the grounds for applying precautionary measures, making their recourse conditional on the existence of serious evidence of guilt on the entity's liability, in this way following the content of Art. 273, par. 1 of the Italian Code of Criminal Procedure. The assessment of the serious evidence referring to applicability of the precautionary measures pursuant to Art. 45 must take into account:

- the overall case in point of administrative offence attributed to the entity;

- the relationship of dependency with the predicate offence;

- existence of the interest or advantage for the entity.

The procedure for applying the precautionary measures is modelled on the one outlined by the code of criminal procedure, although with a few departures. The judge having jurisdiction over ordering the measure upon the request of the public prosecutor is the judge of the proceedings, or the examining judge during the preliminary investigation stage. The enforcing order is the one provided for by Art. 292 of the Italian Code of Criminal Procedure, a rule explicitly referred to in Art. 45 of Decree 231.

After receiving the request of the public prosecutor, the judge sets a special hearing in his chambers to discuss enforcement of the measure; in addition to the public prosecutor, also the entity and its defence counsel attend the hearing before which they can gain access to the public prosecutor's request and examine the elements on which it is based.

1.4 ORGANISATION, MANAGEMENT AND CONTROL MODELS FOR THE PURPOSE OF EXEMPTION FROM LIABILITY

Art. 6 and 7 of Decree 231 provide for specific forms of exemption from administrative liability of the entity.

In particular, Art. 6 "*Top managers and organisation models of the Entity*" states that the entity is not responsible if it proves that:

- the management had adopted and effectively implemented organisation, management and control models able to prevent the offences of the type that has occurred before the offence was committed;
- the task of supervising the functioning and compliance with the models, and to see to their updating, had been entrusted to a body of the entity (Supervisory Body) that has independent initiative and control powers;
- the people who had committed the offence acted by fraudulently evading the organisation, management and control models adopted by the entity;
- supervision by the Supervisory Body had not been omitted or had not been insufficient.

Art. 7 "*Parties subject to another management and organisation models of the Entity*" states that in the case of offences committed by people subject to the management or supervision of one of the parties described in Art. 5, par. 1, letter b) of Decree 231, the entity is responsible if commission of the offence was made possible by non-compliance with the management and supervision obligations of the latter.

In any case, non-compliance with the management or supervision obligations is excluded if the entity had adopted and effectively implemented an organisation, management and control model able to prevent offences of the type that has occurred before the offence was committed (Art. 7, par. 2).

1.5 REQUIREMENTS OF THE ORGANISATION, MANAGEMENT AND CONTROL MODELS

As ruled by Art. 6, par. 2 of Decree 231, the organisation, management and control models must meet the following requirements:

a) identify the activities within whose scope offences can be committed;

b) provide for specific protocols aimed at planning training and the implementation of the entity's decisions in connection with the offences to be prevented;

c) identify methods for managing financial resources that prevent the commission of offences;

d) provide for obligations to report to the body appointed to supervise the functioning and observation of the models;

e) introduce a disciplinary system able to sanction failure to comply with the measures indicated in the model.

Art. 7, par. 3 and 4 of Decree 231 rules that:

- taking into consideration the type of activity carried on and the type and size of the organisation, the model must envisage measures that can guarantee the activity is carried out in observance of the law and promptly discover risk situations;

- effective implementation of the model requires a periodic audit and its amendment if significant violations of the legal provisions are discovered or if significant changes in the organisation take place; the existence of a suitable disciplinary system also takes on importance.

Decree 231 states that the organisation, management and control models can be adopted on the basis of behavioural codes drawn up by the representative trade associations and reported to the Ministry of Justice pursuant to Art. 6, par. 3 of Decree 231. It is also stated that the supervisory task can be carried out directly by the management body if the entity is small in size.

Furthermore, with regard to health and safety at work offences contemplated by Art. 25-septies of Decree 231, Art. 30 of Italian Legislative Decree 81/01 (Consolidated protection of health and safety at work act) establishes that the organisation and management model able to exempt the administrative liability of legal entities, companies and associations even without legal personality pursuant to Decree 231 must be adopted and effectively implemented in order to ensure a company system for fulfilling all legal obligations regarding:

a) compliance with the technical-structural standards of law regarding equipment, systems, workplaces, and chemical, physical and biological agents;

b) the activities for risk assessment and preparation of the resulting prevention and protection measures;

c) organisational activities, such as emergencies, first aid, contract management, periodic safety meetings, consultations with workers' safety representatives;

d) health monitoring activities;

e) workers information and training activities;

f) supervisory activities with reference to observance of the safe working procedures and instructions by the workers;

g) acquisition of legally mandatory documents and certificates;

h) periodic inspections of application and effectiveness of the procedures adopted.

This model must provide for appropriate systems for recording successful completion of the mentioned activities and must in any case provide for a breakdown of functions that ensures the

technical skills and the powers necessary for the inspection, assessment, management and control of the risk and a suitable disciplinary system that punishes non-compliance with the measures established in the model as required by the type and size of the organisation and the type of activity carried on.

The organisation model must also provide for an appropriate system to control its implementation and maintenance of the suitability conditions of the measures adopted over time. Re-examination and amendment, if any, of the organisation model must be adopted when significant violations of the accident prevention and hygiene at the workplace rules are discovered, or when there are changes in the organisation and activity in connection with scientific and technological progress.

When first applied, the company organisation models defined in compliance with the UNI-INAIL Guidelines for a health and safety at the workplace management system (SGSL) dated 28 September 2001 or with the British Standard OHSAS 18001:2007 are considered compliant with the requirements established for the corresponding parties. The permanent advisory commission set up at the Ministry of Labour can indicate additional company organisation and management models for the same purpose.

1.5.1 Confindustria Guidelines

The first representative trade association to draw up a policy document for producing models was Confindustria (Italian Manufacturers' Federation) that issued its Guidelines in March 2002, which were then partially amended and updated first in May 2004 and then in March 2008 (hereinafter also "Guidelines")[2]. The Confindustria Guidelines therefore form the unavoidable starting point for proper production of a Model.

According to these Guidelines, the operational steps for implementing a risk management system can be outlined following these basic points:

- **taking stock of the company's areas of activity** by identifying areas potentially affected by the risk, or company areas/sectors in which the occurrence of the detrimental events listed in Decree 231 is possible in abstract terms (see "map of the company areas at risk");
- **analysis of the potential risks** that must concern the possible implementation methods of the offences and the entity's history through the "documented map of potential implementation methods of the infringements";
- **assessment/construction/adaptation of the preventive controls system** in order to prevent offences pursuant to Decree 231 from being committed through the documented description of the preventive control system started up, with details on the individual components of the system and on any necessary adaptations.

2 The Italian Ministry of Justice then judged all versions of the Confindustria Guidelines as adequate (with reference to the 2002 Guidelines, see "Note of the Ministry of Justice" dated 4 December 2003, and with reference to the updates of 2004 and 2008, see "Note of the Ministry of Justice" of 28 June 2004 and "Note of the Ministry of Justice dated 2 April 2008).

The most important components (so-called "protocols") of a preventive control system identified by Confindustria with reference to the wilful offences are:

- Code of Ethics (or conduct) with reference to the offences considered;
- organisation system;
- manual and computerised procedures;
- powers of authorisation and signature;
- management control system;
- communication to personnel and their training.

With reference to the negligent offences (with specific referent to the health and safety at work offences), the most important components of a preventive control system that Confindustria has identified are:

- Code of Ethics (or conduct) with reference to the offences considered;
- organisational structure;
- training;
- communication and involvement;
- operational management;
- safety monitoring system.

The components of the control system must organically fit into an architecture that complies with several fundamental principles:

- verifiability, provability, consistency and congruence of every operation/transaction/action;
- application of the segregation of duties principle according to which no one can autonomously manage an entire process and be given unlimited powers, through the clear definition and diffusion of the powers of authorisation and signature consistent with the organisational responsibilities assigned;
- documentation of the controls, including supervision.

The control system must also comprise adoption of the ethics principles regarding the offences contemplated by Decree 231, which can be documented in a code of ethics or a code of conduct.

An adequate system of sanctions must be established in connection with the violation of the ethics-conduct principles, and more in general with the protocols that the company defines.

The above-mentioned Guidelines were afterwards updated due to the need to adapt them to the legislative amendments that introduced corporate offences, criminal offences against the

individual, offences of insider trading and market abuse, transnational offences, the offences of manslaughter and negligent serious or very serious personal injury committed with violation of the protection of health and safety at work rules, the offences of handling stolen goods, money laundering and use of money, assets or benefits of illegal origin and the computer and illegal processing of data offences into the corpus of Decree 231.

Please note that failure to observe specific points of the Guidelines does not nullify the validity of the organisation, management and control model prepared by the company. Since it must be drawn up with reference to the actual conditions of the company, the single model may indeed very well differ from the Guidelines that are general in nature.

2. THE COMPANY, THE GOVERNANCE MODEL AND THE ORGANISATION SYSTEM

2.1 THE COMPANY: MOLESKINE S.P.A.

Moleskine SpA (hereinafter also "the Company" or "Moleskine") is the Parent Company of the Moleskine Group (hereinafter also "the Group"). The Group has operations in 113 countries around the world and creates, produces and distributes objects dedicated to mobile creativity and personality: notebooks, diaries, portfolios, purses, writing materials and reading articles.

Moleskine became a trademark in 1997 when it reproduced the legendary notebook of the artists and intellectuals of the last two centuries, from Vincent Van Gogh and Pablo Picasso to Ernest Hemingway and Bruce Chatwin. Moleskine has also been the name of the company that owns the registered trademark worldwide since 1 January 2007. SGCapital Europe, today Syntegra Capital, acquired Modo&Modo spa in autumn 2006.

Moleskine has been listed on the Milan Stock Exchange since April 2013.

Moleskine is a creative company enjoying continuous growth. It has over 250 employees and a vast network of partners and associates. Its headquarters are in Italy, in the city of Milan.

2.2 THE MOLESKINE GOVERNANCE SYSTEM

Moleskine's *governance model* is generally its entire organisation system. It is structured in such a way as to ensure that the Company can implement strategies and achieve set goals.

The organisation structure of Moleskine was created bearing in mind the need to give the Company an efficient and effective organisation.

In light of the peculiarity of its organisation structure and the activities it carries on, Moleskine has adopted the so-called "*traditional system*" that requires the presence of a Board of Directors with administrative functions and a Board of Statutory Auditors with administration control functions, both appointed by the general shareholders' meeting.

Moleskine's *corporate governance* system is presently organised as follows:

A) **Shareholders' Meeting**:

The Shareholders' Meeting is responsible for resolving questions that the law or Articles of Association have reserved for it during ordinary and extraordinary sessions.

B) **Board of Directors**:

Management of the company lies solely with the directors, who perform the operations to carry out the company purpose. The directors must request the prior approval of the ordinary Shareholders' Meeting in those cases mandatory by law, more specifically pursuant to Art. 2357 to 2361 of the Italian Civil Code. The Board of Directors is in possession of full powers for the ordinary and extraordinary management of the Company, and hence the power to perform

everything it deems necessary and advisable to implement and attain the company purpose, excluding only those powers that strictly lie with the Shareholders' Meeting.

The Board of Directors is made up of 8 (eight) directors, including the Chairman and a Chief Executive Officer.

C) **Board of Statutory Auditors**:

The Board of Statutory Auditors is made up of 3 (three) statutory auditors and 2 (two) alternate auditors. All Board members remain in office for 3 years and may be re-elected.

The Board of Statutory Auditors is given the task to supervise:

- observance of the law and of the Articles of Association;
- observance of the principles of correct administration;
- adequacy of the organisation structure of the Company, of the internal control system and of the accounting administration system, also with reference to the latter's trustworthiness in properly representing the operational transactions.

D) **Auditing Firm**:

The Moleskine Shareholders' Meeting gave an Auditing Firm, entered in the relevant register, the auditing appointment.

3. THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF MOLESKINE S.P.A.

3.1 THE PURPOSE OF THIS MODEL

This Model considers the entrepreneurial conditions of Moleskine and is a sound tool for informing and raising the awareness of the directors, statutory auditors and all other interested parties such as, for example but not limited to, employees, supplier, consultants, contractual counterparties and third parties in general (hereinafter "Third parties" and, together with the other parties, the "Recipients"). This is done so that the Recipients follow correct and transparent behaviour in line with the values that inspire Moleskine in its pursuit of the company purpose and in any case such as to prevent the risk of committing offences set out in Decree 231 when discharging their duties.

This Model was prepared by the Company based on the identification of the areas of possible risk in the company activity, within which the possibility that the offences will be committed is considered higher and its goals are those of:

a) preparing a prevention and control system aimed at reducing the risk of committing offences connected with the company activity;

b) making everyone who works in the name and on behalf of the Company, and particularly those working in the "activity at risk areas", aware that in the event of a violation of the provisions it contains, they may run into an infringement liable to criminal and administrative sanctions not only against themselves, but also against the Company;

c) informing everyone working with the Company that violation of the provisions this Model contains will involve application of special sanctions such as, for example, termination of their contractual relationship;

d) confirming that the Company does not tolerate illegal behaviour of any kind and regardless of any end and that, in any case, said behaviour is always and in any case against the principles that inspire the entrepreneurial activity of the Company, even if the Company should apparently be in a condition to profit from it.

3.2 CONCEPT OF ACCEPTABLE RISK

The concept of acceptable risk cannot be disregarded when preparing an organisation and management model like this one. In order to observe the provisions introduced by Decree 231, establishing a threshold that allows the quantity and quality of the prevention tools that have to be adopted to prevent the commission of the offence is indeed unavoidable.

With specific reference to the sanctions mechanism introduced by Decree 231, the acceptability threshold is represented by the effective implementation of an adequate preventive system that cannot be bypassed unless intentionally. In other words, the people who have committed the offence must have acted while fraudulently evading the Model and the controls the Company has adopted in order to exclude the administrative liability of the entity.

Without prejudice to what is stated above and considering what is established in the Confindustria Guidelines, assessment of the type of acceptable risk must also be based on the comparative analysis of costs and the relevant benefits.

3.3 CONSTRUCTION OF THE MODEL AND ITS ADOPTION

On the basis of the instructions provided by the Confindustria Guidelines as well, Moleskine formed a Working Group made up of resources of the Company and supported by consultants coming from a leading consulting firm with specific expertise in the significant matters and subject of the regulations of reference during the months prior to the Model's adoption. The purpose of this Working Group was to map the areas at risk and to identify and assess risks concerning the offences covered by the regulations and the relevant Internal Control System. The Company drafted this Model on the basis of the result of these activities.

The drafting of this Model was broken down into the stages described hereunder:

a) preliminary examination of the company context by interviewing informed parties within the company structure in order to define the organisation and the activities carried out by the various company functions, in addition to the company processes into which the activities are divided and their concrete and actual implementation;

b) identification of the areas of activity and company processes at "risk" or instrumental for the commission of offences (hereinafter all together called "Areas at Risk of Offences") made on the basis of the preliminary examination of the company context pursuant to foregoing letter a);

c) identification of the main risk factors as well as the measurement, analysis and assessment of the adequacy of the existing company controls for each area;

d) identification of the points for improvement in the Internal Control System;

e) adjustment of the Internal Control System to reduce the identified risks to an acceptable level.

In particular, the Working Group took an inventory and carried out a specific mapping of the company activities (so-called "risk mapping"), mainly by interviewing Company personnel.

At the end of these activities, the Working Group completed a list of the areas at "risk of offences", i.e. those sectors of the Company and/or company processes compared to which it was considered existing in abstract terms, in light of the mapping results, the risk of committing the offences included amongst those cited by Decree 231 attributable to the type of activity the Company carries on.

Also identified (with regard to the offences against the Public Administration) were the so-called "instrumental areas", i.e. the areas that may support the commission of the offences in the areas at risk of offences since they manage financial instruments and/or alternative instruments. The Working Group then measured and analysed the existing company controls - as-is stage - and identified points for improvement, and finally formulated special suggestions such as to allow a plan of action to field the relevant topics to be defined.

Together with the risk assessment and identification of the existing control points, the Working Group reconnoitred the *status quo* of the Company with primary regard for the remaining necessary components of the Model, i.e.:

- the Code of Ethics;
- the Disciplinary System;
- the Supervisory Body.

To this regard, note that in compliance with what is set out in the Confindustria Guidelines, the Working Group considered possible episodes that were able to affect the Company during the past 5 years with reference to the offences referred to in Decree 231 (e.g. investigations in progress, notifications of investigation, etc.) as it carried out the risk assessment and identified existing controls - so-called historical analysis - and found no significant episodes in that sense.

The Board of Directors of the Company adopted this Model and it is also responsible for supplementing it and updating it.

The Model was later updated and approved by the Board of Directors on 6 August 2014 in order to include the regulatory updates coming from introduction of Italian Law no. 190/2012 and the organisational changes that had taken place.

Subject to resolution, the Board of Directors may further amend all or part of this Model at any time in order to adapt it to new provisions of law or following a company structure reorganisation process.

3.4 THE STRUCTURE OF THE MODEL

This Model consists of a "General Part" and several "Special Parts".

The "General Part" explains the content of Decree 231, the purpose of the Organisation and Management Model, the tasks of the Supervisory Body, the sanctions applicable in the case of violations and, in general, the principles, rationales and structure of the model.

The "Special Parts" are dedicated to the specific types of offence, and in particular:

- SPECIAL PART 1: Offences against Public Administration
- SPECIAL PART 2: Corporate offences
- SPECIAL PART 3: Health and safety at work offences
- SPECIAL PART 4: Offences of terrorism or overthrow of democracy
- SPECIAL PART 5: Offences of handling stolen goods, money laundering and use of money, assets or other benefits of illegal origin
- SPECIAL PART 6: Transnational offences and offences of organised crime
- SPECIAL PART 7: Offences against industry and trade

- SPECIAL PART 8: Copyright infringement offences
- SPECIAL PART 9: Market Abuse
- SPECIAL PART 10: Use of third-country citizens whose residence permits are invalid

The objective of each Special Part is to remind the identified recipients of the obligation to adopt rules of conduct compliant with what is provided for in the company procedures set out in the Model in order to prevent the commission of the offences contemplated by Decree 231 and identified as significant in abstract terms on the basis of the organisational structure and the company activities carried on.

More specifically, the following are indicated for each Special Part:

1) the areas "at risk of offences" and their sensitive activities;
2) any "instrumental" areas and their areas at risk;
3) the company departments and/or offices working inside each area at risk or instrumental area;
4) the existing major controls over the single areas at risk of offences;
5) the offences that might, in abstract terms, be committed and the associated potential methods of execution;
6) the principles of conduct to follow in order to reduce the risk of offences being committed;
7) the obligations of the Supervisory Body in connection with performance of its tasks.

Based on the risk assessment results at present, the following types of offences were considered insignificant although applicable to the Company in abstract terms:

- Art. 24 bis – Computer and illegal processing of data offences;
- Art. 25 quinquies - Criminal offences against the individual;
- Art. 25 undecies - Environmental offences.

The following types of offences were instead considered non-applicable to the company conditions of Moleskine:

- Art. 25-quater.1 - Mutilation of the female genital organs.

On the basis of the considerations voiced above, it was decided to not draft specific special parts for the above-mentioned types of offences.

This decision was taken bearing in mind the current structure of Moleskine, the activities the Company currently carries out and the type of offences indicated.

The Company undertakes to continuously monitor its activity in connection to both the aforesaid offences and the regulatory expansion to which Decree 231 may be subject. If the significance of

one or more of the above-mentioned offences, or any new offences that the lawmaker will decide to add to Decree 231 emerge, the Company will estimate the advisability of supplementing this Model with new special parts.

3.5 DOCUMENTS CONNECTED WITH THE MODEL

The model is supplemented with the principles and provisions contained in the Code of Ethics, and in the combination of processes, procedures and systems.

More specifically, all tools already in effect at Moleskine, including all of the policies, procedures and rules of conduct adopted, are explicitly and entirely referred to for the purposes of this Model. These tools form an integral and substantial part of this Model.

In particular, the following documents form an integral and substantial part:

- Code of Ethics containing the set of rights, duties and responsibilities of the Company toward the Recipients;
- organisational structure aimed at guaranteeing a clear and organic assignment of duties - providing for a segregation of functions or, as an alternative, compensatory controls, as far as possible - and at controlling proper conduct;
- company procedures and internal controls aimed at guaranteeing adequate transparency and knowledge of the decision-taking processes and at regulating the operating procedures aimed at taking and implementing decisions in the Areas at Risk of Offences, including those regarding proper management of the financial resources;
- decision-taking responsibilities and powers consistent with the responsibilities assigned in order to ensure clear and transparent representation of the company process for forming and implementing decisions;
- disciplinary system and relevant sanctions mechanism to apply in the case of violation of the Model (hereinafter the "System of Sanctions"), provided hereunder.

It ensues that the term Model must be considered not only this document, but also all of the additional documents that will afterwards be adopted according to its provisions and that will pursue the aims indicated therein.

4. THE SUPERVISORY BODY

4.1. COMPOSITION AND APPOINTMENT

Moleskine has opted for a board composition of the Supervisory Body in consideration of the aims pursued by the law and the size and organisation of the Company.

The Supervisory Body was formed for the first time with a resolution of the Board of Directors meeting held on 19/09/2012, the date on which the Company formally adopted the Model. At that time the Board decided on the number of members, the term of office, the authority and powers, responsibilities and duties of the Supervisory Body in compliance with what is provided for hereunder.

The Supervisory Body is appointed by the Board of Directors and remains in office for the term of three years.

The Supervisory Body is made up of 3 members who can be re-elected and who meet the requirements of integrity, professionalism, independence and autonomy necessary to hold the office. Please refer to the personal and professional characteristics required by our regulations for Directors, Statutory Auditors, executive officers in charge of internal controls or for other qualified positions. Members must however be selected bearing in mind the aims pursued by Decree 231 and the primary need of ensuring the actual existence of the controls and the Model, its adequacy and maintenance of it requirements, updating and adaptation over time.

The Supervisory Body will select its Chairman from amongst its members.

The external members of the Supervisory Body must have specific skills in organisation and internal control and in legal matters.

The Board of Directors establishes the fee due to the members of the Supervisory Body for the tasks they are assigned at the time they are appointed.

Lastly, the Company has established that the management body must approve adequate financial resources, proposed by the Supervisory Body itself, that the Supervisory Body may use for all requirements necessary for the proper discharge of its duties (e.g. specialised advice, transfers, etc.) when drawing up the company budget, as set forth in the Confindustria Guidelines.

4.2 REGULATIONS

The Supervisory Body is responsible for drawing up its own internal document that regulates the actual aspects and methods of performing its duties, including for whatever pertains to the relevant organisation and functioning system.

More specifically, the following profiles, among others, are regulated by these internal regulations:

- the type of activities that the Supervisory Body is to audit and supervise;
- the type of activities connected with the updating of the Model;

- the activity connected with fulfilment of the tasks of informing and training the Recipients of the Model;
- the management of the information flows to and from the Supervisory Body;
- the information flows to the Board of Directors;
- the functioning and internal organisation of the Supervisory Body (e.g. convocation and decisions of the Body, etc.).

From this point of view, it is advisable to ensure that all activities of the Supervisory Body be documented in writing, and that every meeting or inspection it attends be put on record.

4.3 TERMINATION OF OFFICE

Termination of office due to expiration of term takes effect when the Supervisory Body is re-formed. Termination of office may be due to resignation, forfeiture, annulment or death of the individual members.

The members of the Supervisory Body who resign from office are required to notify their resignations in writing to the Board of Directors and Supervisory Body so that they may be promptly replaced.

The members of the Supervisory Body fall from office if the requisites for taking office are lacking (e.g. debarment, inability, bankruptcy, conviction to a penalty that involves debarment from public offices or if they are found guilty of the offences listed in Decree 231 and, in general, in case of incapacity and incompatibility, loss of requisites, etc.).

The Board of Directors can annul the members of the Supervisory Body for just cause after consultation with the Board of Statutory Auditors. By way of example, just cause may be non-observance of the obligations of each member of the Supervisory Body, unjustified absence at three meetings of the Supervisory Body, conflict of interest, the impossibility to carry out the activities of a member of the Supervisory Body, etc. Furthermore, in the case of an internal member, termination of employment of the Supervisory Body member at Moleskine usually leads to annulment of the appointment. The Supervisory Body itself may ask the Board of Directors to remove one of its members from office with justification for the request.

In the case of resignation, forfeiture, annulment or death of a member of the Supervisory Body, the Board of Directors will replace the member after consulting with the Board of Statutory Auditors. The members appointed in this way remain in office for the remaining term of the Supervisory Body.

4.4 REQUISITES

In observance of the provisions of Art. 6, par. 1 of Decree 231, the Supervisory Body has the task of supervising the functioning and observance of the Organisation, Management and Control Model, of attending to its updating, and has autonomous powers of initiative and control.

The requisites that the Supervisory Body must meet in order for the aforesaid functions to be effectively carried out are:

- autonomy and independence since:
  - the control activities initiated by the Supervisory Body are not subject to any form of interference and/or conditioning by parties inside Moleskine;
  - the majority of the Supervisory Body members are professionals outside the Company;
  - it reports directly to the management of the company, namely the Board of Directors, with the possibility to report directly to the Shareholders and Statutory Auditors;
  - it has not been given operational duties and it does not take part in operational decisions and activities in order to protect and guarantee the objectivity of its judgement;
  - it has adequate financial resources necessary for proper execution of its activities;
  - the rules of internal functioning of the Supervisory Body are defined and adopted by the very same body;
- the professional skills and know-how of the Supervisory Body allow it to be able to rely on a wealth of expertise adequate for executing the tasks given to it; to this end, the Supervisory Body also has the right to make use of the company functions and internal resources, as well as of external consultants;
- continuity of action since the Supervisory Body is an ad hoc body dedicated only to supervising the functioning and observance of the Model;
- integrity and lack of conflict of interest, to be understood in the same terms provided for by the Law with reference to directors and members of the Board of Statutory Auditors.

The Board of Directors assesses the permanence of the aforesaid requisites and operating conditions of the Supervisory Body.

4.5 FUNCTIONS, ACTIVITIES AND POWERS OF THE SUPERVISORY BODY

In compliance with the provisions of Art. 6, par. 1 of Decree 231, the Supervisory Body of Moleskine is given the task of supervising the functioning and observance of the Model and of supervising its updating.

Therefore, generally speaking the Supervisory Body is given the following tasks:

- verification and supervision of the Model, namely:
  - checking the adequacy of the Model in order to prevent illegal behaviour from occurring and to point it out should it occur;
  - checking the effectiveness of the Model, i.e. agreement between the actual behaviour and that formally provided for by the Model;
  - performing analyses concerning the observance of the requisites of soundness and functioning of the Model over time;

- updating the Model, namely:
  - taking steps so that the Company supervises the updating of the Model and, if necessary, proposing its adjustment to the Board of Directors or to the company functions responsible in order to improve its adequacy and effectiveness;
- providing information and training on the Model, namely:
  - promoting and monitoring the initiatives aimed at promoting dissemination of the Model to all parties required to observe its provisions (hereinafter "Recipients");
  - promoting and monitoring the initiatives, including courses and communications, aimed at promoting adequate knowledge of the Model by all Recipients;
  - assessing the requests for clarification and/or advice coming from the company functions or resources, or from the administrative and control bodies, if associated and/or connected with the Model;
- management of the information flows to and from the Supervisory Body, namely;
  - ensuring punctual fulfilment of all reporting activities by the interested parties concerning observance of the Model;
  - examining and assessing all information and/or reports received and connected with observance of the Model, including whatever pertains to any of its violations;
  - informing the competent bodies, specified hereunder, on the activity carried out, its results and the scheduled activities;
  - reporting to the competent bodies of any violations of the Model and the responsible parties while proposing the sanction deemed best suited to the actual case so they may take the appropriate measures;
  - in case of controls by institutional parties, including the Public Authority, supplying the necessary information to the inspection bodies;
- follow-up activities, namely checking implementation and actual practicality of the proposed solutions.

It is emphasised that the functions and tasks described above also refer to all components of the Model, and particularly to the Code of Ethics, for which the Supervisory Body assumes responsibility for supervising aspects that might lie outside the areas of application provided for by Decree 231.

To perform the tasks it is assigned, the Supervisory Body is given all powers necessary to ensure accurate and efficient supervision over the functioning and observance of the Model.

The Supervisory Body has the following rights described by way of example, also through its resources:

- to carry out all checks and inspections, even unplanned, deemed opportune for proper execution of its duties;
- free access to all functions, archives and documents of the Company, without any prior permission or need for authorisation, in order to obtain all information, data or documents deemed necessary;
- to have, where necessary, the hearing of resources that might provide suggestions or information helpful with regard to the execution of the company activity or to any failure to comply with the Model or its violations;
- to have recourse to the aid of all Company structures or external consultants under its direct supervision and responsibility;
- to have financial resources allocated by the Board of Directors for anything necessary in order to properly perform its duties.

The Supervisory Body is required to report the results of its activity to the Board of Directors.

In particular, the Supervisory Body reports on violations of the Model found prior to adopting their sanctions and when cases pointing to serious critical issues of the Model occur, it submits proposals of amendments or supplements.

The Supervisory Body must prepare an informative report on the supervision activity carried out and the result of this activity and on the implementation of the Organisation, Management and Control Model within Moleskine for the management body at least every six months; this report must be sent to the Board of Statutory Auditors.

The activities of the Supervisory Body are unappealable by any company body, structure or function except for, however, the supervisory obligation that the Board of Directors has concerning the adequacy of the Supervisory Body and its work since the Board of Directors is in any case responsible for the functioning and effectiveness of the Model.

To perform the supervision functions assigned to the Supervisory Body, it has at its disposal adequate financial resources and is entitled to make use of the aid of the company's internal structures and, if necessary, of the support of external consultants in observance of the applicable company procedures, under its direct supervision and responsibility.

The regulations governing the internal functioning of the Supervisory Body are referred to the body itself, which defines - with special regulations pursuant to foregoing par. 4.2 - the aspects concerning execution of the supervisory functions, including determination of the timing for the audits, identification of the criteria and analysis procedures, putting the meetings on record, rules and regulations governing information flows, etc.

4.6 THE INFORMATION FLOWS THAT INTEREST THE SUPERVISORY BODY

The Supervisory Body must be promptly informed by everyone in the company and by third parties required to observe the provisions of the Model of any news regarding the existence of possible violations of the Model.

In any case, the following information must absolutely and immediately be sent to the Supervisory Body:

A. that might be related to violations, even potential, of the Model, including but not limited to:

- any orders received from a superior and deemed in conflict with the law, internal regulations or the Model;
- any requests or offers of money, gifts (beside the methods specified in the Code of Ethics and/or in the company procedures) or of other benefits coming from, or going to, public officials or public service representatives;
- any significant budget variances or expenditure anomalies not duly justified that emerge from authorisation requests during the Management Control accounting stage;
- any omissions, negligence or falsifications in the book-keeping or preservation of documents on which the accounting entries are based;
- orders and/or information coming from criminal police bodies or from any other authority from which it is deduced that investigations affecting, even indirectly, the Company, its employees or the members of the boards of directors and statutory auditors are being carried out;
- requests for legal assistance forwarded to the Company by employees pursuant to the National Collective Labour Agreement in the case criminal proceedings against them have been started;
- information regarding disciplinary proceedings in progress and any sanctions inflicted or grounds for their dismissal;
- any reports not promptly noticed by the responsible functions concerning both deficiencies or inadequacies of the workplaces, work equipment or protective equipment that the Company makes available, and all other dangerous situations connected with health and safety at work.

B. regarding the Company's activity, which may take on importance as regards the Supervisory Body's execution of the tasks it is assigned, including but not limited to:

- reports prepared by the Internal Managers as part of their activity;
- information regarding the organisational changes or company procedures in effect;
- updates of the power and delegation system;
- any communications of the auditing firm regarding aspects that might indicate a deficiency in internal controls;

- decisions regarding the request, disbursement and use of public funding;
- periodic reports on health and safety at work, and especially the report of the periodic annual meeting pursuant to Art. 35 of Italian Legislative Decree no. 81/2008, the annual and consolidated financial statements complete with explanatory notes and management report, and the interim statement of financial position;
- tasks, other than those of auditing, assigned to the auditing firm;
- communications from the Board of Statutory Auditors and the auditing firm regarding all critical issues that have emerged, even if resolved;
- the results of the internal audit aimed at checking actual observance of the Code of Ethics.

The staff and everyone who works in the name and on behalf of Moleskine who come into possession of information on the commission of offences within Moleskine or on practices not in line with the rules of conduct and the principles of the Code of Ethics are required to promptly report it to the Supervisory Body. These reports, whose confidentiality must be guaranteed, may be sent by electronic mail to the address organismodivigilanza@moleskine.com or by regular post addressed to the Supervisory Body c/o Moleskine SpA, Viale Stelvio 66, Milan, Italy. To this regard, note that the employees however have the duty of diligence and the obligation of loyalty to the employer pursuant to Art. 2104 and 2105 of the Italian Civil Code. Therefore, proper fulfilment of the information obligation by the employee cannot give rise to application of disciplinary sanctions.

The Supervisory Body must act during the investigation stage following the report in such a way as to guarantee that the parties involved are not subject to retaliation, discrimination or in any case penalisation, therefore ensuring the confidentiality of the party who made the report (except for when any legal obligations that impose otherwise arise).

The purpose of the information supplied to the Supervisory Body is to help and improve its control planning activities, and does not force it to systematically and punctually verify the phenomena represented; it is therefore left to the discretion and responsibility of the Supervisory Body to establish in which cases it must take action.

The reporting activity particularly concerns:

- the activity, in general, that the Supervisory Body carries out;
- any problems or critical issues that have emerged during the supervision activity;
- the necessary or potential corrective actions to take in order to ensure the effectiveness and actual existence of the Model, as well as the state of implementation of the corrective actions resolved by the Board of Directors;
- ascertainment of conduct not in line with the Model;
- the finding of organisational or procedural shortcomings such as to expose the Company to the danger that significant offences pursuant to Decree 231 may be committed;

- any non-collaboration, or poor collaboration, of the company structures/functions in carrying out their audit and/or investigation duties;
- in any case, any information deemed helpful for the appointed bodies to take urgent decisions.

In any case, the Supervisory Body may contact the Board of Directors every time it deems it opportune for the purpose of effectively and efficiently fulfilling the tasks it is appointed.

The meetings between the bodies must be put on record and the copies of the minutes must be kept at the Supervisory Body offices.

5. THE CODE OF ETHICS

5.1 RELATIONSHIP BETWEEN THE ORGANISATION, MANAGEMENT AND CONTROL MODEL AND THE CODE OF ETHICS

One essential element of the preventive control system is the adoption and implementation of significant ethics principles in order to prevent offences provided for by Decree 231. Moleskine has therefore drawn up its own Code of Ethics with reference to the offences contemplated by Decree 231.

The Model and Code of Ethics are closely connected and must be considered the expression of a single set of rules adopted by the Company in order to promote the high values of ethics, fairness, honesty and transparency in which Moleskine believes and intends to conform its activity.

The Model meets the need to prevent the commission of the offences listed in Decree 231 and, in general, in the rules of law by implementing specific rules, processes and procedures.

The Moleskine Code of Ethics is a general tool that establishes the conduct that Moleskine intends to observe and have observed in the execution of the company's activity in order to protect its reputation and image in the market, as well as to promote and disseminate. The ethics principles that are essential for Moleskine and the rule of conduct safeguarding all company activities are therefore explained in the Code of Ethics, to which the reader is referred. It is therefore stressed that these principles aim at preventing the commission of offences, whether or not provided for in Decree 231, as well as conducts not in line with the Company's ethical expectations.

5.2 AIMS OF THE CODE OF ETHICS

The Code of Ethics gives voice to the "ideal social contract" between the company and its stakeholders, and it defines the ethical criteria adopted in balancing the expectations and interests of the various stakeholders. It is the set of rights, duties and responsibilities of the organisation toward its stakeholders. It also contains principles and guidelines of conduct on potential areas of ethical risk.

The Code of Ethics is also one of the fundamental elements forming the Organisation, Management and Control Model aimed at preventing risks of offences connected with application of Decree 231 on the administrative liability of entities.

5.3 STRUCTURE OF THE CODE OF ETHICS

The Code of Ethics annexed hereto is structured as follows:

- Aims and area of application
- Company mission
- Fundamental values
- Principles of conduct in company management

- Implementation and control.

6. THE SYSTEM OF PROXIES AND POWERS OF ATTORNEY

6.1 GENERAL PRINCIPLES

As required by good business practices and also as specified in the Confindustria Guidelines, the Moleskine Board of Directors is the body in charge of formally giving and approving the proxies and powers of signature, assigned consistently with the established organisational and management responsibilities, with an accurate indication of the expense approval thresholds and level of autonomy. The power of representation and the expense thresholds assigned to the various holders of proxies and powers of attorney within the Company are always identified and set consistently with the hierarchical level of the recipient of the proxy or power of attorney within the limits of what is strictly necessary to perform the tasks and duties covered by the proxy and according to the provisions of the Group policy.

Appointment of the Attorneys-in-fact and their powers are usually granted with a resolution of the Board of Directors and special powers of attorney are in notarial form, filed with the competent Companies Register, and are periodically updated according to the organisational changes that take place in the structure of the Company.

6.2 STRUCTURE OF THE SYSTEM OF PROXIES AND POWERS OF ATTORNEY AT MOLESKINE

The system of proxies and powers of attorney currently in force at Moleskine faithfully follows the picture that emerges from the company Organisation Chart.

Coordination and management of the business management activity and the administrative aspects of the Company and Group lie with the Board of Directors. The CEO is given the office of legal representative of the Company in all company deeds.

7. MANUAL AND COMPUTERISED PROCEDURES

The procedures prepared by the Company and at the Group level, whether they are manual or computerised, form the rules to be followed within the company processes involved.

As for what specifically concerns the computerised procedures, it can be said that the main management systems of the administrative and control area are supported by computer applications of a good level of quality. In themselves, they form the "guidebook" for the methods on how to carry out certain transactions and they ensure a good level of standardisation and compliance since the processes are managed by these applications validated before the software is released.

Therefore, the Company ensures observance of the following principles in this context:

- encourage the involvement of multiple parties in order to get adequate segregation of tasks through the opposition of functions;
- adopt the measures aimed at guaranteeing that every operation, transaction and action is verifiable, documented, consistent and adequate;
- prescribe the adoption of measures aimed at documenting the controls carried out with regard to the operations and/or actions performed.

8. MANAGEMENT CONTROL AND CASH FLOWS

The Moleskine management control system provides for mechanisms that check management of the resources that must guarantee not only verifiability and traceability of the expenses, but the efficiency and cost effectiveness of the company activities as well, while aiming at the following goals:

- clearly, systematically and knowably define the resources (monetary and non-monetary) at the disposal of the individual Departments and functions and the perimeter within which these resources can be used by planning and defining the budget;
- enter any deviations from what has been pre-determined in the budget based on actual monthly situations, analyse their causes and report the results of the assessments to the appropriate hierarchical levels for the appropriate measures to be taken to adjust them;
- prepare six-month forecast situations in which the initial planning set out in the budget is reviewed on the basis of the deviations that emerge in the actual budget analysis.

If significant deviations from the budget or spending anomalies not duly justified arise from the analyses and/or authorisation requests, the Departments/functions and/or Controlling are required to immediately inform the Supervisory Body.

9. TRAINING, COMMUNICATION AND DISSEMINATION OF THE MODEL

9.1 COMMUNICATION AND INVOLVEMENT IN THE MODEL AND ITS RELATED PROTOCOLS

The Company promotes full disclosure of the principles and expectations contained in the Model and its related Protocols inside and outside the structure.

The Model is formally communicated to all top managers (including the Directors, Statutory Auditors and Auditing Firm) and to the Company's Personnel by delivering a complete copy on computer medium or electronically and by publishing it on the company Intranet.

Documentary evidence of the delivery made and the commitment of the Recipients to observe the rules set out therein is kept on file by the Supervisory Body.

Adoption of the Code of Ethics is also notified and disclosed to all external parties with whom Moleskine has relations, including, among others, suppliers, business partners, associates, consultants, etc.

Everyone who works in the name and/or on behalf of the Company for any reason, without distinction and exception, is asked to take note of the adoption of the Code of Ethics by the Company and to undertake to observe the values represented in it while considering this aspect of fundamental importance in order to maintain the business relationship. Any non-observance of the principles set out in the Code of Ethics by the above-mentioned parties will also be assessed for the purpose of protecting the Company's rights and interests.

9.2 TRAINING ON THE MODEL AND ITS RELATED PROTOCOLS

In addition to the activities connected with the information of the recipients, the Supervisory Body has the task of promoting and monitoring the Company's implementation of the initiatives aimed at promoting adequate knowledge and awareness of the Model and Protocols associated with it in order to increase the ethics culture and control inside the Company.

In particular, it is foreseen that the principles of the Model, and especially those of the Code of Ethics that is part of it, be explained to the company resources through specially provided training activities (e.g. courses, seminars, questionnaires, etc.), whose attendance is mandatory and whose methods of execution are planned by preparing special training plans that the Company implements.

The courses and other training initiatives on the principles of the Model must be differentiated based on the role and responsibilities of the resources involved, or by planning a more intensive training marked by a higher degree of in-depth study for the parties qualifiable as "top managers" pursuant to Decree 231 and for those working in the areas considered "at risk of offences" pursuant to the Model.

More specifically, then content of the training sessions must include a part regarding Decree 231 and the administrative liability of entities (regulatory sources, offences, sanctions borne by the individuals and by the companies, and exempting) and a specific part on the Organisation, Management and Control Model adopted by the Company (Principles of reference for adopting

organisation, management and control models pursuant to Decree 231, General Part and Special Parts of the Model).

Evidence and adequate probative documentation must be kept on the profitable attendance of the training courses.

10. DISCIPLINARY SYSTEM (PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/01 ART. 6, PAR. 2, LETTER E)

10.1 AIMS OF THE DISCIPLINARY SYSTEM

Moleskine considers observance of the Model as essential. Therefore, in compliance with Art. 6, par. 2, letter e) of Decree 231, the Company has adopted an adequate system of sanctions to apply in case of non-compliance with the rules set forth in the Model since violation of these rules and measures imposed by Moleskine in order to prevent offences listed in Decree 231 is prejudicial to the relationship of trust established with the Company.

For the purpose of Moleskine's application of the disciplinary sanctions provided for therein, the introduction of any criminal proceedings and their outcome are unnecessary since Moleskine adopts the rules and measures provided for in the Model in full autonomy, regardless of the offence that any conduct may lead to.

In no case whatsoever may illegal or illegitimate conduct, or however conduct in violation of the Model, be justified or considered less serious, even if committed in the interest or to the benefit of Moleskine. Also sanctioned are attempts and in particular unequivocal acts or omissions aimed at violating the rules and regulations established by Moleskine, even if the action is not carried out or the event does not take place for any reason.

10.2 SYSTEM OF SANCTIONS AGAINST SUBORDINATE WORKERS

In conformity with the applicable legislation, Moleskine must inform its employees of the provisions, principles and rules that the Organisation, Management and Control Model contains through the information and training activities described above.

Violation of the provisions, principles and rules contained in the Model prepared by Moleskine in order to prevent the commission of offences pursuant to Decree 231 by the employee constitutes a disciplinary offence that can be punished according to the violation intimation procedures and infliction of the resulting sanctions provided for in the Italian National Collective Labour Agreement, "Confcommercio tertiary" sector, according to what is stated and described in the section "Disciplinary Rules", and in compliance with the provisions of Art. 7 of the Workers' Statute, transcribed below.

The disciplinary system regarding the Model was represented in accurate observance of all legal provisions on the subject of labour. No methods and sanctions other than those already defined and included in the collective and trade union agreements have been envisaged. The Italian National Collective Labour Agreement, "Confcommercio tertiary" sector, indeed provides for a number of sanctions able to formulate the sanction to impose on the basis of the seriousness of the infraction. Constituting disciplinary infringement regarding the activities identified as at risk of offences are:

- failure to comply with the principles contained in the Code of Ethics or behaving in any case in a manner non-compliant with the rules of the Code of Ethics;
- failure to follow the rules, regulations and procedures set out in the Model;

- lack of, incomplete or untruthful documentation, or its unsuitable preservation, necessary in order to ensure transparency and verifiability of the activity carried out in conformity with the procedural rules provided in the Model;
- violation and evasion of the control system by removing, destroying or altering documentation required by the procedures described above;
- hindering controls and/or unjustified obstruction to access to information and documentation, opposing parties in charge of the controls, including the Supervisory Body.

Depending on the seriousness of the mistakes, the disciplinary infringements described above can be punished with the following measures:

- verbal warning;
- written warning;
- fine;
- suspension;
- dismissal.

The sanctions must be imposed weighing the seriousness of the infringements. In consideration of the extreme importance of the principles of transparency and traceability, and the importance of the monitoring and control activities, the Company will be led to apply the measures of greatest impact against those infractions that owing to their nature violate the principles themselves on which this Organisation Model is based. All the same, purely by way of example, the management in total autonomy of an entire process that includes not just the authorisation phase, but that of accounting as well, from which one of the risks of those listed in the special part of this Model originates (or may originate), may lead to dismissal of the functions involved once the disciplinary proceedings are completed.

The type and extent of each of the sanctions must be applied taking into account:

- the wilfulness of the conduct or degree of negligence, imprudence or incompetence also with regard to the predictability of the event;
- the overall conduct of the worker, with particular regard to whether or not prior disciplinary measures have been taken against the same worker, within the legal limits;
- the worker's duties;
- the functional position and level of responsibility and autonomy of the people involved in the events constituting the mistake;
- other particular circumstances regarding the disciplinary offence.

The Supervisory Body has the task of checking and assessing the suitability of the disciplinary system in light of Decree 231. The Supervisory Body must also precisely indicate the possible

areas for improvement and development of this disciplinary system in its periodic six-month report, especially in light of the developments of the regulations on the subject.

10.3 SANCTIONS AGAINST MANAGEMENT PERSONNEL

If management personnel violate the Model, Moleskine inflict more suitable disciplinary measures. However, in light of the deeper fiduciary link that owing to its very nature ties the Company to the management personnel, and in consideration of the greater experience management personnel have, the violations of the Model's provisions made by managers will above all entail expulsive measures since they are considered more adequate.

10.4 MEASURES AGAINST DIRECTORS

When informed of the violation of the principles, provisions and rules contained in the Organisation, Management and Control Model by members of the Board of Directors, the Supervisory Body is required to promptly inform the entire Board of Directors and the Board of Statutory Auditors in order to adopt appropriate measures including, for example, calling the Shareholders' Meeting in order to adopt the best suited measures. In its reporting activity, the Supervisory Body must not only report on the details of the violation, but must also indicate and suggest the appropriate further investigations to carry out should the violation prove to be ascertained, and also the most appropriate measures to adopt (e.g. annulment of the director involved).

10.5 MEASURES AGAINST STATUTORY AUDITORS

When informed of the violation of the provisions and rules contained in the Model by members of the Board of Statutory Auditors, the Supervisory Body is required to promptly inform the entire Board of Statutory Auditors and the Board of Directors in order to adopt appropriate measures including, for example, calling the Shareholders' Meeting in order to adopt the best suited measures. In its reporting activity, the Supervisory Body must not only report on the details of the violation, but must also briefly indicate the appropriate further investigations to carry out and should the violation prove to be ascertained, the most appropriate measures to adopt (e.g. annulment of the statutory auditor involved).

10.6 MEASURES AGAINST AUDITORS

When informed of the violation of the principles contained in the Code of Ethics and of the provisions and rules contained in the Organisation, Management and Control Model (as far as applicable) by Auditors, the Supervisory Body is required to promptly inform the Board of Directors and the Board of Statutory Auditors to adopt appropriate measures including, for example, calling the Shareholders' Meeting in order to adopt the best suited measures. In its reporting activity, the Supervisory Body must not only report on the details of the violation, but must also briefly indicate the appropriate further investigations to carry out and should the violation prove to be ascertained, the most appropriate measures to adopt.

10.7 MEASURES AGAINST OTHER RECIPIENTS

Observance by those who for any reason work in the name and on behalf of Moleskine and by the other recipients of the rules of the Code of Ethics and the Organisation, Management and Control

Model (the latter as regards the aspects applicable each time) is guaranteed by providing for specific contractual clauses.

Every violation by those who for any reason work in the name and on behalf of Moleskine, or by the other recipients of the rules of the Code of Ethics and the Organisation, Management and Control Model (the latter as regards the aspects applicable each time) or any commission of the offences listed in Decree 231 by these parties will be not only sanctioned according to the provisions of the contracts entered into with them, which must include specific contractual clauses regarding sanctions applicable in the event of non-observance of the Code of Ethics and the Model, but also through advisable judicial actions to protect the Company. By way of example, these clauses may provide for the right of Moleskine to terminate the contract in the more serious cases, or to apply penalties for the minor violations.

10.8 FURTHER MEASURES

Moleskine's retains the right to make use of all the other remedies allowed by the law, including the possibility to ask all of the parties listed above for compensation of damages arising from violation of Decree 231.

11. UPDATING THE MODEL

The Supervisory Body has the task of promoting the necessary and continuous updating and adjustment of the Model and the Protocols related to it (including the Code of Ethics) so that the parties responsible for the various competent Departments/functions introduce the necessary or advisable corrections and adjustments.

The Board of Directors, together with any Departments/functions involved, is responsible for updating the Model and its adjustment as a consequence to a change in the organisational structures or operational processes, significant violations of the Model and of legislative supplements based on the level of risk deemed acceptable.