

Intellectual property and SIAE requirements

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1. Purpose

This procedure governs the conduct to be adopted by NH Italia spa ("NH Italia") to prevent violations of copyright and other crimes under Legislative Decree 231/2001 in the situations where it uses third party intellectual property (software, databases, images, music, etc..).

2. Objective field of application

The procedure applies to all commercial, operational, technical, administrative and management activities carried out by NH Italia which determine the use of third-party intellectual property and are defined as "sensitive processes" due to the possibility of committing crimes.

It is estimated that the **use of software and databases** within the company constitutes a "sensitive process" for the possible commission of crimes, unauthorised duplication or possession of computer programs, and illegal database use.

Activities involving the **dissemination of images, music, and in general intellectual works**, are at risk when carried out without the necessary authorisations, or in a manner that is detrimental to the legal prerogatives due to the author or rights owner to use the asset or work.

3. Subjective scope of application

The procedure must be applied by the "**Recipients**", as defined in the Code of Conduct of NH Hotel Group and by the following individuals or legal persons:

- NH Italia Employees, Trainees and Executives,
- NH Italia governing and supervisory¹ body members,
- NH Italia Customers, Suppliers, Shareholders and any other interest group (even if not mentioned by the Code of Conduct) which is directly linked to the centres or processes of NH Italia, to the extent that this document can be applied to them and if NH Italia can make it effective.

Except for Customers, Suppliers, Shareholders, all the subjects shown are defined as "**Liabile Subjects**".

4. Regulatory reference

A brief description of art. 25 novies Legislative Decree 231/01 offences, is given below. The following are the individual cases contemplated in Legislative Decree 231/2001:

- *Making a protected intellectual work, or part of it available to the public (art. 171, l. 633/1941 par. 1, letter a) bis) by connecting to an electronic network.*

¹ Board of Directors and Board of Statutory Auditors.

- *Offences referred to in the earlier point committed on other people's works not intended for publication if the author's honour or reputation is offended (art. 171, l. 633/1941, paragraph 3);*
- *Illegal duplication, for profit, of computer programs; import, distribution, sale or possession for commercial or business purposes or lease of programs contained in media not marked by the SIAE; provision of means to remove or circumvent the protection devices of computer programs (Article 171-bis of Law 633/1941, paragraph 1);*
- *Reproduction, transfer to another medium, distribution, communication, presentation, or public demonstration of a database contents; extraction or re-use of the database; distribution, sale or rental of databases (Article 171-bis of Law 633/1941, paragraph 2);*
- *Illegal duplication, reproduction, transmission or public dissemination of intellectual works intended for the television or film circuit, the sale or rental of disks, tapes or similar media or any other media containing phono or videograms of musical, cinematographic or audio-visual works or sequences of moving images; literary, dramatic, scientific or educational, musical or dramatic musical, multimedia works, even if included in collective or composite works or databases; unauthorised reproduction, duplication, transmission or dissemination, sale or trade, transfer for any reason or unauthorised import of more than fifty copies or copies of works protected by copyright and related rights; placing in a system of computer networks, through connections, of an intellectual work protected by copyright, or part of it (art. 171-ter l. 633/1941);*
- *Failure to notify the SIAE of the identification data of media not subject to the false declaration mark (art. 171 septies l. 633/1941);*
- *Fraudulent production, sale, import, promotion, installation, modification, public and private use of equipment or parts of equipment suitable for decoding audio-visual transmissions with conditional access over the air, via satellite, cable, in analogue and digital form (Article 171-octies l., paragraph 1). 633/1941).*

5. Definitions and acronyms

Corporate: NH Hotel Group, Parent Company.

Public bodies: entities that carry out "State or Public Bodies activities" are considered as being "Public Administration."

NH Hotel Group: Group of companies to which NH Italia Spa belongs.

NH Italia: NH Italia Spa

PA = Public Administration.

Company: NH Italia Spa.

Recipients: NH Italia Employees, Trainees, Executives, Governing and Supervisory body members, Customers, Suppliers, Shareholders and any other interest group bound by the Code of Conduct.

Liabe Subjects: NH Italia Employees, Trainees, Executives, training and supervisory body Members, excluding Customers, Suppliers, Shareholders and any other interest groups.

Third Parties: Suppliers, Professionals, Freelancers, Agencies and Partners operating for NH Italia or on its behalf.

6. NH Italia reference procedure

The following procedures are related to this procedure:

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- Public Administration Relations Management.

7. Code of Conduct - General Rules of Conduct

The NH Hotel Group's Code of Conduct regarding the use of third-party intellectual property and the copyright management which form an integral part of this procedure, are set out below.

" NH Hotel Group Intellectual and industrial property "

... omittis...

The Liable Subjects cannot under any circumstances:

- (I) *reproduce, plagiarise, distribute, publicly communicate or economically exploit in any other way, in whole or in part, any work or literary, artistic or scientific performance protected by the Company's intellectual property rights, without specific authorisation; nor*
- (II) *reproduce, imitate, modify or in any other way usurp NH's industrial property rights.*

Likewise, NH and the Liable Subjects shall respect and not infringe the intellectual and industrial property rights of third parties under the same terms.

"Appropriate use of the tools made available to the Liable Subjects"

... omittis...

Recipients may only access the information systems for which they are authorised, with NH equipment and accesses, and with the appropriate licenses. No software that could compromise the security of the systems shall be installed, used or distributed, nor shall unauthorised copies or actions be made that allow access to harmful software or attacks on applications or infrastructures.

8. General rules of conduct

Access to information systems must be carried out following the relevant company procedures and by duly authorised personnel.

It is forbidden to:

- **Install software products and databases in violation of contractual licensing agreements** and all Copyright laws and regulations;
- **Acquire or use products protected by copyright** (music, videos, original writings, images, photos, etc.) **in violation of the contractual protection provided for the property rights of others.**

9. Software programs and databases. Installation and use

The offence of unauthorised duplication or possession of computer programs or unlawful use of databases (Article 171-bis of Law 633/1941, paragraph 1 and paragraph 2), might be committed to allow the Company to save costs by avoiding paying for computer products or databases with a regular licence.

NH Italia's policy is to use exclusively licensed software: such as Microsoft Office Suite and other licensed application software installed by personnel of the IT Department and to use only licensed databases, within the limits and conditions provided by current legislation and the license. The exception is that software which is freely available, but always under the conditions

and within the limits provided for by law or the owner of the copyright and other rights related to its use.

The software installation phase must not involve the intervention of the System Administrators of the NH Italia IT Department or the parent company.

The users of NH Italia's computer systems must be registered and as such are profiled for the use of the software and consistently assigned to the role played by the owner.

10. Software programs and databases. Behaviour

Users of NH Italia's computer systems are prohibited from:

- using company IT equipment for personal reasons;
- using or install programs other than those authorised by the IT Department;
- using databases without a valid licence or authorisation from the owner, even if the licence has expired.
- circumventing company security mechanisms (antivirus, firewall, proxy server, etc.);
- leaving their personal computer unlocked and unattended;
- revealing their authentication credentials (username and password) to the company network or even to other sites/systems;
- illegally possessing or disseminating access codes to the computer or telematic systems of third parties or public bodies;
- entering the company network and programs using a different user identification code from the one assigned;
- bringing private computer equipment into the company;
- installing storage, communication or other devices (burners, modems, USB keys) on the PC;
- duplicating CDs and DVDs protected by copyright laws: any duplication for strictly working purposes requires prior request, authorisation and execution by IT personnel, with the authorisation of the System Administrator;
- downloading free software or shareware from Internet sites without the prior permission of the computer system manager.

To control the use of software licensed and installed by the IT Department, it is responsible for the following activities:

- use of the SCCM server (Microsoft System Centre Configuration Manager) which allows the simultaneous installation and updating of the group software on all company terminals and removing all non-standard and non-installed applications. The aim is to control the software installations present on each NH Italia company terminal.
- Setting limitations to computer systems to prevent users from installing unauthorised software. Permissions and credentials are proved at the policy level through Microsoft AD's GPOs.
- removal by the computer system manager of files or applications considered dangerous or in violation of the law on copyright protection. The INFOSEC security department monitors all violations in terms of the applications present on different hosts.

- Occasional spot checks of Internet sites to verify compliance with corporate policies through the ZSCALER monitoring and filtering system tool.

11. Other copyright protected works

In addition to the databases and software, the works protected by copyright are for example:

- photographs / images,
- video sequences, films, documentaries, etc.
- music files of any format,
- poems, comments, reviews,
- articles and other original content in written form.

12. Image and video use

The unauthorised duplication, reproduction, transmission, or public dissemination of intellectual works by any means (art. 171-ter of Law 633/1941) might be committed to allow the Company to save costs by avoiding paying for computer products or databases with a regular licence.

In the use of images to support NH Italia activities, priority must be given to images owned by NH Hotel Group.

Any use of images that are not owned by the company must be made by downloading them from the "Image Bank" website under an international contract. All the Group's BUs can, for a fee and with their own user ID and password, take images, videos and graphic works. The BUs have the possibility to download a certain number of images and videos within an assigned credit limit that decreases according to the value of credits (cost) of each downloaded image.

The images taken from the "Image Bank" site may have an unlimited use or an expiry date. Images with an expiry date are managed and reset because the image database is linked to an expiration date, which is reported by computer alerts.

The creative content created for the NH Italia promotional and communication activities (images, illustrations, graphics, layouts) must be authorised by the Corporate Marketing Department and the Madrid Agency, which is responsible for NH Group's uniform Marketing management.

Each NH Italia employee has their own personal credentials to access the company's "brand centre" that records images, videos, templates, specific projects and downloaded typefaces. The brand centre allows full traceability of images, videos and other works.

The Commercial Department's sales team have music and images available on the company tablets and laptops for use during customer contact and are authorised works. Commercial Department's sales team are not allowed to use any promotional material other than corporate material and to use legal and authorised material.

13. Images and videos. Behaviour

Liable Subjects and the Departments directly concerned are obliged to:

- purchase, create or publish online only intellectual property licensed for use or which complies the legislation on copyright and other rights related to their use;
- verify in advance with periodic specific checks that the intellectual property content follows legislation on copyright and the rights connected with the use of protected intellectual property;

- verify that all protected third-party content (PR or communication agencies) which is bought by the Company and disseminated, comply with rules on copyright and other rights related to the use of intellectual property. The Departments must formalise a suitable contract for the PR or communication agency, with clauses exempting the Company from liability for the fulfilment of copyright obligations;
- provide written formalisation of SIAE files by the agency, as a preventive measure for the use of music or phonographic material of the videos used for NH Italia promotional and commercial activities.

14. Images and videos for Advertising banners

The advertising banners from Corporate or local needs (BU) are sent to the Marketing Department. The NH Italia graphic designer appoints a graphic or creative agency to create the materials through a banner design brief and instructs the agency to apply the "brand centre" Corporate guidelines.

The agency contract must ensure that the material is approved by the Main Communication Agency (Madrid), which has ongoing agreements with local agencies, and by the Corporate Marketing Division. For Madrid contact persons and corporate authorisation, the advertising material must comply with "brand centre" guidelines.

The graphic designer or creative agency uses the material for the needs specified by the Marketing Department: films, size and Italian language. During the briefing it chooses the images and videos that it considers appropriate.

15. SIAE - Shows or entertainment

Anyone who uses publicly, for any form of entertainment, or reproduces and markets, free of charge, or for a fee, copies of copyrighted works must obtain prior permission from the rights holder. For works entrusted to SIAE administration, permits, authorisations and licences are issued by SIAE on the rights holders' behalf and interests.

The illegal use of works is a crime.

In the NH Italia activities, music is mainly used for **events promoted by**:

- the NH Italia Marketing Department with the organisation entrusted to third parties;
- the NH Italia hotels managed directly or with organisation entrusted to third parties;
- third parties with organisation entrusted to third parties at a NH Italia location (spaces)

16. SIAE - Marketing Department Events

The Marketing Department handles NH Italia internal events. On these occasions, SIAE obligations are indirect because the events are carried out by third parties ("Agencies") or the activity is managed by the individual hotel. Direct SIAE relations are at the expense of third parties in the first case or NH Italia hotels in the second.

Third parties are public relations agencies ("PR") or communication agencies with which contracts must be signed that define the annual services (example: press review) and services that can be provided at NH Italia's request. This part of the contract shows the general availability for the events.

Events organised by the Marketing Department should be held at NH facilities. The Marketing Department must draw up a brief to be sent to the PR Agency containing the performance

method, content and purpose required for the event. Following these requests, an offer/quotation from the Agency is expected. Major events must be authorised by the Corporate Marketing Department, such as the opening of new hotels or hotel renovations.

If the music broadcast is shown in the brief for the event, the PR Agency manages the filing of the play list to be reproduced, other information and pays SIAE fees.

In some cases, it is possible that SIAE accepts the music style reproduced or performed, avoiding the compilation of an exact play list in the bordereau. In all cases the name of the band, musicians or disk jockey must be shown. If there is self-produced music by the band, the statement is limited to indicating the performance of own music without fee.

17. SIAE – Hotel events

Regardless of who is organising the event (NH or third party), if there is musical entertainment, the hotel manager must ensure that the declaration of the nature of the event is made to SIAE and whether this is paid for or free of charge. A play list (bordereau) that will be reproduced or played during the event must be prepared. An advance is paid to SIAE, which issues a receipt with a blank bordereau. During the event, the subjects in charge of distributing or reproducing the music, are required to draw up the bordereau. At the end of the event, within the established deadlines, the file is closed with the delivery of the list and the payment to SIAE.

As for the events organised directly by hotels, the hotel manager has autonomy in the event organisation within the budget limits. Hotel events can have different purposes: guest entertainment, external and institutional relations. SIAE obligations fall on the person who commissioned and organised the event, or, in case of direct management, on the hotel. Staff in charge of the hotels pay the fees at SIAE offices during the event's authorisation. A SIAE invoice is issued only after payment.

Even if a third party organises the event, but the hotel appoints the musicians, band or deejay, the hotel handles all SIAE obligations and charges.

The Hotel Manager has available standard contracts that regulate the events organised by third parties in a shared company folder

18. SIAE - Third party events organised in the hotel areas

The NH Italia Commercial Department has a mission to sell "spaces" within the hotels, where events can be organised, especially to communication agencies, PCO and travel agencies that organise such events.

If there is a third party event, a copy of the SIAE application in accordance with the details in paragraphs 16 and 17 must be requested by the hotel Manager, or appointed manager and filed at the hotel with the event file.

19. SIAE - The SIAE Bordereau, also called Play list

The deejay or musician who conducts the performance of musical works of any kind must complete, before or immediately after the performance, a list of all works performed. The list will then be forwarded to the SIAE office for right's fee collection as described in the previous paragraphs.

The "Play List" lists the pieces performed during the event - live or with a mechanical instrument - and is the basic document used to attribute the proceeds collected by the SIAE for the use of musical works to those entitled.

20. SIAE - Background Music / "Broadcasting"

Background music" broadcasted in hotels is subject to annual "copyright" and "related rights" ("Annual subscription") fees which are paid by the Finance Department by bank transfer in advance of the issue of the SIAE invoice. SIAE sends the annual list of equipment reported the previous year ("loudspeakers" and nature of the reproduction equipment) and checks that there have been no changes. Any changes are reported to SIAE by the Finance Department which processes the file and sets the amount to be paid. Parameters are applied to define the payment. Based on an AICA² agreement and as members, negotiated rates are applied to NH Italia.

Every year, the Finance Department sends SIAE, via email, an excel file showing the inventory of the individual facilities and the different hotels with their equipment to determine the amount of fees payable for each individual hotel. The annual payment is made by 28 February.

21. Document control

Version	Approved by	Document type	Date
1	BU Italy Management Committee	Procedure	December 2016
	Internal Audit Director		

² Italian Association of Confindustria Hotels.