

The page is framed by a decorative border of pink roses and green leaves. The roses are in various stages of bloom, with some showing deep pink and others lighter shades. The leaves are a vibrant green. The border is composed of several clusters of these floral elements, creating a lush, garden-like feel around the central text area.

MONNALISA



Principles of Model 231



Approved by the Board of Directors on 20/12/17

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¹ This document "Principles of Model 231" contains an extract of the General Section of the Model adopted by Monnalisa S.p.A. It has been drawn up by the Supervisory Body of the Company, consistently with what is indicated in para. 6.1 of the Model as an initiative to enhance the dissemination of the knowledge and comprehension of the Model, as well as for training personnel and developing their awareness in respecting the principles contained in the Model. To better and more completely understand the contents of Model 231 we refer you to the complete document available at the Company Offices of Monnalisa SpA

Definitions

- “Sensitive Activities”: Company activities within which there may be a risk of committing Crimes;
- “CCNL”: applicable National Collective Labor Contract;
- “Code of Ethics”: Code of Ethics adopted by the Company;
- “Consultants”: those who act in the name and on the account of the Company on the basis of a specific mandate or other consultancy or collaboration obligation;
- “Decree”: Legislative Decree 231/2001 and subsequent integrations;
- “Employees”: all the subordinated workers (including the posted ones) and the managers;
- “Confindustria Guidelines”: the Guidelines for the drawing up of the organizational and management Models distributed by Confindustria and approved by the Ministry of Justice, at the end of the control procedures carried out on the same pursuant to art. 6, comma 3, of law decree no. 231/2001 and the M.D. 26th June 2003, no. 201;
- “Model”: the organizational, management and control model as set by Leg. Dec. 231/2001;
- “Supervisory Body” or S.B.: “Supervisory Body as per law decree no. 231/2001;
- “Corporate Bodies”: the members of the Board of Directors and of the Board of Statutory Auditors of the Company;
- “P.A.”: the Public Administration, including its officers in their role of public officers or staff assigned to a public service;
- “Crimes”: the crimes are those contemplated by leg. Dec. 231/2001 and subsequent integrations;
- “Company”: Monnalisa S.p.A.

1. Introduction

In Italy, Leg. Dec. 231/2001, has introduced the penal liability of Companies for some of the intentional crimes committed or attempted, in the interest or to the advantage of the same companies, by members of their management (the so called “seniors”) and by those who are under the direction or supervision of the latter (art. 5, comma 1, of leg. Dec. 231/2001).

The administrative liability of the company is independent with respect to the penal liability of the natural person who has committed the crime, and it joins the latter.

The perpetration or attempted perpetration of the crimes mentioned above entails the application of a monetary fine and, in the more serious cases, disqualification sanctions are applicable (they are applicable also as cautionary measures); such as prohibition to exercise the activity; the suspension or annulment of the authorizations, licenses or concessions which are used to commit the offence; the prohibition of contracting with the public administration; the exclusion of incentives, contributions or subsidies and the possible annulment of those already granted; the prohibition to advertise goods or services. The type of crimes to which the regulations in question are applicable may be included in the following categories:

<ul style="list-style-type: none"> - Crimes in the relationships with the Public Administration; - Crimes against public faith; - Corporate crimes; - Crimes for the purpose of terrorism or of subversion of the democratic order; - Market abuses; - Offences against the individual; - Transnational crimes; - Crimes against life and individual safety; - Crimes of intentional homicide or serious and very serious intentional injury, committed through the violation of the regulations on the protection of health and workplace safety; - Crimes of receiving stolen goods, recycling and use of money, goods or benefits of illicit provenance as well as self-laundering; 	<ul style="list-style-type: none"> - I.T. crimes and illicit data processing; - Crimes against industry and commerce; - Organized crime felonies; - Crimes on matters of violation of copyright; - Crime of persuasion not to issue declarations or to make false declaration to the judicial authorities; - Environmental crimes; - Crimes relating to employment of third country nationals lacking regular residence permits; - Crimes of bribery among private individuals and attempted bribery among private individuals; - Crimes of racism and xenophobia.
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The adoption of Model 231, even if not compulsory, allows the exclusion of the administrative liability of the Company, where the compliance with the requirements contemplated by the provisions of Decree 231/2001 is proven.

The MONNALISA Model 231 constantly pursues the following aims:

- ⇒ Identifying the operational activities in which crimes may be committed;
- ⇒ Contemplating protocols aimed at programming training and executing the decisions related to the crimes that must be prevented;
- ⇒ Identifying the appropriate management methods of financial resources for the prevention of the crimes;
- ⇒ Informing the Supervisory Body on the operation and observance of Model 231;
- ⇒ Sanctioning the non-compliance to the measures indicated in Model 231.

2. The Company: mission

The purpose of the Company consists in:

- a) The production and sale, both wholesale and retail of clothing, shoes and knitwear articles in general, textile raw materials, yarns and accessories, finished and semi-finished products, of precious and non-precious metals and their alloys, and in general machinery for their respective manufacture;
- b) Import and export activities of the products listed in letter a);
- c) Taking on representatives, with or without deposits, agencies and concessions for the above mentioned goods along with the brokering activities of the same in a broad sense;
- d) The purchase and cession of patents, brands, industrial and non-industrial designs, production processes, special forms of commerce and industry, both by the direct acquisition or only by the acquisition of the use and or the use of the license and/or the lease for whatever time period, and ceding its use to others;
- e) The organization of courses having as their aim the acquisition of the techniques required for the execution of the activities indicated in the preceding points and the training in general of the personnel involved in the said activities

The process for the prevention of crimes

The Company undertakes to formalize the methods to exercise power and responsibilities, to avoid excessive concentrations of power, according to the principle of functional segregation and to ensure that each company operation can be verified / documented.

The internal control standards, taken as reference by the Company, derive from the Confindustria Guidelines, as well as from the international “best practices” in matters of corruption and fraud risk.

The sensitive activities and the control standards are regulated in the “Special Section” of the company Model 231. The content of said document is reserved to the company, and is periodically evaluated by the Supervisory Body and by the Board of Directors of the Company.

Monnalisa S.p.a. instruments of governance

The Company has a set of instruments for the governance of the organization, which can be summarized as follows:

- ✓ *Charter*
- ✓ *Code of Ethics*
- ✓ *Suppliers’ Code of Conduct*
- ✓ *Company Organizational Chart*
- ✓ *Job Descriptions*
- ✓ *Quality and Social Responsibility Management System*
- ✓ *Economic and Financial Planning Instruments*

The above-mentioned instruments of *governance* and the Model 231 requirements, allow the identification, with regards to all the activities, of how Company decisions are made and implemented (ref. art. 6, comma 2 let. b, leg. Dec. no. 231/2001).

Therefore, the present Model is set within a strategy of risk management system and constantly aims to integrate the control systems in order to optimize the efficacy of risk prevention.

Model and Code of Ethics

The rules of conduct contained in Model 231 must be consistent with those in the Code of Ethics embraced by the Company, although the specific aims of this model comply with Decree 231/2001.

In this respect, in fact:

- the **Code of Ethics** represents an instrument to be adopted independently and is intended to be applied at a general level by the Company, with the aim of expressing principles that the same recognizes as its own;
- **Model 231**, on the other hand, responds to specific principles contained in Decree 231/2001 and foresees actions that must be respected so as to constitute exemption for the Company for what concerns the administrative responsibilities.

3. Organization, Management and Control Model of the Company

Model 231 is structured as follows:

- a) **General Section** which describes: the operation of the crime prevention system implemented by the Company, the methods employed to evaluate risks; the identification and appointment of the Supervisory Body, with the definition of powers, duties and information flows regarding it; the disciplinary system and the relative sanctioning apparatus; the training and communication plan to carry out so as to guarantee the knowledge of the measures and provisions of the Model; the criteria for updating and upgrading the Model;
- b) **Special Section**, aimed at integrating the content of the General Section with a description of:
 - the **type of crime** that the Company has deemed necessary to take into consideration on the basis of the activity being carried out;
 - **the sensitive activities** with reference to the types of crimes existing in the Company context;
 - the **general control standards** of transparency of the activities at the basis of the instruments and methods used to structure the specific control standards, which must be present in the sensitive activities identified by the Model;
 - the **specific control standards**, applicable to the single sensitive activities, such as control measures identified to mitigate the specific risk of commission of the single crime/category of crime.
- c) **Annex A**, which contains a description of the regulatory framework of reference.

Extension of the principles of the model to the group companies and to other associative structures

The Company communicates its own Model 231 and every subsequent update to the Companies belonging to the Group.

The Company endeavors - by providing specific contractual clauses - to guarantee that all subjects it has commercial relationships with, will align their conduct to the principles fixed by the Decree and set forth in the Code of Ethics.

Recipients of the Model

The rules contained in the Model are applied, first of all, to those who carry out duties of representation, administration or management of the Company.

The Model also applies to all the employees, who are required to respect, with utmost accuracy and diligence, all the provisions and protocols contained therein, as well as the related enactment procedures.

The Model also applies to those who operate by mandate or on behalf of the same, or are in any case bound to the Company by pertinent juridical relationships in relation to the prevention of crimes. To this aim, in the contracts or in the existing relationships with these subjects, a reference to the Code of Ethics and to the Model is explicitly made.

4. The Supervisory Body

Based on the provisions of leg. Dec. 231/2001, the Company can be exonerated from the responsibilities that are a consequence of the commission of crimes by subjects qualified ex art. 5 of leg. Dec. 231/2001, if the managing body has, among other things:

- Embraced and effectively implemented appropriate models of organization, management and control for the prevention of the crimes considered;
- Assigned the duty to monitor the operations and observance of the Model and to attend to its updating to an organism of the body provided with independent powers of initiative and control.

The Supervisory Body has been established by a decision of the Board of Directors and is dissolved together with the Board of Directors which appointed it, while continuing to carry out its duties *ad interim* till the nomination of the new representatives.

The appointment to the Supervisory Body is contingent to the presence of the subjective requisites of honorability, integrity and respectability. In addition, there should be no reasons of incompatibility with the said nomination, such as family relationships with members of the Company Bodies and the top positions of the company, along with potential conflicts of interest with the role and duties that they will be taking up.

Duties of the Supervisory Body

The Supervisory Body is assigned, among others, to the following duties and powers:

- verify the adequacy of the Model: both for the prevention of the commission of the crimes mentioned by Decree 231/2001, and with reference to the capability of bringing out the materialization of possible illicit behaviors;
- verify the efficiency and effectiveness of the Model: in terms of answering to the operative methods concretely adopted and the procedures formally contemplated by the same Model;
- promote the constant update of the Model, by formulating to the management body the proposals of possible adjustments that may become necessary as a consequence of noticeable: violations of the prescriptions of the Model; changes in the internal setup of the Company; regulatory changes;
- maintain a constant connection with the bodies of company governance (Board of Directors, Board of Statutory Auditors, Audit Company) and with the other consultants and collaborators involved in the activity of effective implementation of the Model;
- promote initiatives for the dissemination of the knowledge and the comprehension of the Model, as well as for personnel training and increasing their awareness in respecting the principles contained in the Model;
- freely access any one of the Company structures – without need of any prior consent - to request and obtain information, documents and data deemed necessary for the execution of the duties foreseen by Decree 231/2001, from all the Company personnel and management;
- request relevant information from Consultants;
- promote the implementation of possible disciplinary proceedings as mentioned in chapter 5 of the Model;

The S.B. does not have any management or decisional powers relating to Company operations, and does not have the power to organize and modify the company structure,

nor does it have sanctioning powers. The S.B., as well as the people whom the Organism uses, for whatever purpose, are obliged to respect the **confidentiality obligation** on all the information that they have obtained in performing their duties.

Within the context of the procedures for the formation of the budget, the board of directors must approve an adequate endowment of financial resources of which the Organism may dispose of for all the necessary requirements of a correct execution of its duties.

Reporting by the Supervisory Body to the Corporate Bodies

The Supervisory Body reports on the implementation of the Model, the occurrence of any critical aspects and on the need to apply modifications to it:

- on an ongoing basis, directly to the CEO;
- on a periodic basis, at least every six months, to the Board of Directors and the Board of Statutory Auditors.

Informing the Supervisory Body

All the Recipients of the Model communicate to the Supervisory Body any useful information to assist in the execution of the checks on the correct implementation of the Model. In particular:

- the **Function Managers** who operate within the field of Sensitive Activities must transmit to the Supervisory Body, all information concerning: the results of the control activities carried out and any anomalies found in the available information;
- **all the employees and members of the Corporate Bodies** must promptly report any commission of crime or the alleged commission of crimes or, the reasonable danger of committing a crime, as well as any violations or alleged violations to the Model or to the procedures set to its implementation, of which they are aware;
- **the other Recipients of the Model**, external to the Company, are required to immediately and directly inform the S.B. in the event that they are personally requested, directly or indirectly, by an employee/representative of the Company, to behave in such a way as to cause a violation to the Model.

The Supervisory Body evaluates, at its discretion and under its responsibility, the reports it has received and the cases when it must act.

The information obligations on possible behavior that is contrary to the prescriptions contained in the Model fall within the widest possible duty of diligence and duty of loyalty of the worker. The correct compliance with the information obligation, on the part of the worker, cannot be the cause of disciplinary sanctions.

The Company implements appropriate and effective measures to guarantee confidentiality as to the identity of those who provide information to the Supervisory Body, that is useful for the identification of irregular behavior with regards to: what is set by the Model, by the procedures set for its implementation and by the procedures set by the internal control system, excepting the requirements of the law and the protection of the Company rights or of the people accused erroneously and/or in bad faith.

Any form of retaliation, discrimination or penalization against those who, in good faith, carry out notifications to the S.B. is forbidden. The Company reserves the right to act against anyone who makes untrue reports in bad faith.

In order to allow the punctual respect of the provisions mentioned in this paragraph, the e-mail account: organismodivigilanza@monnalisa.eu is set up.

5. Sanctions system

The non-observance of the regulations and prescriptions contained in Model 231, betrays the relationship of trust between the person with such behaviour and MONNALISA, causing the application of sanctions and disciplinary measures.

The punishable violations can be divided into four basic categories according to a rising order of gravity:

- a) violations not related to Sensitive Activities
- b) violations related to Sensitive Activities
- c) violations that are considered as including one fact (objective element) of one of the crimes for which the administrative responsibility of a legal entity is contemplated;
- d) violations aimed at committing the crimes contemplated in Decree 231/2001 or that in any case, give rise to the possibility of assigning an administrative responsibility to the Company.

For example, the following conducts are punishable:

- the non-observance of **procedures** prescribed in the Model and/or mentioned in it;
- the non-observance of the **information obligations** set by the control system;
- the omitted or **untruthful documentation** of operations in conformity with the transparency principle;
- the performance of any **act to evade** the control systems;

The application of sanctions, in case of violation of the rules of Model 231, is a prerequisite for the exclusion of the administrative responsibility of the Company.

With regards to employed staff, Decree 231/2001 foresees that the disciplinary system should respect the limits connected to the punitive power imposed by the Statuto dei lavoratori (Workers' Statute) and by the collective contracts of the company's sector.

In the cases in which the violation involves a Director or a Statutory Auditor, the Supervisory Body must immediately inform the Board of Directors and the Board of Statutory Auditors, by means of a written report. Following a binding consultation with the Statutory Auditors, the Board can apply any appropriate penalty allowed by the Law against the Directors. Against a Statutory Auditor, the Board of Directors proceeds in deciding on the most appropriate measures, including the revocation of the Auditor for just cause.

The violation by the other Recipients of the Model, who have contractual relationships with the Company for the execution of activities that are deemed sensitive, of the provisions and rules of conduct set by the Model or any commission of crimes contemplated by Decree 231/2001 by the same people, will be punished in accordance with what is specified in the specific contractual clauses which will be entered into the respective contracts.

6. Training and communication plan

The communication and training activity is diversified according to the recipients to whom it is aimed, but in any case, it is shaped on the principles of completeness, clarity, accessibility and continuity so as to grant the different recipients the full awareness of those provisions that they are bound to respect and of the rules that must inspire their behavior.

Every employee is obliged to:

- i) become aware of the principles and contents of the Model;
- ii) know the operational methods with which their activity must be carried out;
- iii) actively contribute, according to their role and responsibilities, to the effective fulfillment of the Model, while reporting on any shortcomings identified in it.

Appropriate communication instruments will be employed to update employees on any modifications made to the Model, as well as on every procedural, normative or organizational change.

The activity of communicating the contents and the principles of the Model must be addressed also to third parties that keep a contractually regulated collaborative relationship with the Company, with particular reference to those who operate within activities deemed sensitive as per Decree 231/2001.

7. Updating and adjusting the Model

The Board of Directors decides for what concerns the updating of the Model and its adjustment with reference to modifications and/or integrations that should become necessary as a consequence of:

- violations to the provisions of the Model;
- changes in the internal structure of the Company;
- legal changes;
- results of controls.

Once approved, the changes and the instructions are communicated to the S.B. for the immediate application, this will provide without losing time, to make the same changes operative as well as to provide for the correct communication of the contents inside and outside the Company.

The Model will, in any case, be submitted to a periodic revision procedure every three years, to be arranged by resolution of the Board of Directors.