

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 petals and others as buds. The leaves are a vibrant green with visible veins.

MONNALISA



Reference principles for the
adoption of the organizational,
management and control
model pursuant to the
Legislative Decree no. 231/01



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

GENERAL SECTION

Index

Definitions	4
General Section	5
1.Introduction	Errore. Il segnalibro non è definito.
2. The Company: mission	7
2.1. The Institutional Framework: bodies and persons	7
2.2. The control and organisational system	9
2.3. The corporate governance tools of Monnalisa S.p.a.....	11
2.4. Inter-company relations.....	13
2.5. Model and Code of Ethics	14
3. The Model for the Organisation, Management and control of the Company.	15
3.1. The function of the Model	15
3.2. The Company's project for the definition of its Model.....	16
3.2.1. Identification of processes and activities where the offenses referred to by the Legislative Decree 231/2001 may be committed.....	16
3.2.2. Identification of Key Officers	17
3.2.3. Analysis of sensitive Processes and Activities	18
3.2.4. Gap analysis.....	19
3.2.5. Definition of the organization, management and control model.....	19
3.3. Relevant offenses for the Company	20
3.4. Extension of model principles to group companies and other associations.....	21
3.5. The recipients of the model	21
4. The supervisory Body	22
4.1. Appointment and replacement of the Supervisory Body.....	23
4.2. Functions and powers.....	24
4.3. Information flow to and from the Supervisory Body	26
4.3.1. Reporting by the Supervisory Body to the corporate bodies	26
4.3.2. Disclosure towards the Supervisory Body	28
4.3.3. Collection and storage of information.....	30
5. The disciplinary system.....	31
5.1. General principles.....	31
5.2. Sanctionable conduct: fundamental categories	31
5.2.1. Measures in relation to employees.....	32
5.2.2. Measures in relation to managers.....	35
5.3. Measures in relation to directors and statutory auditors	35
5.4. Measures in relation to other recipients	36

6. The training and communication plan.....	37
6.1. Introduction.....	37
6.2. Employees.....	37
6.3. Members of the corporate bodies and managers	38
6.4. Other recipients	38
7. Adoption of the Model - Criteria for updating and adapting the Model	39
7.1 Verifications and controls of the Model	39
7.2 Updating and adaption.....	39

Definitions

- "Sensitive Activities": Company activities in which the risk of committing crimes is involved;
- "CCNL": applicable Italian National Collective Labour Agreement;
- "Code of Ethics: Code of Ethics adopted by the Company;
- "Consultants": those who act in the name and / or on behalf of the Company on the basis of a specific mandate or other constraint of consulting or collaboration;
- "Decree": Legislative Decree 231/2001 and subsequent additions;
- "Recipients": all those who work for the achievement of the purpose and objectives of the Company. The Recipients of the Model include members of the Corporate Bodies, employees (including executives), consultants, suppliers, customers, clients, agents and, in general, all those who work in the name and / or on behalf of the Company;
- "Employees": all employees (including those on placements) and managers;
- "Confindustria Guidelines": the Guidelines for the preparation of organizational and management models disseminated by Confindustria and approved by the Ministry of Justice, at the end of the control procedure carried out on the same pursuant to art. 6, paragraph 3, of the Legislative Decree n. 231/2001 and of the Ministerial Decree of June 26, 2003, n. 201;
- "Model": the organizational, management and control model required by the Legislative Decree 231/2001;
- "Supervisory Body" or "SB": "supervisory body pursuant to the Legislative Decree no. 231/2001;
- "Corporate Bodies": the members of the Board of Directors and the Board of Statutory Auditors of the Company;
- "P. A.": the Public Administration, including the relevant officials in their capacity as public officials or public service officers;
- "Offenses": offenses are those provided for by the Legislative Decree 231/2001 and subsequent additions;
- "Company": Monnalisa S.p.A

General Section

1. Introduction

On June 8, 2001 - in execution of the powers of art. 11 of the law of 29 September 2000 n. 300 – the Legislative Decree 231 (hereinafter the "Legislative Decree 231") was issued, containing the "Rules on the administrative liability of legal entities, companies and associations also deprived of legal status."

The legislative decree no. 231/2001, introduced the responsibility in a criminal court of the company for the first time in Italy for certain malicious crimes committed or attempted, in the interest or for the benefit of the company, by members of senior management (the so-called "top level subjects" or simply "top management") and those who are subject to the direction or supervision of the latter (Article 5, paragraph 1, of the Legislative Decree No. 231/2001).

The administrative responsibility of companies is independent of the criminal liability of the individual who committed the crime and accompanies the latter.

The commission or the attempted commission of the offences mentioned above entails the application of a pecuniary sanction and, in the most serious cases, interdictory sanctions are applied (also applicable as a precautionary measure), such as disqualification from the activity; suspension or revocation of authorizations, licenses or concessions functional to the commission of the offense; a ban on negotiating with the public administration; exclusion from grants, loans, contributions or subsidies and the possible revocation of those already granted; the prohibition to promote goods and services.

The types of crime to which the discipline in question is applied can be understood, for the sake of convenience, in the following categories:

- crimes in relations with the Public Administration;
- crimes against public faith;
- corporate crimes;
- crimes for the purpose of terrorism or subversion of the democratic order;
- market abuse;
- crimes against the individual;
- transnational crimes;
- crimes against life and personal safety;

- crimes of culpable homicide and serious or very serious negligent injury committed in violation of the rules governing health and safety at work;
- crimes of receiving stolen goods, money laundering, and utilisation of money, goods or benefits of unlawful origin, as well as self-laundering;
- IT crimes and illicit data processing;
- crimes against industry and commerce;
- crimes of organized crime;
- crimes regarding the violation of copyright
- the offense of induction to not make statements or to make false statements to the judicial authorities;
- environmental crimes;
- the offense of employing subjects from other countries whose residency is illegal;
- corruption crimes between individuals and incitement to corruption among private individuals;
- crimes of racism and xenophobia.

For a more detailed discussion of the Legislative Decree 231/01, please refer to Appendix A.

2. The company: mission

The Company has as its object the following activities:

- a) the production and trade in both wholesale and retail sale of clothing, footwear and knitwear in general, raw textile materials, yarns and accessories, manufactured and semi-finished products, of precious and non-precious metals and their alloys, machinery in general for the relative processing;
- b) the import and export activity of the products referred to in point a);
- c) the recruitment of representations, with or without consignment, of commission agents and concessionaires of the aforementioned assets and their intermediation activities in the broadest sense;
- d) the acquisition and disposal of patents, trademarks, industrial and non-industrial designs, production processes, special forms of trade and industry, either by direct acquisition or by acquiring only the use and / or utilization or the license and / or rental for any time yielding to others the use.
- e) the organization of courses concerning the acquisition of the necessary techniques for the execution of the activities indicated in the previous points and the training in general of personnel involved in these activities

2.1. The Institutional Framework: bodies and persons

Assembly

The following tasks are entrusted to the Shareholders' Meeting: appoint and revoke directors and statutory auditors; approve the annual budget; determine the remuneration of directors and statutory auditors; resolve any liability actions; fulfil all other obligations provided for by legal or statutory regulations; fulfil certain specific acts of an extraordinary nature

Board of Directors

The administrative body is invested with the widest powers for the ordinary and extraordinary administration of the company. It thus has the power to perform all acts of disposal as are appropriate to achieving the corporate purpose, except for those reserved by law to the shareholders' meeting and then by way of example and without prejudice to the generality.

Chairman of the Board of Directors and Chief Executive Officer

The Chairman of the Board of Directors and the Chief Executive Officer are assigned all the broadest powers in order to perform all acts of ordinary administration, within the scope of the corporate purpose, except for those that by law or by articles of association are reserved for the Assembly or the Board of Directors.

Board of Statutory Auditors

Social organ that has the duty of monitoring correct administration, with particular regard to the adequacy of the organizational, administrative and accounting structure adopted by the directors as well as its proper functioning.

The audit firm

Given the rapid growth in the company's dimensions and aspirations, manifested both by the Administrative Body and by the shareholders structure, it has been considered appropriate to assign, for the 2015, 2016 and 2017 financial years, the statutory audit task to an external company, maintaining the management control function according to the previous Board of Statutory Auditors.

Social Performance Team (SPT): among the tasks of the SPT is to report to the Board of Directors and to the CEO all the critical problems that may occur in the field of social and environmental responsibility, such as all reports and complaints received from stakeholders.

In addition, the worker representative participates at the committee that is responsible for reporting, at this venue, any reports, complaints, or requests for clarification regarding the issues pertaining to the committee.

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The head of the CSR and the head of special and environmental projects

The head of the CSR participates in the drafting of the company's business plan for the part that is relevant. This is then responded to by the contact person for the SA8000, and each department manager attends, in various ways, depending on the context, to aspects related to the CSR. For example, the raw materials purchasing manager oversees communication and adherence to the code of conduct for suppliers. The various employees in the purchasing and production departments as part of the inspection visits to suppliers also verify the aspects of CSR, being trained for this purpose.

The Special Projects Manager is responsible for:

- Managing, promoting, and coordinating activities related to operational projects across the company.
- Attending to the development, planning, implementation, control and monitoring of project activities that focus on the continuous improvement of logistic and production processes.

- Ensuring the management of ISO 14001 and ISO 9001 systems, monitoring them for process quality and operational objectives, handling the development, implementation and maintenance of systems and the creation of standard procedures for specific processes.

2.2. The control and organisational system

The Company has an Internal Control System aimed at supervising typical business risks over time.

The Internal Control System is a set of rules, procedures, and organizational structures with the aim of monitoring compliance of strategies and the achievement of the following goals:

- (i) effectiveness and efficiency of processes and operations;
- (ii) quality and reliability of economic and financial information;
- (iii) compliance with laws and regulations, internal rules and procedures;
- (iv) safeguarding the value of assets of the corporate patrimony.

The Company is based on regulatory instruments according to the general principles of:

- a) A clear description of the reporting lines;
- b) clarity, transparency and publicity of the powers attributed (within the Company and towards interested third parties)
- c) clear and formal delimitation of roles, with a complete description of the tasks of each function, and the relative powers and responsibilities.

Internal procedures must be characterized by the following elements:

- separation, within each process, between the subject who takes the decision (decision-making impulse), the person that executes this decision and the person entrusted with the control of the process (so-called "segregation of functions");
- a written record of each relevant step of the process (so-called "traceability");
- an adequate level of formalization.

As a general principle, the systems for the delegation of authority and the assignation of power of attorney must incorporate "safety" features in order to prevent Offenses (traceability and highlighting of sensitive activities) and, at the same time, allow for the efficient management of the Company's business.

"Proxy" means the transfer, not occasional, within the Company, of responsibility and powers from one subject to another subject in a subordinate position. "Power of attorney" means the legal transaction with which one party gives the other the power to represent it (i.e. to act in the name of and on behalf of the same). The substantial difference compared to a proxy is that it allows the counterparts to negotiate and contract with people officially responsible for representing the Company.

The essential requirements for the system of Power of Attorney and proxies for effective prevention of crimes are as follows:

- a) proxies must combine each power to its responsibilities and in an appropriate position within the organization;
- b) each proxy must define specifically and unambiguously:
 - the powers of the proxy, and the subject (body or individual) to which the delegate reports hierarchically;
- c) all those who maintain relations with the P.A. and / or with private subjects must be provided with a formal proxy act to this effect;
- d) the management powers granted by the proxy and their implementation must be consistent with the Company's objectives;
- e) the proxy must have spending powers appropriate to assigned duties;
- f) the proxy can be conferred to physical persons expressly identified in the proxy itself, or to legal entities that act through their own agent vested, within the same, of similar powers;
- g) An ad hoc procedure must regulate the methodology and responsibilities to ensure the timely updating of the proxy and / or powers of attorney;
- h) each power of attorney which implies the power of representation of the Company vis-à-vis third parties, must be accompanied by an internal proxy which describes its relative power of management;
- i) the powers of attorney normally includes spending and / or commitment limits; in the event that they do not expressly provide for such limits and / or the need for joint signature, compliance with these requirements is ensured by internal limits provided for by the internal control system;
- j) copies of the power of attorney will be transmitted to the Supervisory Body.

The Supervisory Body regularly assesses, with the support of other competent departments, the system of proxies and powers of attorney in force and their consistency with the organizational provisions, recommending any changes in the event that the management power and / or the qualification does not correspond to the powers of representation conferred on the delegate or if there are other anomalies

2.3. The corporate governance tools of Monnalisa S.p.a.

The Company is equipped with a set of organizational governance tools that guarantee the functioning of the Company and can be summarized as follows:

Articles of Association: in compliance with current legal requirements, they establish different types of rules relative to corporate management in order to guarantee the smooth running of management activities.

Ethical Code: an integral and substantial part of the Model regulates the set of rights, duties, and responsibilities that the Company recognizes as its own and assumes towards its interlocutors, for which all the recipients of this Code must comply.

In particular, the Company is guided by the following principles:

- compliance with national and European laws and general international law of the countries in which it operates, regulations or internal codes and, where applicable, the rules of professional ethics;
- reliability, fairness and transparency of actions carried out in pursuit of its objectives;
- promotion of the professional development of personnel, which is an indispensable asset for the success of the company mission, protection of workers' rights and non-discrimination;
- prevention of corruption, even internationally, both actively and passively. To this end, by way of example, favours, collusive behaviour, direct solicitations and / or through third parties, in order to obtain advantages for the Company, for themselves or for others are forbidden; personnel should not attempt to improperly influence the decisions of the other parties (public officials / exponents of private bodies acting or making decisions on behalf, respectively, of the Public Administration and Private Bodies); it is prohibited to pay or offer,

- directly or indirectly, money, gifts or any other benefit to the public administration and the private bodies or their family members, to remunerate the actions of their office;
- repudiation of terrorism that is implemented through the execution of audits of non-membership of potential partners to the Reference Lists, published by the Financial Information Unit (FIU), established at the Bank of Italy pursuant to art. 6 c. 1 of the Legislative Decree 231/2007, for the prevention and combating of money laundering and terrorist financing;
- environmental protection, health, and safety in the workplace.

The Suppliers Code of Conduct: This forms an integral part of the supply contract, with which the supplier undertakes to comply with the principles espoused by the client company. Specifically, in addition to the requirements set out in the SA8000, the code includes clauses relating to the environment, product safety and the protection of corporate expertise. In signing the supply contract, of which the code represents a specific clause, the supplier undertakes to take positive actions for the implementation of the code and to accept any inspections by the client aimed at verifying the correct application.

Corporate organisation: contains the current organizational structure. Moreover, due to certain special rules of particular relevance, such as: the Legislative Decree 231/2001, laws and regulations relating to the Environment, Quality, Health, and Safety, certain specific roles have been clarified in order to guarantee the consistency of the model with the guidelines within the regulatory and legislative framework in which the company operates.

Job Description: assigns roles and responsibilities with reference to the Heads of Departments and employees of the individual units.

The Quality Management System and Social Responsibility: regulates the processes and defines the organizational structure through the Manual, the general and specialized procedures and the operating instructions. This Management System is also integrated with the Organizational Model pursuant to the Legislative Decree 231/01 that the Company has decided to adopt in order to ensure effective control over the main processes of the Organization.

Financial economic planning instruments: includes the drafting of a three-year development plan, reviewed annually, which contains the strategies, actions and the related economic and financial impact expected in a descriptive and numerical form, which the Company intends to implement to consolidate the existing ones and to seize new growth opportunities.

The set of *governance and regulatory* instruments adopted, summarized above, and the provisions of this Model allows us to identify, with respect to all activities, the method in which the decisions of the institution have been formed and implemented (see Article 6, paragraph 2, letter b, of the Legislative Decree No. 231/2001).

The particular significance of the aforementioned safeguards for the prevention of the crimes referred to by the Legislative Decree 231/2001 will be specifically highlighted, with reference to each type of crime relevant to this end, in the Special Parts of this document.

This Model is therefore part of a strategy of a risk management system inspired by the main international standards (COSO Report) and proceeds with a constant objective of integrating control safeguards in order to optimize the effectiveness of risk prevention.

2.4. Inter-company relations

The inter-group services should be governed by a written contract, of which a copy should be sent, upon request, to the Supervisory Body of the Company. In particular, this service provision contract must include roles and responsibilities concerning the activity in question and the definition of the following clauses:

- the obligation on the part of the company receiving the service to attest to the accuracy and completeness of the documentation or the information communicated to the company providing the service, for the performance of the services;
- the power of the company's Supervisory Body which provides the service to request information from the Supervisory Body of the company receiving the service, for the correct performance of its functions as part of the services required by the Company;
- the power of the Supervisory Body of the company receiving the service to request information from the Supervisory Body of the company providing the service, or - with the prior consent of the latter - to the Departments, for the proper conduct of its supervisory function;
- a clause with which the parties undertake to comply with the principles of organization, management and control suitable to prevent the commission of unlawful acts pursuant to the Legislative Decree no. 231/01, defined in the adopted Organizational, Management and Control Model;
- a clause with which the parties declare to have imparted and implemented the provisions to its directors, employees and / or collaborators aimed at preventing the commission, or attempts, of the conduct sanctioned by the Legislative Decree 231/01 and undertake to keep all provisions effectively implemented for the duration of the contract;
- an express termination clause that grants the parties the right to terminate the contract in question in the event of involvement, in any capacity, of one of the Parties in a relevant

proceeding pursuant to and for the purposes of the Legislative Decree 231/2001 and subsequent amendments and additions and/or in the event of the issuance against one of the Parties of prohibitive measures or suspension of work activities of any nature and / or duration; the defaulting party shall indemnify and hold harmless the other party for losses, damages, costs, responsibilities and actions that may result from this violation.

In delivering services, the Company adheres to the provisions of this Model and the procedures established for its implementation.

If the services provided fall within the scope of Sensitive Activities not contemplated by the Model, the company providing the service, on the proposal of the SB, will adopt appropriate rules and procedures to prevent the perpetration of crimes.

2.5. Mode and Code of Ethics

The rules of conduct contained in this Model must be consistent with those of the Code of Ethics, although this model has specific objectives in compliance with the Legislative Decree 231/01.

Indeed, in this respect:

- the Code of Ethics represents an instrument to be adopted autonomously and susceptibly, of an application, on a general level, by the Company in order to express the principles that it recognizes as its own;
- Whereas the Model responds to the specific requirements of the Legislative Decree no. 231/2001, aimed at preventing the commission of certain types of crimes (acts that, apparently committed for the benefit of the Company, may entail administrative liability for the offense under the provisions of the decree itself). The Model dictates the rules and provides procedures that must be respected in order to constitute exemption for the Company for the purposes of liability referred to in the Legislative Decree 231/2001.

3. The Model for the Organisation, Management and control of the Company

3.1. The Function of the Model

The Company intends to affirm and disseminate a culture based on:

- legality, since no illicit behaviour, albeit made in the interest or to the benefit of the Company, can be considered in line with the policy adopted by the Company;
- control that must govern all the decisional and operational phases of activities, in full awareness of the risks deriving from the possible commission of crimes.

The achievement of the aforementioned objectives are arrived at through a coherent system of principles, organization, management and control procedures and provisions that give rise to the model that the company has prepared and adopted. This Model has as objectives those of:

- raising awareness of the Recipients requesting them, within the limits of the activities carried out in the interest of the Company, to adopt correct and transparent behaviour, in line with the ethical values to which the Company is inspired the pursuit of its social objectives and such as to prevent the risk of committing offenses contemplated in the Decree;
- determining, in the aforementioned individuals, the awareness that they may incur, in the case of violation of the provisions imparted by the Company, disciplinary and / or contractual consequences, as well as penal and administrative sanctions against them;
- establish and / or strengthen controls that enable the Company to prevent or react promptly to preventing the commission of illicit acts by top managers and of the persons subject to the management or supervision of them that involve the administrative liability of the Company;
- to allow the Company, thanks to a monitoring action in areas of risk activities, to act promptly in order to prevent or oppose the commission of the offenses themselves and sanction behaviour contrary to their Model;
- improve the effectiveness and transparency in the management of activities;
- instil full awareness in the potential perpetrator of the commission of an offense if any, that it is strongly condemned and contrary to – in addition to the provisions of law - both the ethical principles to which the Company intends to abide and to the interests of the Company even when it may benefit from such an action.

3.2. The Company's project for the definition of its Model

The Company has decided to proceed with the preparation and adoption of the organizational, management and control model pursuant to the Legislative Decree 231/2001 (hereinafter, the "Model") inasmuch as it is aware that such a system, although constituting an "option" and not an obligation, represents an opportunity to strengthen its governance culture, while seizing an opportunity within the activities performed (inventory of Sensitive Activities, analysis of potential risks, assessment and adaptation of the system of controls already existing with regards to Sensitive Activities) in order to raise awareness of the resources used regarding issues of process controls, aimed at preventing an "active" Offense.

The Company has launched an internal project (hereinafter the Project) aimed at ensuring the updating of the Model as a result of the regulatory modification that have affected the list of predicate offences and of the organizational modifications that have occurred within it.

The methodology chosen to carry out this project, in terms of organization, definition of operating procedures, phased structuring, assignment of responsibilities among the various functions, has been elaborated in order to guarantee the quality and the assurance of the results.

The Project is divided into the brief phases summarized below that are, purely for a methodological explanation, highlighted independently.

3.2.1. Identification of the processes and activities where the offense referred to by the Legislative Decree 231/2001 may be committed.

Article. 6, paragraph 2, let. a) of Legislative Decree 231/2001 indicates, among the requirements of the model, the identification of the processes and activities in which the offenses expressly referred to in the decree may be committed. In other words, these are activities and processes that are commonly referred to as "sensitive" (hereafter, "Sensitive Activities").

The purpose of Phase 1 is to identify the areas subject to the intervention and the preliminary identification of Sensitive Activities.

Prior to the identification of Sensitive Activities, mainly in document form, the organizational structure of the Company was analysed, performed in order to better understand the Company's business and identify areas for intervention. The collection of relevant documentation and analysis of these, from a technical-organizational and legal point of view, has allowed for the identification of sensitive processes / activities and a preliminary identification of the positions responsible for these processes / activities.

The activities carried out in Phase 1 are listed below:

- collection of documentation relating to the organizational structure;
- analysis of the collected documentation in order to understand the activities carried out by the Company;
- case history of cases that have already emerged in the past relating to criminal, civil or administrative precedents for the Company or its employees, that have points of contact with the legislation introduced by the Legislative Decree no. 231/2001;
- identification of the areas of activity and related functional responsibilities;
- preliminary identification of sensitive processes / activities pursuant to the Legislative Decree 231/2001;
- preliminary identification of the responsible departments / functions of Sensitive Activities identified.

3.2.2. Identification of Key Officers

The purpose of Phase 2 is to identify the managers of sensitive processes / activities, i.e. the resources with an in-depth knowledge of the sensitive processes / activities and the control mechanisms currently in place (hereafter, "key officer"), completing, and enhancing the preliminary inventory of sensitive processes / activities as well as the functions and those involved.

The operational activities for the execution of the phase in question presupposed the collection of the necessary information in order to i) understand the roles and responsibilities of the subjects participating in Sensitive Activities and ii) identify the key officers able to provide the operational support necessary to specify the Sensitive Activities and the related control mechanisms.

In particular, key officers have been identified as those at the highest organizational level who are able to provide detailed information regarding the individual processes and activities of the individual functions.

Below are listed the activities carried out in Phase 2:

- gathering additional information through in-depth analysis of documents and meetings with internal representatives of the Project;
- identification of other subjects able to make a significant contribution to the understanding / analysis of Sensitive Activities and related control mechanisms.

At the end of Phase 2 a preliminary "sensitive processes / activities map" was defined in which to direct the analysis activity, through interviews and in-depth analyses, of the subsequent Step 3..

3.2.3. Analysis of sensitive Processes and Activities

The objective of Phase 3 was to analyse and formalize, for each sensitive process / activity identified in Phases 1 and 2, its principal phases, the functions and roles / responsibilities of the internal and external subjects involved, the existing control elements, in order to verify in which areas / sectors of activity and according to which modalities they could theoretically commit the offenses referred to in the Legislative Decree 231/2001.

Hence, in this phase, a map of the activities was created that, in consideration of the specific contents, could possibly be subject to the perpetration of offences pursuant to the Legislative Decree 231/2001.

The analysis was performed through personal interviews with key officers, which was also aimed at establishing the management processes and the control tools for each sensitive activity, with particular attention to the elements of compliance and the existing preventive controls governing them.

In surveying the existing control systems, among other things, as a reference, the following control principles have been taken into account:

- the existence of formalized procedures;
- Ex-post traceability and verifiability of transactions by means of suitable documentary/IT support
- segregation of tasks;
- existence of formalized proxies consistent with the assigned organizational responsibilities

The activity that characterized Phase 3 involved the execution of structured interviews with key officers, as well as with the personnel indicated by them, in order to collect, for the sensitive processes / activities identified in the previous phases, the necessary information to comprehend:

- the processes / activities carried out;
- the internal / external functions / subjects involved;
- the relative roles / responsibilities;
- the system of existing controls.

3.2.4. Gap analysis

The aim of Phase 4 is to identify i) the organizational requirements that characterize an organizational model suitable in preventing the crimes referred to in the Legislative Decree no. 231/2001 and ii) the measures to improve the existing organizational model.

In order to detect and analyse the existing control model in detail in order to monitor the risks identified and highlighted in the risk assessment activities described above, and to assess the compliance of the model with the provisions of the Legislative Decree 231/2001, a comparative analysis (the so-called "gap analysis") was carried out between the existing organizational and control model ("as-is") and an abstract model of reference assessed on the basis of the needs expressed by the regulations pursuant to the Legislative Decree No. 231/2001 ("to be").

Through the comparison operated with the gap analysis it has been possible to infer areas of improvement to the existing internal control system and, on the basis of that which emerged, an implementation plan was drawn up aimed at identify the organizational requirements that characterize a model of organization, management and control in compliance with the provisions of the Legislative Decree 231/2001, as well as actions to improve the internal control system.

Below are listed the activities carried out in this fourth phase, which was completed after sharing the results of the gap analysis and implementation plan:

- gap analysis between the current model ("as-is") and the "directional" model ("to be"): a comparative analysis between the existing organizational model ("as-is") and a "directional" organization, management and control model in compliance with the provisions of the Legislative Decree 231/2001 ("to be") with particular reference, in terms of compatibility, to the system of delegations and powers, the procedures system, the Code of Ethics and the characteristics of the body to be entrusted with the task of supervising the functioning and observance of the model;
- preparation of an implementation plan for the identification of organizational requirements that characterize an organization, management, and control model pursuant to the Legislative Decree 231/2001 as well as actions to improve the current control system (processes and procedures).

3.2.5. Definition of the organisation, management and control model

The purpose of Phase 5 was to prepare the organization, management, and control model, articulated in all its components, according to the provisions of the Legislative Decree 231/2001 and the guidelines provided by Confindustria.

The implementation of Phase 5 was supported both by the results of the previous phases and the choices made by the decision-making bodies of the Company.

The document relating to the Model is structured as follows:

- a) the General Section, which describes: the overall functioning of the organization, management and control system adopted by the Company in order to prevent the commission of offences, the methodology adopted for the preparation of the organization, management and control model; the identification and appointment of the supervisory body, with specifications regarding the powers, duties and information flows concerning this; the disciplinary system and the related sanctioning system; the training and communication plan to be adopted in order to guarantee awareness of the measures and provisions of the Model; the criteria for updating and adapting the Model;
- b) the Special Section, aimed at integrating the contents of the General Section with the relative description:
 - of the types of offences referred to in the Decree that the Company deemed necessary to take into consideration due to the characteristics of the activity carried out;
 - of Sensitive Activities with respect to the types of offenses referred to above, present in the Company and to the related control standards;
 - of the general control standards of business transparency established at the base of the instruments and the methods used to structure the specific control standards, which must always be present in all Sensitive Activities taken into consideration by the Model;
 - of specific control standards applicable to individual sensitive activities, elaborated based on the general control standards mentioned above, such as safeguards identified to mitigate the specific risk of committing individual offenses / categories of offenses.
- c) Annex A that contains a description of the reference regulatory framework.

3.3. Relevant offences for the Company

The adoption of the Model as an instrument capable of directing the behaviour of individuals operating within the Company, and promoting behaviour based on legality and fairness at all levels, will reverberate positively on the prevention of any crime or offense provided for by the legal system.

However, in consideration of the analysis within the context of the Company of the activity carried out by the Company, and the areas potentially subject to risk-offenses, only the offenses that are the subject of the Special Section have been considered relevant and therefore specifically examined in the Model, for which reference is made for their exact identification. As far as the other types of offences are concerned, the Company has assessed that the risk is not realistically

feasible and that, in any case, the control instruments set up to prevent the abovementioned offenses, based on the analysis carried out, may also constitute, together with compliance with the laws and the Code of Ethics, a safeguard for the prevention of such crimes.

3.4. Extension of model principles to group companies and other associations

Taking into account the articulation of distribution among several distribution channels that also provide for controlled use abroad, the Company will convey this Model and each subsequent update, in the manner it deems most appropriate, to companies belonging to the Group.

The Company may also work with other partners in Italy and abroad. In these contexts, while respecting the autonomy of the single legal entities with which it collaborates, the Company, by promoting, through its representatives, the adoption of an internal control system to also prevent offenses described in the Legislative Decree 231/01, endeavours, through the provision of specific contractual clauses, to ensure that all the participants conform their conduct to the principles set out in the Decree and enshrined in the Code of Ethics.

3.5. The recipients of the model

The rules contained in the Model apply primarily to those who perform the functions of representation, administration, or management of the Company or one of its production units, even abroad, with financial and functional autonomy, as well as those who exercise, even de facto, the management and control of the Company.

Furthermore, the Model applies to all the employees, even those relocated, of the Company, including those operating abroad, who are required to comply with all the provisions and protocols contained therein with the utmost correctness and diligence, as well as the related implementation procedures.

The Model also applies, within the limits of existing relationships, to those who, although not part of the Company, operate on a mandate or on its behalf or are otherwise linked to the Company by significant legal relationships in relation to the prevention of offenses. To this end, in the contracts or in relationships with the aforementioned subjects, reference to the Code of Ethics and the Model is expressly required.

4. The supervisory Body

Under the provisions of the Legislative Decree no. 231/2001 - art. 6, paragraph 1, let. a) and b) - the entity may be exonerated from liability resulting from the commission of crimes by persons classified under Article 5 of the Legislative Decree 231/2001, if the governing body has, among other things:

- Adopted and effectively implemented organization, management and control models suitable for preventing the offenses considered;
- entrusted the task of supervising the functioning and compliance of the Model and its updating to a body within the entity endowed with autonomous powers of initiative and control.

Hence, the assignment of the previously mentioned tasks to a body endowed with autonomous powers of initiative and control, together with the correct and effective performance of the same represent indispensable prerequisites for the exoneration from the responsibility provided for by the Legislative Decree 231/2001.

The Confindustria Guidelines identify the main requirements of the supervisory body for autonomy and independence, professionalism and continuity of action.

In particular, according to Confindustria the requirements of autonomy and independence require:

i) the inclusion of the supervisory body "As a staff unit in a hierarchical position at the highest level possible", with the provision that the Supervisory Body "reports" to the highest operative level within the company, the absence, on the part of the supervisory body, of operational tasks which - if allowed to participate in decisions and operations - would undermine the objectivity of its judgment; ii) the connotation of professionalism must referred to "the expertise of instruments and techniques" necessary to effectively carry out the supervisory body activities; iii) continuity of action, which guarantees the effective and constant implementation of the organizational model pursuant to the Legislative Decree 231/2001, particularly articulated and complex in large and medium-sized companies, is favoured by the presence of a full-time structure dedicated to the supervision of the model and "Devoid of operational tasks that may lead it to take decisions with economic-financial effects".

The Legislative Decree 231/2001 does not provide any information regarding the composition of the supervisory body. In the absence of such indications, the Company has opted for a monocratic structure which, taking into account the objectives pursued by the law, is able to ensure, in relation to its size and its organizational complexity, the effective controls to which the supervisory body is responsible. This role must be held by a person external to the Company with specific decision-making autonomy.

In compliance with the provisions of art. 6, paragraph 1, let. b) of the Legislative Decree 231/2001 and in light of the express indications of Confindustria, the Company has identified its supervisory body by resolution of the Board of Directors. The Supervisory Body is placed in a staff position in respect to the Board of Directors.

4.1. Appointment and replacement of the Supervisory Body

The Supervisory Body is established by a resolution of the Board of Directors and lapses together with the Board of Directors that appointed it, even if it continues to perform its functions in the interim up to the appointment of new representatives.

The appointment as part of the Supervisory Body is conditioned by the presence of the subjective requirements of good reputation, integrity and respectability, as well as the absence of any conflict of interest with the appointment itself such as family relationships with members of the corporate bodies and top management and potential conflicts of interest with the role and tasks that they would have to perform.

In particular, at the time of the appointment, the persons designated to cover the role of the Supervisory Body must issue a declaration in which they attest to the absence of reasons of incompatibility such as, but not limited to:

- relations of kinship, marriage or affinity within the fourth degree to members of the board, senior management in general, the Company's Statutory Auditors and auditors appointed by the audit firm;
- conflicts of interest, even potential, with the Company that could compromise the independence required by the role and duties of the SB;
- direct or indirect ownership of shares in an entity such as to enable them to exert a significant influence on the Company;
- administration functions - in the three years prior to the appointment as member of the SB or the establishment of the consultancy / collaboration relationship with the same body – of companies subject to bankruptcy, compulsory liquidation or other insolvency procedures;
- sentence of conviction, even in the Court of First Instances, or judgment enforcing the penalty on request (so-called plea bargain), in Italy or abroad, for offenses referred to by the Legislative Decree 231/2001 or offenses that can be assimilated to them;
- conviction, even in the Court of First Instances, with a penalty that implies interdiction, even temporary, from public offices, or temporary interdiction from the management offices of legal entities and companies.

In order to guarantee the necessary stability of the Supervisory Body, the procedures for revoking the powers connected with this task are indicated below.

The revocation of the powers of the Supervisory Body and the attribution of such powers to another person, can only take place due to just cause through a specific resolution of the Board of Directors and with approval of the Board of Statutory Auditors.

In this regard, for "just cause" revocation of powers connected with the appointment within the Supervisory Body may be understood as, by way of example only:

- the loss of subjective requirements of honour, integrity, respectability and independence present at the time of the appointment;
- the occurrence of a reason for incompatibility;
- serious negligence in the performance of duties connected with the assignment such as (by way of example only): the omission of half-yearly or annual information on the activities carried out by the Board of Directors and the Board of Statutory Auditors referred to in paragraph 4.3.1 below;
- the "omission or insufficient supervision" by the Supervisory Body - according to the provisions of art. 6, paragraph 1, let. d), Legislative Decree 231/2001 - resulting from a conviction, which has become final, issued against the Company pursuant to the Legislative Decree 231/2001 or from a sentence or judgment enforcing the penalty on request (so-called plea bargain);
- the assignment of operational functions and responsibilities within the organization that are incompatible with the requirements of "autonomy and independence" and "continuity of action" of the Supervisory Body.

However, in particularly serious cases the Board of Directors may order - after consultation with the Board of Statutory Auditors - the suspension of the powers of the Supervisory Body and the appointment of an interim body.

4.2. Functions and powers

The activities carried out by the SB may not be judged by any other body or structure of the Company, it being understood that the governing body is in any case expected to perform a supervisory activity on the adequacy of its work, in that it is the management body that is ultimately responsible for the functioning and effectiveness of the Model.

The SB is vested with the powers of initiative and control necessary to ensure effective and efficient supervision of the functioning and compliance with the Model in accordance with the provisions of art. 6 of the Legislative Decree 231/2001.

In particular, the Supervisory Body is entrusted, for the performance and exercise of its functions, with the following tasks and powers:

- regulate its operation in order to provide for: the scheduling of activities, the determination of the time intervals of controls, the identification of criteria and procedures for analysis, the regulation of information flows from the structures to bring to the attention of the Board of Directors;

- verifying the adequacy of the Model with regard to preventing the commission of offenses referred to in the Legislative Decree 231/2001 with reference to the ability to bring to light the materialization of any unlawful conduct;
- verifying the efficiency and effectiveness of the Model also in terms of correspondence between the actual operational procedures adopted and the procedures formally provided for by the Model itself;
- verifying the maintenance of the requirements of efficiency and effectiveness of the Model over time;
- perform, even via designated functions, periodic inspection and auditing activities, of a continuative and unexpected nature, in consideration of the various sectors of intervention or of the types of activities and their critical points in order to verify the efficiency and effectiveness of the Model;
- manage, develop and promote the constant updating of the Model, by putting forth, where necessary, to the management body proposals for any updates and adjustments to be carried out through the modifications and / or additions that may become necessary as a consequence of:
 - (i) significant violations of the provisions of the Model;
 - (ii) significant modifications to the internal structure of the Company;
 - (iii) regulatory modifications;
- monitor the periodic updating of the identification, mapping and classification system of sensitive activities;
- maintain a constant link with the audit company, safeguarding the necessary independence, as well as with other consultants and contractors involved in the effective implementation of the Model;
- detect any behavioural deviations that may arise from the analysis of information flows and from reports, which are required by the managers of the various departments;
- promptly report to the management body, for the appropriate measures, the ascertained violations of the Model that may lead to the emergence of responsibility for the Company;
- managing relations and ensure the information flow pertaining to the Board of Directors, as well as to the Board of Statutory Auditors;
- promote, within training departments, initiatives for the diffusion of knowledge and understanding of the Model, as well as staff training and awareness of the need to observe the principles contained within the Model;
- promote, within training departments, communication and training activities regarding the contents of the Legislative Decree no. 231/2001, with regards to the regulatory impacts of the Company's activities and behavioural standards;

- provide clarification regarding the significance and application of the provisions contained in the Model;
- prepare an effective internal communication system to allow the transmission of relevant news for the purposes of the Legislative Decree 231/2001, ensuring the protection and confidentiality of the reporter;
- freely access any company structure - without the need for any prior consent - to request and acquire information, documentation and data deemed necessary for the performance of the tasks provided for by the Legislative Decree 231/2001 from all the employees and managers;
- request relevant information from Consultants;
- promote the activation of any disciplinary proceedings referred to in Chapter 5 of this Model;
- verify and evaluate, together with the relevant Departments, the suitability of the disciplinary system pursuant to and for the purposes of the Legislative Decree 231/2001.

The Board of Directors will take care of the adequate communication to the departments regarding the duties and powers of the Supervisory Body.

The SB has no management or decision-making powers relating to the performance of the Company's activities, organizational powers, or modifications to the structure of the Company, nor sanctioning powers.

The SB, as well as individuals to whom the Body avails itself, in any capacity, are obliged to respect the obligations of confidentiality for all information of which they have become aware in the exercise of their duties.

When drafting the budget, the Board of Directors must approve an adequate allocation of financial resources that the Body will have at its disposal for every requirement necessary for the correct performance of the tasks (e.g. specialist advice, transfers, etc.).

4.3. Information flows to and from the Supervisory Body

4.3.1. Reporting by the Supervisory Body to the corporate bodies

The Supervisory Board reports on the implementation of the Model, the emergence of any critical aspects and the need to make modifications. Two distinct lines of reporting are envisaged:

- the first, on a continuous basis, directly to the Chief Executive Officer;

- the second, on a periodic basis at least every six months, to the Board of Directors and the Board of Statutory Auditors.

The Supervisory Body:

- i) reports to the CEO making him acquainted, whenever it is deemed appropriate, of any significant facts and circumstances of his office. The SB immediately communicates the occurrence of extraordinary situations (for example: significant violations of the principles contained within the Model that have emerged as a result of supervisory activity, legislative innovations in the field of administrative liability, etc.) and the reports received which are urgent;
- ii) submits a written report, on a periodic basis at least every six months, to the Board of Directors and the Board of Statutory Auditors, which must contain at least the following information:

- a. a summary of the activities carried out during the half year in line with the annual surveillance program;

any contingency activities carried out in the period following reports or input received from the bodies of governance that are problematic or critical that have arisen during the course of the supervisory activity, the reports received from internal and external parties, including those directly observed, in relation to alleged violations of the provisions of this Model, prevention protocols and related implementation procedures plus the outcome of the subsequent verifications carried out;

- b) disclosure regarding the commission of any crimes relevant for the purposes of the Decree;
- c) disciplinary measures and sanctions applied by the Company, with reference to violations of the provisions of this Model, prevention protocols and related implementation procedures;
- d) an overall assessment of the functioning and effectiveness of the model with any proposals for additions, corrections or modifications;
- e) the reporting of any changes in the regulatory framework and / or significant changes in the internal structure of the Company that require an update to the Model;
- f) i)
- g) statements of expenses incurred;
- iii) prepares a Supervisory Plan, at least annually, to be submitted to the Board of Directors and the Board of Statutory Auditors.

The Board of Directors and the Board of Statutory Auditors have the right to convene the Supervisory Board at any time in order to inform them of the relevant activities.

The meetings with the corporate bodies, to which the Supervisory Body reports, must be documented.

The Supervisory Body handles the archiving of the related documentation.

4.3.2. Disclosure towards the Supervisory Body

The Supervisory Body must be promptly informed of any acts, behaviour, or events that may cause a violation of the Model or, more generally, that are relevant for the purpose of improving the efficiency and effectiveness of the Model.

All the Recipients of the Model communicate all useful information to the Supervisory Body in order to facilitate the verification of the correct implementation of the Model. In particular:

- Managers who operate within the context of Sensitive Activities must send information to the Supervisory Body concerning: i) periodic results of the control activities carried out by them, even at the request of the Supervisory Board itself (summary report of the activities performed, etc.), in the implementation of the Model and of the indications provided by the Supervisory Body; ii) any anomalies or unusual events observed within the available information;
- the managers identified in accordance with their respective organizational responsibilities must communicate to the SB in writing, with the appropriate urgency, any information regarding:
 - the issuing and / or updating of organizational documents;
 - alterations in the responsibility of the functions involved in risk activities and any updating to the proxy and powers of attorney system;
 - the reports prepared by the managers / control bodies (including the auditing company) as part of their verification activities, from which facts, acts, events or omissions can emerge with critical profiles with respect to compliance with the provisions of the Decree or the provisions of the Model;
 - disciplinary proceedings initiated for violations of the Model, the dismissal of proceedings and the relative motivation, the application of penalties for violation of the Model or the procedures established for its implementation;
 - measures and / or information from the judicial police or any other authority, which indicate that investigations are ongoing, also against unknown persons, for offenses covered by the Legislative Decree. n. 231/2001, and that may involve the Company;
 - requests for legal assistance made by employees in the event of prosecution of offenses against them and in relation to offenses under the Legislative Decree. n. 231/2001, unless expressly prohibited by the judicial authority;
- all employees and members of the corporate bodies must promptly report the commission or alleged commission of crimes or reasonable risk of their commission, under the Decree, of

which they become aware, and any violation or alleged violation of the Model or the procedures established implementing the same, to which they are aware;

- the other Recipients of the Model, external to the Company, are required to provide immediate information directly to the SB in the event that they receive, directly or indirectly, a request for behaviour that could lead to a violation of the Model from an employee / representative of the Company.

In this regard, the following general provisions apply:

- the Supervisory Body evaluates, at its discretion and under its own responsibility, the reports received and the cases in which it is necessary to take action
- the decisions regarding the outcome of the assessment must be justified in writing.

The SB may request information that may concern, but is not limited to:

- transactions that fall within Sensitive Activities;
- any other information that, although not included in the above list, is relevant for correct and complete supervisory activities and for updating the Model

The obligation to provide information regarding any behaviour contrary to the provisions contained in the Model falls within the broader duty of diligence and obligation of the loyalty of the employer. The correct fulfilment of the obligation of information on the part of the employer shall not give rise to disciplinary sanctions.

The Company adopts suitable and effective measures to guarantee the confidentiality of the identity of the person transmitting useful information to the Supervisory Body in order to identify behaviour not consistent with the provisions of the Model, from the procedures established for its implementation and from the procedures established by the internal control system, without prejudice to the legal obligations and the protection of the rights of the Company or of individuals charged unjustly or in bad faith.

Any form of retaliation, discrimination, or penalization against those who report to the SB in good faith is prohibited. The Company reserves the right to all actions against anyone who carries out false reports in bad faith.

In order to ensure strict compliance with the provisions contained in this paragraph, the following e-mail has been set up: organismodivigilanza@monnalisa.eu.

4.3.3. Collection and storage of information

All information and reports, envisaged for the Model, are held by the Supervisory Body in a special archive (electronic or hardcopy).

The Supervisory Body also reserves the right to manage reports, information, and the verification of results that do not directly involve the Company, in a confidential manner, for accountability pursuant to the Legislative Decree 231/01.

5. The disciplinary system

5.1. General principles

Article. 6, paragraph 2, let. e) and art. 7, paragraph 4, let. b) of the Legislative Decree n. 231/2001 recommends conditions for the effective implementation of the organisational, management and control model and the introduction of a suitable disciplinary system to sanction non-compliance with the measures indicated in the Model. Therefore, the definition of an adequate disciplinary system is an essential prerequisite of the justifiable valence of the organizational, management and control model pursuant to the Legislative Decree no. 231/2001 with respect to the administrative responsibility of institutions.

The sanctions envisaged will be applied to any violation of the provisions contained in the Model regardless of the commission of an offense and the execution and outcome of the criminal proceedings that may be initiated by the judicial authority.

The Supervisory Body, having received the report and carried out the appropriate investigations, will formulate a proposal regarding the measures to be taken and will communicate its evaluation to the competent bodies according to the disciplinary system, who will then decide upon the possible adoption and / or modification of the measures proposed by the Supervisory Body.

For relevant facts and acts pursuant to the Legislative Decree 231/01, the incumbent for sanctioning powers is the Employer, who is responsible for determining the extent of the sanction based on the provisions of the respective national collective bargaining agreements (CCNL). It should be noted that the employer is understood to be the Board of Directors, except in the event of explicit proxies conferred on specific subjects, within the limits of delegated powers.

Nonetheless, the contestation phases of infringements, as well as the determination and effective application of sanctions, are executed in compliance with the laws and regulations in force, as well as the collective bargaining provisions.

5.2. Sanctionable conduct: fundamental categories

Actions and/or implementations in violation of the Code of Ethics, the Model and internal operating procedures as well as failure to comply with any indications and prescriptions from the Supervisory Body are all punishable.

The sanctionable violations can be divided into four basic categories in order of increasing severity:

- a) violations not related to Sensitive Activities
- b) violations related to Sensitive Activities
- c) violations suitable for integration for the mere fact (objective element) that one of the offenses for which the administrative liability of legal persons is foreseen;

- d) violations aimed at the commission of offenses provided for by the Decree 231/2001 or which, in any case, involve the possibility of attribution of administrative responsibility to the Company.

For example, the following constitute sanctionable conduct:

1. failure to comply with procedures prescribed in the Model and / or referred to therein;
2. failure to comply with information obligations prescribed in the control system;
3. the omission or false documentation of operations in accordance with the principle of transparency;
4. the omission of controls by responsible parties;
5. the unjustified failure to comply with informational obligations;
6. the omission of control on the diffusion of the Code of Ethics by the responsible subjects;
7. the adoption of any elusive act of control systems;
8. the adoption of behaviour that exposes the Company to the communication of sanctions provided for by the Legislative Decree 233/2001.

5.2.1. Measures in relation to employees

A violation of the individual provisions and behavioural rules referred to in Model on the part of employees always constitutes a disciplinary offense.

The Company requires its employees to report any violations. The Company assesses the contribution made in a positive sense, even if the person who made the report contributed to this violation.

As to the type of disciplinary measures, in the case of a subordinated employment relationship, any sanctioning measures must comply with the procedures established by art. 7 of the Workers' Statute, characterized, in addition to the principle of typicality of the violation, by the principle of typicality of the sanction. Furthermore, the Company ensures that the application of disciplinary practices will be conducted respecting the physical, mental, and emotional integrity of the worker, as established by the SA8000 Standard.

In particular taking into account the provisions:

- in the CCNL (the Italian National Collective Labour Agreement) 4/2/2014 EMPLOYEES OF THE TEXTILE FABRICS INDUSTRY, the following disciplinary sanctions are provided for:

- **a verbal warning** in the case of:
 - failure to comply with the principles and rules of conduct established by the Model or violation of the procedures and internal rules provided and / or cited or still in adoption, within the context of sensitive activities, of behaviour that is not compliant or not adequate

to the requirements of the Model, correlating said behaviour to a minor failure to comply with the contractual provisions or directives and instructions issued by directorates or superiors, not due to deliberate intention of failing ones duty;

- **a written warning** in the case of:
 - Minor non-compliance with the principles and rules of conduct established by the Model or violation of the procedures and internal rules provided and / or cited or still in adoption, within the context of sensitive activities, of behaviour that is not compliant or not adequate to the requirements of the Model, to such an extent that it can be considered mild, and in any case not serious, although may tend towards being repeated and, as such, a warning is necessary in a less liable form of a written reprimand.
- **a fine, up to an amount equivalent to two hours of the national salary, or, in cases of greater severity or recurrence, the suspension from work for a maximum of three days** in the case of:
 - failure to comply with the principles and rules of conduct established by the Model or violation of the procedures and internal rules provided and / or cited or still in adoption, within the context of sensitive activities, of behaviour that is not compliant or not adequate to the requirements of the Model to such an extent that it is considered of a certain gravity, although dependent of recurrence, correlating the said behaviour to a non-compliance - repeatedly or of a certain gravity- of the contractual rules or directives and instructions given by management or superiors;
 - completion of acts contrary to the interests of the Company or that adversely damage or expose the Company's assets to a situation of objective danger, recognising in such behaviour a "non-observance of the provisions brought to the attention of the Body via service orders or other suitable means" referred to above as "Criteria Correlations";

4. Termination of permanent work contract by the employer in accordance with Article 2119 of the Civil Code in the case of:

- adoption, in the performance of the activities included in the "sensitive activities", of behaviour characterized by notable defaults of the requirements and / or procedures and / or internal rules established by this Model, even if it may give rise to configuring one of the offenses to which the Decree is applicable, correlating this behaviour to a violation that constitutes a "Significant" infringement of the related obligations;
- adoption in the performance of the activities within sensitive activities of behaviour that does not comply with the provisions of the Model and directed unequivocally at committing an offense sanctioned by the decree, having recognize in such behaviour an "act from which the gross negligence of the employee emerges ", referred to in the above-mentioned criteria correlations.

- In the Tertiary CCNL art. 217) the following disciplinary sanctions are envisaged:
 - 1. Verbal condemnation for minor shortcomings** in the case of:
 - failure to comply with the principles and rules of conduct established by the Model or violation of the procedures and internal rules provided and / or cited or still in adoption, within the context of sensitive activities, of behaviour that is not compliant or not adequate with the requirements of the Model, correlating said behaviour to a minor failure to comply with the contractual provisions or directives and instructions issued by directorates or superiors, not due to a deliberate intention of failing ones duty;
 - 2. Written condemnation** in the case of:
 - Minor non-compliance with the principles and rules of conduct established by the Model or violation of the procedures and internal rules provided and / or cited or still in adoption, within the context of sensitive activities, of behaviour that is not compliant or not adequate to the requirements of the Model, to such an extent that it can be considered mild, and in any case not serious, although may tend towards being repeated and, as such, a warning is necessary in a less liable form of a written reprimand.
 - 3. A fine not exceeding the amount of 4 hours of normal salary** in the case of:
 - failure to comply with the principles and rules of conduct established by the Model or violation of the procedures and internal rules provided and / or cited or still in adoption, within the context of sensitive activities, of behaviour that is not compliant or not adequate with the requirements of the Model to such an extent that it is considered of a certain gravity, although dependent of recurrence, correlating the said behaviour to a non-compliance - repeatedly or of a certain gravity- of the contractual rules or directives and instructions given by management or superiors;
 - completion of acts contrary to the interests of the Company or that adversely damage or expose the Company's assets to a situation of objective danger, recognising in such behaviour a "non-observance of the provisions brought to the attention of the Body via service orders or other suitable means" referred to above as "Criteria Correlations";
 - 4. suspension from pay and service for up to 10 days** in the case of:
 - completion of acts contrary to the interests of the Company or that adversely damage or expose the Company's assets to a situation of objective danger, recognising in such behaviour a "non-observance of the provisions brought to the attention of the Body via service orders or other suitable means" referred to above as "Criteria Correlations";
 - 5. dismissal without notice and other consequences of reason and law** in the case of:
 - adoption, in the performance of the activities included in "sensitive activities", of behaviour characterized by a notable failure to comply with the provisions and / or procedures and / or internal rules established by this Model, even if it may give rise to configuring one of the

offenses to which the Decree is applicable, correlating this behaviour to a violation that constitutes a "Significant" infringement of the related obligations;

- adoption in the performance of the activities within sensitive activities of behaviour that does not comply with the provisions of the Model and directed unequivocally at committing an offense sanctioned by the decree, having recognize in such behaviour an "act from which the gross negligence of the employee emerges ", referred to in the above-mentioned criteria correlations.

The application of the type and magnitude of the penalties mentioned above is dependent on the following factors:

I. INTENTIONALITY to engage in the behaviour

II. RECURRENCE, or any presence of disciplinary measures already implemented in the past against the worker;

III. THE LEVEL OF RESPONSIBILITY of the worker.

5.2.2. Measures in relation to managers

In the case of violation of the Organizational Model by managers, the Company will apply the most suitable measures in compliance with the provisions of the regulations in force for those responsible.

5.3. Measures in relation to directors and statutory auditors

In cases where the violation regards a Director or a Statutory Auditor, the Supervisory Body must inform the Board of Directors and the Board of Statutory Auditors of the Company immediately in writing.

With respect to the Directors who have committed a violation of the Model or the procedures established in the implementation of the same, the Board of Directors, subject to binding consultation with the Board of Statutory Auditors, may apply any appropriate provision permitted by law.

In respect to the statutory auditors who have committed a violation of the Model or the procedures established in implementation of the same, the Board of Directors provides for the adoption of the

most appropriate measures, including the possibility of the revocation of the statutory auditor for just cause

5.4. Measures in relation to other recipients

Violation by other Recipients of the Model, having contractual relations with the Company for the performance of activities deemed to be sensitive, and dispositions and the rules of behaviour foreseen by the Model or the possible commission of offenses contemplated by the Legislative Decree 231/2001 by them, will be sanctioned according to the provisions of the specific contractual clauses which will be included in the relevant contracts.

These clauses, making explicit reference to compliance with the provisions and the rules of conduct envisaged by the Model, may include, for example, the obligation on the part of these third parties, to not adopt actions or entertain behaviour likely to cause a breach of the Model of the Company.

6. The training and communication plan

6.1. Introduction

The Company, in order to effectively implement the Model, ensures a correct distribution of the contents and principles of the model, both internally and externally.

The objective of the Company is to communicate the contents and principles of the Model, even to those who, while not holding a formal post as employee, operate - even occasionally - for the achievement of the Company's objectives by virtue of contractual relationships.

The company intends to:

- establish, in all those who work in its name and on its behalf in "sensitive" activities, awareness of the fact that they may be, in the case of violations of the provisions contained therein, liable to penalties;
- inform all those who work for any reason in its name, on its behalf or in any case in its interest, that violations of the provisions contained in the Model will result in the application of appropriate sanctions or the termination of the contractual relationship;
- reaffirm that the Company does not tolerate unlawful conduct of any kind and regardless of any purpose, as such behaviour (even when the Company may appear to benefit from it) is contrary to the ethical principles that the Company intends to follow.

The communication and training activity is diversified according to the recipients to whom it is addressed, but it is, in any case, based on the principles of thoroughness, clarity, accessibility and continuity in order that the various recipients are fully aware of the regulations that they are required to respect and ethical standards that should govern their behaviour.

Communication and training activities are supervised by the Supervisory Body, that is assigned, among other things, with the tasks of "promoting initiatives for the dissemination of knowledge and the understanding of the Model, as well as training personnel and raising awareness of compliance with the principles contained in the Model" and "promoting communication and training programmes regarding the contents of the Legislative Decree n. 231/2001, the impact of legislation on the Company's activities and behavioural standards".

6.2. Employees

Each employee is required to: i) be aware of the principles and contents of the Model; ii) be familiar with the operating methods in order to fulfil their activities iii) actively contribute, in relation

to their roles and responsibilities, to the effective implementation of the Model, reporting any deficiencies found within.

In order to guarantee an effective and rational communication activity, the Company intends to promote and facilitate awareness of the contents and principles of the Model and implemented procedures with a diversified degree of detail according to the position and role held.

All current and new employees are given a copy of an extract from the Reference Principles of the Model and are requested to sign a declaration of awareness and observance of the principles described therein.

Everyone is also required to consult the Model documents directly on the Company's website on a regular basis.

In any case, the possibility to consult the documents directly on the Company bulletin board is guaranteed.

Suitable communication tools have been adopted in order to update recipients of this paragraph with any amendments made to the Model, as well as any important procedural , regulatory, or organizational amendments.

6.3. Members of the corporate bodies and managers

A hard copy of the full version of the model is made available to the members of the corporate bodies and managers.

Suitable communication tools will be adopted in order to update them on any changes made to the Model, as well as any significant procedural, regulatory, or organizational amendments.

6.4. Other Recipients

The communication activity of the contents and the principles of the Model must also be sent to third parties who maintain contractually regulated collaboration relationships with the Company, with particular reference to those operating in the sphere of activities deemed sensitive pursuant to the Legislative Decree no. 231/2001.

7. Adoption of the Model – Criteria for updating and adapting the Model

7.1 Verifications and controls on the Model

In the execution of its activity, the SB may avail itself of both the support of internal departments and structures within the Company with specific competence in the sectors from time to time subject to control as well as, with reference to the execution of the technical operations necessary for the performance of the control function, external consultants. In this case, the consultants must always report the results of their work to the SB.

The Supervisory Board is invested with the widest powers during audits and inspections, in order to effectively carry out the tasks assigned to it.

7.2 Updating and adaption

The board of directors decides on the updating of the Model and its adaptation in relation to modifications and / or additions that may become necessary as a consequence of:

- violations of the provisions of the Model;
- modifications to the internal structure of the Company;
- regulatory changes;
- the results of checks

Once approved, the modifications and instructions for their immediate application are communicated to the SB, which, in turn, will take steps, without delay, to render the said amendments operative and handle the correct notification of the contents of these within and outside the Company.

The Supervisory Board will also take steps, by means of a specific report, to inform the board of directors regarding the outcome of the activities undertaken in compliance with the resolution that provides for the updating and / or adjustment of the Model.

In any case, the SB retains precise tasks and powers regarding the handling, development, and promotion of the constant updating of the Model. To this end, it formulates observations and proposals concerning the organizational and control system, the structures assigned to it or, in cases of particular relevance, to the board of directors.

In particular, in order to ensure that modifications to the Model are carried out with the necessary timeliness and effectiveness, at the same time without incurring a lack of coordination between the operational processes, the provisions contained within the Model and their dissemination, the board of directors has decided to delegate to the Supervisory Board the task of periodically implementing, where necessary, amendments to the Model that regard aspects of a descriptive nature.

It should be noted that the expression “descriptive aspects” refers to elements and information deriving from resolutions passed by the Board of Directors (such as, for example, the redefinition of the organigram) or company departments equipped with specific delegated powers (e.g. new procedures).

When presenting the annual summary report, the SB presents a specific information note regarding the modifications made in the implementation of the mandate received from the Board of Directors, in order to make them the subject of ratification resolutions by the Board of Directors.

In any case, the resolution of updates and / or adjustments to the Model remains the sole responsibility of the Board of Directors due to the following factors:

- intervention of regulatory changes regarding the subject of administrative responsibility of institutions;
- identification of new Sensitive Activities, or variations to those previously identified, possibly related to the launch of new activities;
- commission of the offenses referred to by the Legislative Decree 231/2001 by the recipients of the provisions of the Model or, more generally, significant violations of the Model;
- verification of deficiencies and / or shortcomings in the Model's forecasts following checks on the effectiveness of the same.

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