



***Organization, Management and Control Model pursuant to
Decree 231/01 – General Part***

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Recipients of the General Part

The following persons are recipients (hereinafter, the “Recipients”) of this General Part of the Organization, management and control model pursuant to Decree 231/2001 of Aeffe S.p.A. (hereinafter, the “Company”) and agree to comply with its provisions:

- the directors and executives of the Company (*senior* decision-makers);
- the employees of the Company (internal persons *managed by others*);
- the directors, executives and employees of other companies in the Aeffe Group who provide services on an ongoing basis for and in the interests of the Company, in the context of the sensitive activities identified and described in detail in the Special Parts.

Under specific agreements or contractual clauses and solely to the extent to the performance of any sensitive activities in which they might participate, the following external parties (hereinafter, the “External Parties”) may have specific obligations regarding the adequate performance of the internal control activities envisaged in this General Part:

- the agents, collaborators, consultants and, in general, parties that carry out freelance activities, to the extent that their work involves participation in sensitive activities for or in the interests of the Company;
- the vendors and partners (including partners in temporary business associations and joint ventures) whose work involves significant and/or ongoing participation in so-called sensitive activities for or in the interests of the Company.

The above definition of External Parties also includes those whose work, while subject to contractual relations with other companies in the Group, in substance involves significant and/or ongoing participation in sensitive activities for or in the interests of the Company.

Organization, management and control model pursuant to Decree 231/01 - General Part -

1 Administrative responsibility of companies

1.1 The regime of administrative responsibility envisaged for legal persons, companies and associations

For the first time in Italy, Decree 231 dated June 8, 2001, on “Governance of the administrative responsibility of legal persons, companies and associations, including those without legal form” (hereinafter “Decree 231/2001” or the “Decree”) recognized the criminal responsibility of entities for certain offenses committed in their interests or for their benefit by persons associated with them.

Decree 231/2001 applies to *legal persons, companies and associations, including those without legal form*, with the exclusion of the State, local public entities, other non-economic public entities and entities that perform functions of constitutional importance.

In substance, the recipients of the Decree comprise: limited companies and cooperatives, foundations, associations, public and private economic entities, private entities that provide public services, entities without legal form, partnerships, consortia and committees.

Responsibility for offenses may be attributed to the entity if they are committed by a senior decision maker or a person subject to management and supervision by that leader (arts. 6 and 7 of Decree 231/2001).

With regard to *senior* decision makers, the term is interpreted in a broad sense, comprising not only directors but also all persons empowered to represent and direct the entity as a whole, or even just an organizational unit if it has financial and functional autonomy; accordingly, in the case of delegated functions, this definition extends to mandate holders, on condition that they have the necessary decision-making powers. A senior decision maker may play that role on a *de facto* basis, performing the above functions without formal investiture.

With regard to “subordinates” or *persons managed by others*, the existence of an employment relationship is not considered necessary and, accordingly, these persons must be identified with reference to the “functional theory”, which looks at the actual role performed rather than the formal position.

It is not sufficient to commit or attempt to commit one of the identified offenses for the entity to be held responsible¹.

In fact, the Decree also requires the satisfaction of an objective requirement, being commitment of the offense in the interests and/or for the benefit of the entity. It follows

¹ Note that the administrative responsibility of the entity remains (albeit with a reduction in penalties), even if the offense is only attempted but without success.

that the entity is not responsible if the interests or benefits are pursued directly and exclusively by the perpetrator of the offense or a third party.

The administrative responsibility of the entity for the offense is additional to the criminal responsibility of the natural person who actually carried out the deed.

This new responsibility, introduced by Decree 231/2001, seeks in particular to involve in the punishment of certain criminal offenses the assets of entities that benefit from them. In fact, a pecuniary penalty is always levied whenever an entity is held responsible pursuant to Decree 231/2001 for the commitment of an identified offense. Preventive measures are also envisaged in more serious cases. These include the suspension or revocation of licenses and concessions, prohibition to enter into contracts with the Public Administration, prohibition to carry out the activities concerned, exclusion from or revocation of loans and grants, prohibition to advertise goods and services, thereby restricting the freedom of the entity to carry out commercial and entrepreneurial activities.

The above administrative responsibility for committing an offense does not arise from the commitment of all crimes. Under Italian law, the responsibility of the entity is limited to the commitment of those offenses included in the “closed” catalog of identified offenses: this means that the above responsibility only arises if one of the identified offenses is committed.

In particular, the scope of application of Decree 231/2001 currently extends to the following families of offense and to the circumstances indicated below:

A) Improper collection of funds, fraud to the detriment of the State or a public body or to obtain public funds and IT fraud to the detriment of the State or a public body (art. 24 of Decree 231/2001, subsequently amended by Decree 75 dated July 14, 2020) and Malfeasance, improper inducement to give or promise benefits and corruption (art. 25 of Decree 231/2001, as subsequently amended by art. 1, para. 77 a), of Law 190 dated November 6, 2012, Law 3 dated January 9, 2019, and Decree 75 dated May 14, 2020)

- Misuse of funds to the detriment of the State (art. 316-bis criminal code);
- Improper collection of funds to the detriment of the State (art. 316-ter criminal code);
- Fraud [to the detriment of the State or a public body] (art. 640, para. 2.1, criminal code);
- Aggravated fraud to obtain public funds (art. 640-bis criminal code);
- IT fraud [to the detriment of the State or other public body] (art. 640-ter criminal code).
- Fraud in public supplies (art. 356 criminal code)²;
- Fraud to the detriment of the European Agricultural Fund (art. 2, Law 898 dated December 23, 1986³);
- Misappropriation (art. 314, para. 1, criminal code)⁴;

² Article added by Decree 75/2020.

³ Article added by Decree 75/2020.

⁴ Article added by Decree 75/2020.

- Misappropriation by profiting from the mistakes of others (art. 316 criminal code)⁵;
- Malfeasance (art. 317 criminal code);
- Corruption to obtain an official deed (art. 318 criminal code);
- Corruption contrary to official duty (art. 319 criminal code);
- Aggravating circumstances (art. 319-bis criminal code);
- Corruption to obtain a judicial deed (art. 319-ter criminal code);
- Improper inducement to give or promise benefits (art. 319-quater criminal code);
- Corruption of a person who provides a public service (art. 320 criminal code);
- Penalty for the corrupter (art. 321 criminal code);
- Instigation of corruption (art. 322 criminal code);
- Embezzlement, malfeasance, improper inducement to give or promise benefits, corruption and instigation of the corruption of members of the International criminal court or European Community bodies and officials of the European Communities and foreign countries (art. 322-bis criminal code);
- Abuse of an official position (art. 323 criminal code)⁶;
- Trafficking in illegal influence (art. 346-bis criminal code)⁷.

B) IT offenses and improper data processing (art. 24-bis of Decree 231/2001, added by art. 7 of Law 48 dated March 18, 2008, and subsequently amended by Decree 105 dated September 21, 2019, and Law 133 dated November 18, 2019)

- IT documents (art. 491-bis criminal code in relation to arts. 476-490, 492 and 493 criminal code);
- Unauthorized access to an IT or electronic data communications (telematic) system (art. 615-ter criminal code);
- Holding and unauthorized distribution of access codes to IT or telematic systems (art. 615-quater criminal code);
- Distribution of equipment, devices or IT programs intended to damage or crash an IT or telematic system (art. 615-quinquies criminal code);
- Interception, prevention or illegal interruption of IT or telematic communications (art. 617-quater criminal code);
- Installation of equipment for intercepting, preventing or interrupting IT or telematic communications (art. 617-quinquies criminal code);
- Causing damage to information, data or IT programs (art. 635-bis criminal code);
- Causing damage to information, data or IT programs used by the State or a public body or of public interest (art. 635-ter criminal code);
- Causing damage to IT or telematic systems (art. 635-quater criminal code);
- Causing damage to IT or telematic systems of public interest (art. 635-quinquies criminal code);
- IT fraud by the party that provides electronic signature certification services (art. 640-quinquies criminal code);

⁵ Article added by Decree 75/2020.

⁶ Article added by Decree 75/2020.

⁷ Article added by Law 3 dated January 9, 2019) “*Measures to combat crimes against the public administration, as well as with regard to the time expiry of crimes and the transparency of political parties and movements.*”

- Infringement of the regulations governing the National cyber-security perimeter (art. 1, para. 11, Decree 105 dated September 21, 2019).

C) Organized crime (art. 24-ter of Decree 231/2001, added by art. 2, para. 29, of Law 94 dated July 15, 2009, as subsequently amended by Law 69 dated May 27, 2015, and Law 236 dated December 11, 2016)

- Criminal association (art. 416 criminal code);
- Italian and foreign mafia-related associations (art. 416-bis criminal code);
- Political/mafia-related electoral voting fraud (art. 416-ter criminal code);
- Kidnapping for the purposes of theft or extortion (art. 630 criminal code);
- Association for the illegal trafficking of narcotics or psychotropic drugs (art. 74 Presidential Decree 309/1990);
- Association for the illegal manufacture, importation into the State, sale, transfer, holding and bearing in a public place or place open to the public of military firearms or similar or parts thereof, explosive, clandestine arms or more common shotguns, with the exception of certain categories (art. 407, para. 2 a), point 5), criminal procedures code, which refers to the situations envisaged in art. 2 of Law 110 dated April 18, 1975).

D) Falsification of cash, government-issued bearer bonds and duty-paid stamps and recognizable signs (art. 25-bis of Decree 231/2001, added by art. 6 of Decree 350 dated September 25, 2001, as enacted with amendments by Law 409 dated November 23, 2001, and subsequently amended by Law 99 dated July 23, 2009, and by Decree 125 dated June 21, 2016)

- Falsification of cash and false spending and introduction into Italy, by collusion, of falsified money (art. 453 criminal code);
- Alteration of money (art. 454 criminal code);
- Spending and introduction into Italy, without collusion, of falsified money (art. 455 criminal code);
- Spending of falsified money received in good faith (art. 457 criminal code);
- Falsification of duty-paid paper, introduction into Italy, purchase, holding or circulation of falsified duty-paid paper (art. 459 criminal code);
- Counterfeiting of watermarked paper used to manufacture government-issued bearer bonds or duty-paid paper (art. 460 criminal code);
- Manufacture or holding of security strips or equipment for the falsification of money, duty-paid paper or watermarked paper (art. 461 criminal code);
- Use of counterfeited or altered duty-paid paper (art. 464 criminal code);
- Counterfeiting, alteration or use of trademarks or distinctive signs or industrial patents, models and designs (art. 473 criminal code);
- Importation into Italy and sale of products bearing false signs (art. 474 criminal code).

E) Offenses against trade and industry (art. 25-bis.1 of Decree 231/2001, added by art. 15, para. 7 b), of Law 99 dated July 23, 2009)

- Disturbing the freedom of trade and industry (art. 513 criminal code);
- Illegal competition with threats or violence (art. 513-bis criminal code);
- Fraud against national industries (art. 514);

- Fraud in the exercise of trade (art. 515 criminal code);
- Sale as genuine of fake foodstuffs (art. 516 criminal code);
- Sale of industrial products with false signs (art. 517 criminal code);
- Manufacture and trade in goods made by appropriating industrial property rights (art. 517-ter criminal code);
- Counterfeiting of designation or geographical area of origin of food industry products (art. 517-quater criminal code).

F) Corporate offenses (art. 25-ter of Decree 231/2001, added by art. 3, para. 2, of Decree 61/2002, as subsequently amended by arts. 31, para. 2, and 39, para. 5, of Law 262 dated December 28, 2005, and by art. 1, para. 77 b), of Law 190 dated November 6, 2012, as well as by art. 12 of Law 69 dated May 27, 2015, and by Decree 38 dated March 15, 2017)

- False corporate communications (art. 2621 civil code);
- Minor offenses (art. 2621-bis civil code);
- False corporate communications by listed companies (art. 2622 civil code);
- Impeding controls (art. 2625 civil code);
- Improper return of contributions (art. 2626 civil code);
- Illegal distribution of profits and reserves (art. 2627 civil code);
- Illegal transactions in shares or quotas of the company or the parent company (art. 2628 civil code);
- Operations detrimental to creditors (art. 2629 civil code);
- Failure to disclose conflicts of interest (art. 2629-bis civil code)
- Fictitious formation of capital (art. 2632 civil code);
- Improper distribution of company assets by liquidators (art. 2633 civil code);
- Corruption between private persons (art. 2635 civil code);
- Instigation of corruption between private persons (art. 2635-bis criminal code);
- Illegal influence over the shareholders' meeting (art. 2636 civil code);
- Market manipulation (art. 2637 civil code);
- Impeding the activities of public supervisory authorities (art. 2638 civil code).

G) Crimes committed for the purposes of terrorism or the subversion of democratic order (art. 25-quater of Decree 231/2001, added by art. 3 of Law 7 dated January 14, 2003)

- Subversive association (art. 270 criminal code);
- Association for the purposes of domestic or international terrorism or the subversion of democratic order (art. 270-bis criminal code);
- Provision of assistance to members (art. 270-ter criminal code);
- Recruitment for the purposes of domestic or international terrorism (art. 270-quater criminal code);
- Organization of travel for the purposes of terrorism (art. 270-quater.1 criminal code);
- Training for the purposes of domestic or international terrorism (art. 270-quinquies criminal code);
- Financing of conduct for the purposes of terrorism (art. 270-quinquies.1 criminal code);

- Removal of seized money or assets (art. 270-quinquies.2 criminal code);
- Conduct for the purposes of terrorism (art. 270-sexies criminal code);
- Attacks for the purposes of terrorism or subversion (art. 280 criminal code);
- Acts of terrorism using deadly or explosive devices (art. 280-bis criminal code);
- Acts of nuclear terrorism (art. 280-ter criminal code);
- Kidnapping of persons for the purposes of terrorism or subversion (art. 289-bis criminal code);
- Kidnapping for the purposes of coercion (art. 289-ter criminal code)⁸;
- Instigation to commit any of the offenses envisaged in the first and second chapters [Title I, Book II of the criminal code] (art. 302 criminal code);
- Political conspiracy by agreement (art. 304 criminal code);
- Political conspiracy by association (art. 305 criminal code);
- Armed gangs: establishment and participation (art. 306 criminal code);
- Assistance of participants in conspiracies or armed gangs (art. 307 criminal code);
- Hijacking, diversion and destruction of an aircraft (art. 1, Law 342/1976);
- Causing damage to ground installations (art. 2, Law 342/1976);
- Penalties (art. 3 Law 422/1989);
- Pro-active repentance (art. 5, Decree 625/1979);
- Instigation to commit any of the offenses envisaged in the first and second chapters [Title I, Book II of the criminal code];
- Urgent measures for protecting the democratic order and public safety (art. 1 of Decree 625/1979, as enacted with amendments by Law 15 dated February 6, 1980)
- Art. 2 of the International Convention for the Suppression of the Financing of Terrorism, New York, December 9, 1999.

H) Female genital mutilation (art. 25-quater.1 of Decree 231/2001, added by art. 8 of Law 7 dated January 9, 2006)

- Female genital mutilation (art. 583-bis criminal code).

I) Crimes against individual freedom (art. 25-quinquies of Decree 231/2001, added by art. 5 of Law 228 dated August 11, 2003, and subsequently amended by art. 10, paras. 1 a) and b), of Law 38 dated February 6, 2006, as well as by art. 3, para. 1, of Decree 39 dated March 4, 2014, and by Law 199 dated October 29, 2016)

- Reduction into or retention in slavery or serfdom (art. 600 criminal code);
- Child prostitution (art. 600-bis, criminal code);
- Child pornography (art. 600-ter criminal code);
- Holding of pornographic materials (art. 600-quater criminal code);
- Virtual pornography (art. 600-quater.1 criminal code);
- Tourism to take advantage of child prostitution (art. 600-quinquies criminal code);
- Holding of persons (art. 601 criminal code);
- Purchase and sale of slaves (art. 602 criminal code);

⁸ Article added by Decree 21/2018.

- Illegal intermediation and exploitation of labor (art. 603-bis criminal code);
 - Soliciting of minors (art. 609-undecies criminal code).
- L) Market abuse (art. 25-sexies of Decree 231/2001, added by art. 9 of Law 62 dated April 18, 2005)**
- Insider trading (art. 184 Consolidated Finance Law (T.U.F.) Decree 58 dated February 24, 1998);
 - Market manipulation (art. 185 T.U.F. Decree 58 dated February 24, 1998);
 - Abuse and unlawful communication of inside information (art. 187-bis T.U.F. Decree 58 dated February 24, 1998);
 - Market manipulation - administrative offense (art. 187-ter T.U.F. Decree 58 dated February 24, 1998);
 - Responsibilities of the body (art. 187-quinquies T.U.F.)
- M) Manslaughter and serious or very serious personal injury through negligence in violation of the rules governing occupational health and safety (art. 25-septies of Decree 231/2001, added by art. 9 of Law 123 dated August 3, 2007, replaced by art. 300 of Decree 81/2008 and amended by Law 3/2018)**
- Manslaughter (art. 589 criminal code);
 - Serious or very serious personal injury through negligence (art. 590 criminal code).
- N) Receiving, money laundering and use of money, assets or benefits deriving from illegal sources, as well as self-laundering (art. 25-octies of Decree 231/2001, added by art. 63, para. 3, of Decree 231/2007 and subsequently amended by art. 3, para. 5, letters a) and b), of Law 186 dated December 15, 2014)**
- Receiving (art. 648 criminal code)
 - Money laundering (art. 648-bis criminal code);
 - Use of money, assets or benefits deriving from illegal sources (art. 648-ter criminal code);
 - Self-laundering (art. 648-ter.1 criminal code).
- O) Crimes involving payment instruments other than cash (art. 25-octies.1, Decree 231/2001)**
- Improper use and falsification of payment instruments other than cash (art. 493-ter criminal code);
 - Holding and dissemination of equipment, devices or IT programs for the purpose of committing crimes involving payment instruments other than cash (art. 493-quater criminal code);
 - IT fraud aggravated by a transfer of money, cash equivalents or virtual currency (art. 640-ter criminal code).
- P) Crimes involving the infringement of copyrights (art. 25-novies of Decree 231/2001, added by art. 15, para. 7.c), of Law 99 dated July 23, 2009, as subsequently amended by Law 166 dated August 3, 2009, and most recently by Decree 121 dated July 7, 2011)**

- Protection of authorship and other utilization rights (arts. 171, 171-bis, 171-ter, 171 septies, 171 octies, 174 quinquies of Law 633 dated April 22, 1941).

Q) Inducement to not make declarations or to make false declarations to the judiciary (art. 25-decies of Decree 231/2001, added by art. 4 of Law 116 dated August 3, 2009)

- Inducement to not make declarations or to make false declarations to the judiciary (art. 377-bis criminal code).

R) Environmental offenses (art. 25-undecies of Decree 231/2001, added by Decree 121 dated July 7, 2011, and subsequently amended by art. 1, para. 8.a), of Law 68 dated May 22, 2015)

- Environmental pollution (art. 452-bis criminal code);
- Environmental disaster (art. 452-quater criminal code);
- Negligent offenses against the environment (art. 452-quinquies criminal code);
- Traffic and abandonment of highly radioactive materials (art. 452-sexies criminal code);
- Aggravating circumstances (art. 452-octies criminal code);
- Organized activities for the illegal trafficking of waste (art. 452-quaterdecies criminal code);
- Killing, destruction, capture, taking, holding of examples of protected wild animal or vegetable species (art. 727-bis criminal code);
- Destruction or deterioration of the habitat within a protected site (art. 733-bis criminal code);
- Commerce in examples of the species listed in Attachment A to art. 1 of Law 150 dated February 7, 1992;
- Commerce in examples of the species listed in Attachment B and Attachment C to art. 2 of Law 150 dated February 7, 1992;
- art. 3-bis of Law 150 dated February 7, 1992;
- Ban on holding examples representing a hazard to public health and safety (art. 6 Law 150 dated February 7, 1992);
- Environmental regulations (art. 137 Decree 152 dated April 3, 2006);
- Unauthorized management of waste (art. 256 Decree 152 dated April 3, 2006);
- Clean-up of sites (art. 257 Decree 152 dated April 3, 2006);
- Violation of the obligations to notify and to keep mandatory registers and formula lists (art. 258 Decree 152 dated April 3, 2006);
- Illegal trafficking of waste (art. 259 Decree 152 dated April 3, 2006);
- Organized activities for the illegal trafficking of waste (art. 260 Decree 152 dated April 3, 2006)⁹;
- IT system for controlling the traceability of waste (art. 260-bis Decree 152 dated April 3, 2006);
- Penalties (art. 279 Decree 152 dated April 3, 2006);

⁹ Article abrogated by Decree 21/2018 and replaced by art. 452-quaterdecies criminal code - Organized activities for the illegal trafficking of waste.

- Measures to protect the ozone layer and the atmosphere - Termination and reduction of the use of hazardous substances (art. 3 Law 549 dated December 28, 1993);
 - Criminal pollution caused by ships (art. 8 Decree 202 dated November 6, 2007, implementing Directive 2005/35/EC on pollution caused by ships and related penalties);
 - Negligent pollution caused by ships (art. 9 Decree 202 dated November 6, 2007, implementing Directive 2005/35/EC on pollution caused by ships and related penalties).
- S) Employment of foreign citizens without a proper permit (art. 25-duodecies of Decree 231/2001, added by Decree 209 dated July 16, 2012, transposing Directive 2009/52/EC that provides for minimum standards on sanctions and measures against employers of illegally staying third-country nationals)**
- Employment on fixed-term or permanent contracts (art. 22, para. 12-bis, Decree 286 dated July 25, 1998);
 - Transportation of foreign citizens in the territory of the State (art. 12, paras. 3, 3-bis, 3-ter of Decree 286 dated July 25, 1998);
 - Aiding and abetting illegal residence in the territory of the State (art. 12, para. 5, of Decree 286 dated July 25, 1998).
- T) Racism and xenophobia (art. 25-terdecies of Decree 231/2001, added by Law 163 dated October 25, 2017, on “Mandate to the government to adopt the European Directives and implement other deeds of the European Union - European delegated law 2016 - 2017”)**
- Propaganda and incitement to commit crimes for reasons of racial, ethnic or religious discrimination (art. 604-bis, para. 3, criminal code);
- U) Fraud in sports competitions, unauthorized gaming or betting and gambling carried out with the use of forbidden equipment (art. 25-quaterdecies, added by Law 39 dated May 3, 2019).**
- Fraud in sports competitions (art. 1 Law 401 dated December 13, 1989);
 - Unauthorized gaming or betting (art. 4 Law 401 dated December 13, 1989).
- V) Tax offenses (art. 25-quinquiesdecies, added by Decree 124 dated October 26, 2019, and subsequently amended by Law 157 dated December 19, 2019, and Decree 75 dated July 14, 2020)**
- Fraudulent declarations using invoices or other documents for non-existent transactions (art. 2 Decree 74 dated March 10, 2000);
 - Fraudulent declarations using other stratagems (art. 3 Decree 74 dated March 10, 2000);
 - Untrue declarations (art. 4 Decree 74/2000)¹⁰;
 - Omitted declarations (art. 5 Decree 74/2000)¹¹;
 - Issue of invoices or other documents for non-existent transactions (art. 8 Decree 74 dated March 10, 2000);

¹⁰ Article added by Decree 75/2020.

¹¹ Article added by Decree 75/2020.

- Hiding or destruction of accounting documentation (art. 10 Decree 74 dated March 10, 2000);
- Improper offset (art. 10-quater Decree 74/2000)¹²;
- Fraudulent avoidance of tax payments (art. 11 Decree 74 dated March 10, 2000).

W) Contraband (art. 25 sexiesdecies, added by Decree 75/2020)

- Contraband in the movement of goods across land borders and customs areas (art. 282 Presidential Decree 43/1973);
- Contraband in the movement of goods on border lakes (art. 283 Presidential Decree 43/1973);
- Contraband in the movement of goods on the sea (art. 284 Presidential Decree 43/1973);
- Contraband in the movement of goods by air (art. 285 Presidential Decree 43/1973);
- Contraband in customs-controlled areas (art. 286 Presidential Decree 43/1973);
- Contraband by the improper use of goods imported with customs relief (art. 287 Presidential Decree 43/1973);
- Contraband in customs warehouses (art. 288 Presidential Decree 43/1973);
- Contraband in coastal trade and the circulation of goods (art. 289 Presidential Decree 43/1973);
- Contraband in the export of goods benefiting from the return of dues (art. 290 Presidential Decree 43/1973);
- Contraband in the temporary import or export of goods (art. 291 Presidential Decree 43/1973);
- Contraband of foreign processed tobaccos (art. 291-bis Presidential Decree 43/1973);
- Aggravating circumstances in the contraband of foreign processed tobaccos (art. 291-ter Presidential Decree 43/1973);
- Criminal association for the contraband of foreign processed tobaccos (art. 291-quater Presidential Decree 43/1973);
- Other cases of contraband (art. 292 Presidential Decree 43/1973);
- Aggravating circumstances with regard to contraband (art. 295 Presidential Decree 43/1973).

**X) Crimes against the cultural heritage (art. 25-septiesdecies Decree 231/2001)
[Article added by Law 22/2022]**

- Theft of cultural assets (art. 518-bis criminal code);
- Misappropriation of cultural assets (art. 518-ter criminal code);
- Receiving of cultural assets (art. 518-quater criminal code);
- Falsification of private documents about cultural assets (art. 518-octies criminal code);

¹² Article added by Decree 75/2020.

- Infringements involving the disposal of cultural assets (art. 518-novies criminal code);
- Illegal importation of cultural assets (art. 518-decies criminal code);
- Illegal exit or export of cultural assets (art. 518-undecies criminal code);
- Destruction, dispersion, deterioration, disfigurement, soiling and illegal use of cultural assets or landscapes (art. 518-duodecies criminal code);
- Counterfeiting of works of art (art. 518-quaterdecies criminal code).

Y) Laundering of cultural assets and devastation and sacking of cultural assets and landscapes (art. 25-duodecies Decree 231/2001) [Article added by Law 22/2022]

- Laundering of cultural assets (art. 518-sexies criminal code);
- Devastation and sacking of cultural assets and landscapes (art. 518-terdecies criminal code).

Z) Transnational crime (arts. 3 and 10 of Law 146 dated March 16, 2006)

commitment in the form of transnational crime¹³ of the following offenses:

- Criminal association (art. 416 criminal code);
- Italian and foreign mafia-related associations (art. 416-bis criminal code);
- Criminal association for the contraband of foreign processed tobaccos (art. 291-quater of Presidential Decree 43 dated January 23, 1973);
- Association for the illegal trafficking of narcotics or psychotropic drugs (art. 74 Presidential Decree 309 dated October 9, 1990);
- Violation of the measures against clandestine immigration (art. 12, paras. 3, 3-bis, 3-ter and 5, of Decree 286 dated July 25, 1998);
- Inducement to not make declarations or to make false declarations to the judiciary (art. 377-bis criminal code);
- Aiding and abetting (art. 378 criminal code).

The individual Special Parts of the Model contain a detailed description of each offense, if that type of offense is significant in the circumstances and, therefore, worthy of inclusion in a specific Special Part.

1.2 Adoption of the Organization, management and control model as a duty of the Company in order to prevent, to the extent possible, commitment of the offenses envisaged in the Decree

Having established the administrative responsibility of entities, art. 6 of the Decree establishes that the entity is not liable if it can demonstrate adoption and effective implementation, prior to commitment of the offense, of “*organization and management models suitable for preventing offenses of the type committed*”.

¹³ Transnational crime is punished by imprisonment for not less than 4 years when an organized criminal group is involved, or when it is committed in more than one State, or when it is committed in one State but a substantial part of its preparation, planning, management and control occurred in another State, or a “transnational” criminal group is implicated or has significant effects in another State.

The same regulations also requires the establishment of a supervisory body within the entity with the task of supervising the functioning and effectiveness of and compliance with the above models, as well as ensuring their update.

These organization, management and control models (hereinafter, the “Model” or the “Models”), pursuant to art. 6, paras. 2 and 3, of Decree 231/2001, must satisfy the following requirements:

- identify the activities in whose context the offenses envisaged in the Decree might be committed;
- establish specific protocols for making and implementing decisions at entity level with regard to the offenses to be prevented;
- identify procedures for the management of financial resources capable of impeding the commitment of those offenses;
- place disclosure requirements on the body appointed to supervise the functioning of and compliance with the Models;
- implement a disciplinary system for penalizing failure to comply with the measures indicated in the Model.

The entity is not liable when the offense is committed by persons appointed to represent, administer or manage the entity or any of its organizational units with financial and functional autonomy, or by persons who, on a de facto basis or otherwise, manage and control the entity, if the entity can demonstrate that:

- the executive adopted and effectively implemented, prior to commitment of the offense, a Model capable of preventing offenses of the type committed;
- the task of supervising the functioning of and compliance with the Model and ensuring its update was entrusted to an internal body with autonomous powers of initiative and control;
- the parties who committed the offense circumvented the Model in a fraudulent manner;
- Model supervision by the appointed supervisory body was not omitted or insufficient.

If, on the other hand, the offense was committed by persons subject to management and supervision by one of the above parties, the entity is responsible if commitment of the offense was made possible by non-compliance with the management and supervision requirements. Such non-compliance is always excluded if, prior to commitment of the offense, the entity adopted and effectively implemented a Model capable of preventing offenses of the type committed. The Model must envisage measures capable of guaranteeing that activities are conducted in compliance with the law, while also discovering and eliminating risk situations on a timely basis.

Effective implementation of the Model requires:

- periodic verification and amendment as necessary when significant violations of its requirements are discovered, or following changes in the organization or in the activities carried out;
- a disciplinary system capable of penalizing failure to comply with the measures indicated in the Model.

1.3 CONFINDUSTRIA guidelines

Lastly, art. 6 of the Decree establishes that the required organization and management models may be adopted with reference to codes of conduct prepared by business associations and communicated to the Ministry of Justice that, together with the other competent Ministries, has 30 days to make any observations on the suitability of the models for the prevention of offenses.

Confindustria has issued Guidelines for the preparation of organization, management and control models (hereinafter, “Confindustria Guidelines”) that, inter alia, contain methodologies for identifying risk areas (sectors/activities in the context of which offenses may be committed), designing a control system (so-called protocols for planning the formation and implementation of corporate decisions) and determining the contents of the Model.

In particular, the Confindustria Guidelines recommend companies to apply risk assessment and risk management processes and identify the following phases in defining the Model:

- identification of risks, by analyzing the business context to highlight where (in which areas/sectors of activity) and how events might occur that are prejudicial to the objectives indicated in Decree 231/2001;
- design of a system of controls (protocols for making and implementing decisions at entity level), by assessing the current system and updating it as necessary in order to tackle the identified risks effectively i.e. reduce them to an acceptable level;
- adoption of certain general instruments including, in particular, a code of ethics with reference to the offenses identified in Decree 231/2001 and a disciplinary system;
- identification of criteria for selection of the supervisory body, indicating the related requirements, duties and powers and reporting obligations.

According to the Confindustria Guidelines, the above components must be integrated seamlessly within a systems architecture that complies with a series of control principles, including¹⁴:

- *which, in the case of intentional offenses, cannot be avoided except deliberately;*
- *which, in the case of offenses committed due to negligence and without fraudulent intent, are nevertheless violated despite proper supervision by the supervisory body.*

The components of a control system (so-called Protocols) for the prevention of criminal and negligent offenses are listed below. These must be implemented at corporate level to ensure the efficacy of the Model.

¹⁴ Confindustria, Guidelines for the preparation of organization, management and control models pursuant to Decree 231/2001, June 2021, page 50 et seq.

A) Control systems designed to prevent crimes:

- *adoption of a Code of Ethics or Conduct covering the offenses identified;*
- *implementation of a sufficiently updated, formalized and clear organizational system, especially with regard to the assignment of responsibilities, the definition of hierarchical reporting lines and the description of duties, with special coverage of such control principles as the segregation of functions;*
- *application of manual and electronic (for IT systems) procedures that govern how activities are carried out and include suitable control points;*
- *assignment of authorization and signature powers in a manner consistent with the organizational and operational responsibilities identified, specifying clearly when necessary thresholds for the approval of expenses;*
- *implementation of a management control system capable of reporting on a timely basis the existence and development of general and/or specific situations that may be critical;*
- *communications to personnel and their training.*

B) Control systems designed to prevent negligence when safeguarding occupational health and safety and the environment:

- *adoption of a Code of Ethics or Conduct;*
- *organizational structure;*
- *education and training;*
- *communication and involvement;*
- *operational management;*
- *monitoring system.*

Notably, failure to comply with specific points contained in the Confindustria Guidelines does not affect *per se* the validity of the Model.

In fact, individual Models are prepared with reference to the concrete reality experienced by each company and, therefore, may differ from the Guidelines (which, by their nature, are expressed in general terms) in certain ways, when this is due to the need to guarantee better the requirements safeguarded by the Decree.

The examples (case studies) contained in the appendix to the Guidelines must be considered in this light, along with the summary list of controls envisaged therein.

2 Adoption of the Organization, management and control model by Aeffe S.p.A.

2.1 Description of the corporate structure and business areas

The Aeffe Group operates at an international level in the fashion and luxury sector, producing and distributing a wide range of products. The various product lines and brands presented by the Group are divided into two segments: (i) prêt-à-porter (comprising the prêt-à-porter lines, lingerie and beachwear); and (ii) footwear and leather goods.

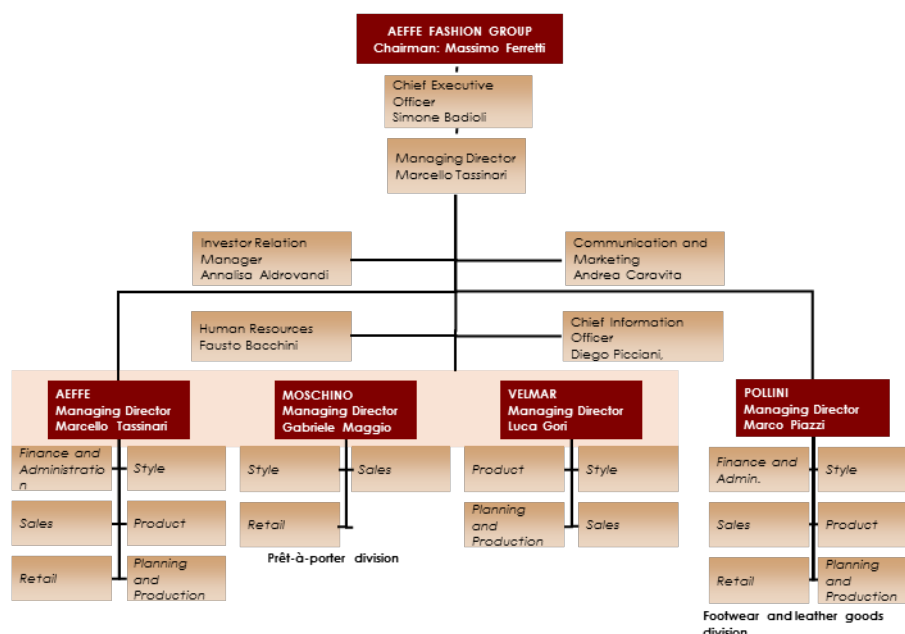
With a constant focus on uniqueness and exclusivity, the Group designs, produces and distributes collections for both its house brands, including “Alberta Ferretti”, “Philosophy di Lorenzo Serafini”, “Moschino”, “Boutique Moschino” and “Pollini”, and for licensed brands, including “Cedric Charlier” and “Jeremy Scott”.

In addition, the Group has licensed the production and distribution of additional accessories and products to leading partners, in order to complete its range (perfumes, kids and junior lines, watches, eyewear and other).

The maisons of the Group, characterized by their international fame and their unique and recognizable style, hold a range of complementary brands that are positioned among the principal luxury brands in both image and price terms.

The following diagram presents the companies that comprise the Group.

Organisational Structure



2.2 The organization in general

Corporate governance assigns a central role to the Board of Directors.

Pursuant to art. 14 of the Articles of Association, the Board of Directors comprises a variable number of members, from 7 (seven) to 9 (nine), who need not be shareholders. The Board of Directors includes both executive and non-executive directors. From the first renewal of the Board of Directors subsequent to the Shareholders' Meeting held on April 18, 2013, the portion reserved for the least represented gender is limited to one fifth of the total, as rounded up to the nearest whole number in the case of a fraction. In all cases, at least one member of the Board of Directors, or two if the Board of Directors comprises more than seven members, must satisfy the independence requirements established in art. 148, para. 3, of the Consolidated Finance Law. The directors remain in office for three financial years and their appointments expire on the date of the Meeting called to approve the financial statements for the final year of their mandate; they may be re-elected.

Art. 17 of the Articles of Association envisages that meetings of the Board of Directors shall be called by the Chairman or by the Deputy Chairman (if appointed), or by a Managing Director or by the Board of Statutory Auditors or one of the Statutory Auditors, on notice to the Chairman.

The Articles of Association do not establish a minimum frequency for meetings of the Board of Directors; however, consistent with Principle 1.P.1 of the Code of Self-Regulation, the Board of Directors of the Company has resolved, among other matters, to meet regularly and make every effort to guarantee the effective performance of its functions.

In addition, as envisaged in art. 19.2 of the Articles of Association and pursuant to art. 150 of the Consolidated Finance Law, the directors report to the Board of Statutory Auditors, at least every quarter, on the work performed and on the principal economic, financial and equity transactions carried out by the Company and its subsidiaries, as well as on the transactions in which they have an interest, whether personally or on behalf of third parties, or which were influenced by the party which directs and coordinates the activities of the Company. Such information is communicated verbally by the directors to the Board of Statutory Auditors, during special meetings with the directors or at the meetings of the Board of Directors or the Board of Statutory Auditors envisaged by art. 2404 of the Italian Civil Code, or by the submission of written reports which is noted in the minute book of the Board of Statutory Auditors envisaged by art. 2421.5 of the Italian Civil Code.

Pursuant to art. 19.1 of the Articles of Association, the Board of Directors exercises the widest powers for the administration of the Company, without any exceptions, and has the right to perform all deeds deemed appropriate for the pursuit and achievement of the Company's objects, with the sole exclusion of those reserved by law for the Shareholders' Meeting.

In addition, pursuant to art. 19.6 of the Articles of Association, the following resolutions cannot be delegated and must be adopted by the Board of Directors pursuant to art. 2436 of the Italian Civil Code:

- a) mergers or spin-offs pursuant to arts. 2505, 2505-bis and 2506-ter c.c.;
- b) opening or closure of secondary offices;
- c) transfer of the registered offices elsewhere in Italy;
- d) indication of which directors are the Company's legal representatives;
- e) reduction of capital following withdrawal by a shareholder;
- f) alignment of the Statute with mandatory regulations, without prejudice to the fact that such resolutions can, in any case, also be adopted at an extraordinary shareholders' meeting.

Pursuant to Criterion 1.C.1 of the Code, the Board has sole responsibility for:

- a) examining and approving the strategic, business and financial plans of the issuer and the group to which it belongs, monitoring their implementation on a periodic basis;
- b) defining the system of corporate governance of the issuer and the structure of the group;
- c) defining the nature and level of the risks accepted, compatible with the strategic objectives of the issuer, including an assessment of all risks that may be significant in terms of the medium/long-term sustainability of the activities of the issuer;
- d) assessing the adequacy of the organization, administration and accounting systems of the issuer and its subsidiaries with strategic importance, with particular reference to the risk management and internal control system;
- e) establishing the frequency, in all cases at least quarterly, with which delegated bodies report to the Board on the activities carried out pursuant to their mandates;
- f) assessing the general results of operations, having regard in particular for the information received from bodies with delegated powers, and periodically comparing the results achieved against budget;
- g) resolving on the transactions of the issuer and its subsidiaries when they have strategic, economic, financial or cash flow significance for the issuer; for this purpose, the Board establishes general criteria for the identification of significant transactions;
- h) assessing the functioning of the Board and its committees, as well as their size and composition, at least once every year, considering such elements as the professional characteristics, managerial and other experience, and gender of their members, as well as their length of service, having regard for the diversity criteria indicated in art. 2 of the Code of Self-Regulation¹⁵;
- i) given the results of the assessment referred to in letter g), providing information to the shareholders prior to appointment of the new Board about the managerial and professional roles whose board presence would appear to be appropriate having regard, among other factors, for the diversity criteria indicated in art. 2 of the Code of Self-Regulation;
- j) providing information in the report on corporate governance about: (1) the composition of the Board, indicating for each member their status (executive, non-executive, independent), role within the Board, principal professional characteristics and length of service since initial appointment; (2) the application of art. 1 of the Code of Self-Regulation, indicating the number and average duration of the board meetings and, if appointed, executive committee meetings

¹⁵ If the Board of Directors is assisted with the self-assessment by external advisors, the report on corporate governance provides information about their identity and any other services that they provide to the issuer or to companies under its control.

held during the year, as well as the participation percentage of each director; (3) how the assessment referred to in letter g) was carried out; (4) the objectives behind the diversity criteria recommended in arts. 2 and 8 of the Code of Self-Regulation, how they are applied and the results of their application; in order to ensure the proper management of corporate information, adopting - based on a proposal from the Managing Director or the Chairman of the Board of Directors - a procedure for the internal management and external communication of documents and information about the issuer, with particular reference to privileged information.

In conformity with the combined requirements of arts. 147 quinquies and 148 of the Consolidated Finance Law, the members of the Board of Directors satisfy the honorability requirements established for members of management bodies in Regulation 162 dated March 30, 2000, issued by the Justice Minister, as well as professionalism and experience requirements needed in order to carry out their mandates effectively and efficiently.

On March 23, 2007, the Board of Directors adopted regulations for the Internal Audit Committee, now known as the Control and Risks Committee, which comprises three members who, consistent with Principle 7.P.4 of the Code of Self-Regulation, are all non-executive directors, including two independent directors.

In particular, the Control and Risks Committee advises the Board of Directors and makes recommendations concerning:

- (a) the definition of guidelines for the system of risk management and internal controls, so that the principal risks faced by the issuer and its subsidiaries are properly identified and adequately measured, managed and monitored, as well as the degree of compatibility of such risks with the management of the business in a manner consistent with the strategic objectives identified;
- (b) the assessment every year, or more frequently, of the adequacy and effectiveness of the risk management and internal control system with respect to the characteristics of the business and the risk profile accepted;
- (c) the approval every year, or more frequently, of the work plan prepared by the manager of the internal audit function;
- (d) the description, in the report on corporate governance, of the principal characteristics of the risk management and internal control system, and of how the parties involved are coordinated;
- (e) the assessment of the observations made by the legal auditor in the letter of recommendations, if any, and in the report on key matters identified during performance of the legal audit work.

In addition, the Control and Risks Committee:

- (a) assesses, together with the executive responsible for preparing the corporate accounting documentation, in consultation with the legal auditor and the board of statutory auditors, the proper application of accounting standards and, in the case of groups, their consistency for the purposes of preparing the consolidated financial statements;
- (b) expresses opinions on specific aspects relating to identification of the principal business risks;
- (c) examines periodic reports assessing the risk management and internal control system, as well as those of particular significance prepared by the internal audit function;
- (d) monitors the adequacy, effectiveness and efficiency of the internal audit function;
- (e) if deemed necessary, may request the internal audit function to perform checks in specific operational areas, informing at the same time the chairman of the board of statutory auditors;
- (f) reports to the board every six months, or more frequently, at the time of approving the annual and half-year financial reports, on the work performed and on the adequacy of the risk management and internal control system;

based on adequate investigations, supports the assessments and decisions made by the board of directors about how to manage the risks deriving from any adverse events that come to its attention.

The director responsible for the risk management and internal control system must:

- i. identify the principal business risks, considering the characteristics of the activities carried out by the issuer and its subsidiaries, and present them to the board of directors periodically for examination;
- ii. implement the guidelines defined by the board of directors for planning, implementing and managing the risk management and internal control system, and check constantly on its adequacy and effectiveness;
- iii. adapt the system to reflect any changes in operating conditions and the legislative and regulatory background;
- iv. if deemed necessary, request the internal audit function to perform checks in specific operational areas and on compliance with internal rules and procedures when carrying out corporate functions, informing at the same time the chairman of the board of directors, the chairman of the control and risks committee and the chairman of the board of statutory auditors;
- v. report on a timely basis to the control and risks committee (or the board) on any problems and issues identified in the performance of his activities, or otherwise coming to his attention, so that the committee (or the board) can take appropriate action.

The Control and Risks Committee coordinates its work with the Board of Statutory Auditors and the internal control managers, reporting at least every six months to the Board of Directors at the time of approving the annual financial statements and the half-year report. The meetings of the Control and Risks Committee are attended by the

Chairman of the Board of Statutory Auditors or by another serving auditor designated by him.

The Board has also appointed an internal control manager who reports periodically to the Control and Risks Committee (and to the Board) about the work performed and helps the Committee to carry out its functions and duties.

The Company also has a number of organizational tools (organization charts, organizational communications, etc.) founded on the following general principles:

- formal specification of roles, with a complete description of the duties assigned to each function and the related powers and responsibilities;
- clear description of reporting lines;
- knowability, transparency and communication of the powers granted (within the Company and in relation to the third parties concerned).

In particular, the following aspects are guaranteed:

- the organization chart, the scope and the responsibilities of the business functions are defined clearly via specific communications made available to all employees;
- incompatible activities are organized into phases and distributed among several functions in order to guarantee the adequate segregation of duties;
- specific roles and duties are assigned to the internal managers of each area exposed to possible risks, who are granted powers for the management, motivation and coordination of the underlying functions.

2.3 System of mandates and delegated powers

The system of mandates and delegated powers contributes, together with the other tools comprising this Model, to the prevention of risks-offenses in the context of the sensitive activities identified.

Mandate is understood to mean the unilateral legal instrument used by the Company to assign powers of representation to a specific person.

Delegated powers consist of any internal assignment of functions and duties documented in the system of organizational communications.

All persons with the power to commit the Company in relation to third parties hold a relevant mandate.

Each internal delegation of powers specifies unambiguously the powers assigned and their limits, as well as the party (body or individual) to which the delegee reports hierarchically.

The Executive Committee is undoubtedly the most important body in terms of the powers and mandates assigned to it and, by law for that reason, its members are drawn from the Board of Directors. The Executive Committee ensures that the organizational, administrative and accounting structure of the Company is appropriate, given its nature

and size, and examines both the strategic plans of the Group and the general performance of its various activities.

On December 17, 2021, the Board of Directors adopted a resolution that defined the duties of the Executive Committee, expanded its role and - within the limits envisaged in art. 2381 c.c. and up to a maximum of 15 (fifteen) million euro for each transaction - assigned it the following duties¹⁶:

- acting on a proposal from the Chief Executive Officer, examine plans budgets and strategic operations in advance for submission to the Board of Directors for further examination and approval;
- monitor execution of the plans, budgets and strategic operations approved by the Board of Directors, periodically reporting on them to the Board;
- examine and approve, acting on a proposal from the Chief Executive Officer, the general organizational structure of the Company and the Group;
- ensure, given its nature and size, that the organizational, administrative and accounting structure of the Company is appropriate, recommending any related actions to the Board of Directors.

The Executive Committee must inform the Board of Directors about any significant transactions carried out pursuant to its mandate at the first meeting subsequent to exercise of its delegated powers, without prejudice in all cases to the validity of the measures adopted. Additionally, the Executive Committee must report periodically to the Board of Directors on execution of the plans, budgets and strategic operations approved by the Board.

The Board of Directors has granted to the Chairman of the Board of Directors, Massimo Ferretti, Deputy Chairman Alberta Ferretti and Managing Director Simone Badioli all the widest powers of ordinary and extraordinary administration, to be exercised as sole signatories without any limitation on the amount or type of expenditure, except in relation to the following transactions:

- (i) purchase, sale, exchange or contribution of property subject to registration with the land registry;
- (ii) purchase, sale, exchange or contribution of lines of business that include property subject to registration with the land registry;
- (iii) sale of trademarks used in pursuit of the Company's objects;
- (iv) purchase, sale, exchange or contribution of lines of business or equity investments in companies whose value exceeds Euro 5,000,000.

The Chairman of the Board of Directors, Massimo Ferretti, was also identified as the "employer" pursuant to Decree 81/2008, as he was granted exclusive powers for the

¹⁶ In addition to the matters envisaged in art. 2381 c.c., the Board of Directors has sole responsibility for adopting the resolutions envisaged in arts. 2420-ter (Powers of Directors), 2423 (Preparation of financial statements), 2443 (Powers of Directors), 2446 (Capital reductions due to losses), 2447 (Capital reductions below the legal limit), 2501-ter (Proposed mergers) and 2506-bis (Proposed carve-outs) of the Italian Civil Code, in compliance with the regulations that govern significant economic, financial and equity transactions with related parties, as well as any atypical or unusual operations.

implementation and proper execution of all accident prevention activities and, in particular, the power to:

- (i) organize work, giving the necessary instructions and directives in order to safeguard the health and safety of workers and, in the event of violations, applying the appropriate disciplinary measures;
- (ii) apply all measures deemed necessary for the protection of health and safety at work, including those to take all urgent and non-deferrable actions to achieve or restore safe working conditions;
- (iii) sign purchase contracts, contracts for work and arrange in any form the exchange of goods, services and intellectual property that may be necessary in order to implement, manage properly, improve or revise the supervisory activities carried out to protect the health and safety of workers.

On January 27, 2022, the Board of Directors granted Director Giancarlo Galeone the following powers, to be exercised freely as sole signatory up to a maximum of 1 million euro for each transaction, with the express right to sub-delegate:

- (a) promote and manage relations with the Shareholders of the Company and investors, taking all necessary and appropriate action, in compliance with the strategic guidelines indicated by the Board of Directors;
- (b) arrange, working together with the Chief Executive Officer, to coordinate and manage the administrative and financial area of the Company and the Group, with specific reference to reporting policies and relations with banks and the independent auditors;
- (c) represent the Company in dealings with banks, customers, suppliers, agents and third parties in general, sign correspondence, pay accounts and invoices and make any related settlements;
- (d) sign communications with the Companies Register, Chambers of Commerce, the Bank of Italy, Consob, the Competition Authority, the Stock Exchange, ministries and other public and private bodies and offices concerning requirements placed on the Company by laws, regulations or regulatory or administrative instructions, to sign and present declarations and communications concerning value-added tax, registration taxes, Ires, Irap and all other direct, indirect and municipal taxes, as well as any and all attachments or attestations relating to the above deeds;
- (e) carry out with the Public Administration, public bodies and offices all the deeds and transactions necessary to obtain concessions, licenses and authorizations in general, set down and sign regulations, conventions, acts of submission and all other preparatory deeds for such measures; fulfill all the related requirements, including those concerning taxes on production and consumption, land and monopoly levies;
- (f) transfer currency amounts and payments received from abroad from bank to bank, give instructions to banks for the use of such amounts and for the processing of currency declarations regarding export transactions;
- (g) carry out, in any currency, the transactions described below with banks and finance companies in general; pay in any amounts to the Company's current accounts with any bank or finance company; issue checks with or without special clauses or restrictions; use in any way the amounts to the credit of the Company or otherwise available in such accounts, whether by drawing sums against a

- simple receipt, by the issue of checks, including checks for the benefit of the Company, by payment orders or requests for the issue of bankers' drafts; overdraw the Company's current accounts to the extent of agreed lines of credit; cash drafts and checks of all kinds and in any currency, with the usual reservations; request and collect blank check books for current accounts opened in the Company's name, giving receipts; order the sale and purchase of currency for all import and export transactions;
- (h) represent the Company in dealings with local or sector industrial associations, taking part in meetings with the right to reach and sign agreements with them;
 - (i) represent the Company before civil, administrative and judicial authorities and bodies at all levels, as well as before the tax authorities; represent the Company in any and all fiscal disputes before any authority or office, including the tax commissioners at all levels, demographic and customs offices, and panels of experts, with the power to sign appeals, sign and present declarations and communications concerning IRES, IRAP, VAT, registration taxes and all other direct, indirect and municipal taxes, and any and all attachments or attestations concerning the above deeds; propose and accept settlements, promote legal claims, appear as plaintiff or defendant, proposing all appropriate deeds and represent the Company in creditors' meetings, make proposals or obtain registration of amounts due in bankruptcy and other court supervised procedures; accept creditors' arrangements and demand the related amounts, settle any amounts or cases outstanding, agree to arbitration and mediation, including those with rulings that cannot be appealed, ensure the enforcement of judgments, defer, refer and accept sworn oaths, promote the attachment or seizure of assets or other forms of credit protection in relation to debtors and third parties, and revoke the same, appoint solicitors, lawyers and experts, revoke such appointments and elect domicile;
 - (j) request, negotiate and sign contracts for bank lines of credit and all contracts relating to loans requested from third parties;
 - (k) request, negotiate and sign contracts for the sale of receivables to factoring companies and/or third parties operating in the same sector.

Given that the position of Chairman of the Board of Directors of the Issuer is held by a person appointed by the majority shareholder of the Issuer, on May 31, 2019, the Board of Directors appointed Daniela Saitta as the Lead Independent Director, pursuant to Criterion 2.C.4. of the Code of Self-Regulation.

2.4 Objectives pursued by Aeffe S.p.A. by adoption of the Model

Aeffe S.p.A. is obliged to adopt the Model since, pursuant to art. 2.2.3, para. 3.k), of the *Regulations for markets organized and managed by Borsa Italiana S.p.A.*¹⁷, the corporate governance requirements for obtaining STAR qualification include, “*having adopted the organization, management and control model envisaged in art. 6 of Decree 231/2001*”.

Aside from the legal obligations, the Company is fully aware of the need to ensure the proper and transparent conduct of its business and corporate activities, as well as to

¹⁷ Regulation adopted by the Board of Directors of Borsa Italiana in July 2016 and approved by Consob resolution 19704 on August 3, 2016.

protect its position and image, the expectations of its shareholders and the work of its employees, and understands the importance of implementing a system of internal controls capable of preventing illegal conduct by its directors, employees, collaborators, representatives and business partners.

For this purpose, the Company has carried out necessary analyses in the conviction that adoption and effective implementation of the Model is not only necessary in order to comply with the law and benefit from the exemption envisaged in Decree 231/2001, but also essential in order to improve its corporate governance and limit the risk of committing offenses.

2.5 Objectives of the Model and fundamental principles

By adopting the Model, the Company seeks to pursue the following principal objectives:

- make all Recipients of the Model aware of the need to comply with the Model in every way, with violations resulting in severe disciplinary penalties;
- confirm that such forms of illegal conduct are strongly condemned by the Company, as they are (even if the Company might apparently benefit from them) in any case contrary to both the law and the ethical standards that the Company intends to uphold in the conduct of its business activities;
- explain the serious consequences for the Company (and, indirectly, for all stakeholders) that might derive from application of the pecuniary penalties and bans envisaged in the Decree and the possibility that such measures might be applied on a precautionary basis;
- enable the Company to monitor constantly and closely supervise activities, so that timely action can be taken in relation to possible risk situations, with application of the disciplinary measures envisaged in the Model if necessary.

Consistent with the Confindustria Guidelines, the methodology adopted for preparation of the Model involved:

- identifying so-called *sensitive* activities, via an examination of corporate documentation (especially organization charts and mandates) and a series of interviews within the managers responsible for the various sectors of business operations (managers of the different business areas). The purpose of this analysis was to identify and evaluate any activities that might involve illegal conduct and the risk of committing the identified offenses. At the same time, related preventive and other controls were also evaluated in order to identify any weaknesses for subsequent improvement;
- designing and implementing the actions needed in order to improve the system of controls and align it with the objectives pursued by the Decree, having regard for the Confindustria Guidelines, as well as such fundamental principles as the segregation of duties and the definition of authorization powers consistent with the responsibilities assigned. Particular attention was dedicated in this phase to identifying and governing the processes for the financial management and control of the various activities at risk;

- defining control protocols for cases in which the theoretical risks are deemed to be real. In this regard, decision and implementation protocols were defined that contain the rules and regulations considered most suitable by the operational managers concerned, among others, for the governance of the risk profiles identified. The principle underpinning construction of the system of controls is that whereby the conceptual threshold of acceptability is represented by a system of prevention that can only be avoided by fraudulent activity, as indeed indicated in the Confindustria Guidelines. The protocols seek to ensure that the various phases of the decision-making process are both documented and verified, so that the reasons underlying the decisions made can be determined.

The key aspects of the Model are therefore:

- mapping the activities at risk, being those in the context of which it may be possible to commit the offenses identified in the Decree;
- preparing suitable controls to prevent the commitment of offenses identified in the Decree;
- checking business conduct ex post, as well as the functioning of the Model, with consequent periodic updates;
- disseminating the rules of conduct and procedures established and involving all corporate levels in their implementation;
- assigning specific duties to the Supervisory Body for monitoring the proper and effective functioning of the Model;
- preparing a Code of Ethics.

Without prejudice to the specific objectives described earlier with regard to the exoneration envisaged in the Decree, the Organization, management and control model is part of the broader system of controls already adopted in order to provide reasonable assurance about the achievement of business objectives in compliance with the various laws and regulations, the reliability of financial information and protection of the Company's net assets, even in the event of fraud.

In particular, with regard to the so-called *sensitive* activities, the Company has identified the following guiding principles for the Model that, by governing those activities, represent tools for determining and implementing the decisions of the Company and for guaranteeing appropriate control over them, in relation to the offenses to be prevented:

- segregation of duties via the proper allocation of responsibilities and the establishment of suitable levels of authorization, in order to avoid the accumulation of functions or operational tasks that concentrate the performance of critical activities on just one person;
- clear and formalized assignment of powers and responsibilities, with express indication of their limits, that are consistent with the duties assigned and the roles covered within the organizational structure;
- prevention of significant transactions being carried out without prior authorization;
- existence of rules of conduct capable of ensuring that business activities comply with the established laws and regulations and safeguard the net assets of the Company;

- adequate procedural regulation of so-called *sensitive* business activities, such that:
 - operational processes are defined with adequate documentary support, so that their reasonableness and consistency can always be checked, together with the related responsibilities;
 - the characteristics and reasons for operational decisions and choices can always be traced back and the persons who authorized, carried out and checked each activity can always be identified;
 - suitable methods for the management of financial resources are implemented to prevent the commitment of offenses;
 - the constant control and supervision of business transactions is documented;
 - security mechanisms guarantee adequate protection against unauthorized physical-logical access to data and Company assets;
 - procedures for the exchange of information between adjoining phases or processes guarantee the completeness and accuracy of the data concerned.

The above principles are consistent with the indications provided in the Confindustria Guidelines and are deemed by the Company to be reasonably suitable for preventing commitment of the offenses identified in the Decree. For this reason, the Company considers it fundamental to guarantee the proper and concrete application of the above control principles in each of the *sensitive* business areas identified and described in the Special Parts of this Model.

2.6 Structure of the Model: General Part and Special Parts covering the various possible offenses

The Model comprises this General Part, which explains the functions and principles embodied in the Model and identifies and governs its essential components, being the Supervisory Body, personnel selection, training and dissemination of the Model, the general principles for the system of internal controls and the disciplinary system, as well as seventeen Special Parts covering the various possible offenses.

This Organization, management and control model is the result of complex preparatory work, partly carried out in collaboration with external specialists.

Preliminary analysis included examination of a document detailing all the offenses specified in Decree 231/2001 “Tutorial: offenses to be assessed when revising the Organization, Management and Control Model pursuant to Decree 231/01”) and an operational workshop held to identify each offense that, theoretically, could be committed in the context of the specific activities normally carried out by the Company that have a certain risk profile (so-called sensitive activities).

Based on the outcome of this preliminary analysis, a document was prepared to support the risk assessment process.

The results of the preliminary analysis and the risk assessment are detailed in specific documents (entitled “Results of the operational workshop held in preparation for revising the Organization, Management and Control Model pursuant to Decree 231/01” and

“Results of the risk assessment phase”) that are available for consultation in the records of the Company.

The risk of committing offenses in relation to the sensitive activities considered during the risk assessment is managed in different ways, depending on the intensity of the risk identified.

In particular, if the sensitive activities associated with a given family of offenses have medium and/or high risk profiles, the prevention of such offenses is assured by control protocols detailed in a specific Special Part, together with the related general principles of conduct, and in the specific principles of ethical conduct expressly associated with that family in the Code of Ethics.¹⁸

If, on the other hand, the sensitive activities associated with a given family of offenses have a low risk profile, the prevention of such offenses is considered to be sufficiently assured by respect for both the principles of ethical conduct expressly associated with that family in the Code of Ethics, and the general principles of conduct envisaged in the relevant Special Part.

Whenever preliminary analysis determined that none of the offenses associated with a family identified in Decree 231/2001 could, theoretically, be committed in relation to the activities of the Company, it is considered sufficient to refer to the principles contained in this General Part of the Model and in the Code of Ethics, which require Recipients of the Model to respect the values of integrity, transparency, legality, impartiality and prudence, as well as the principles of ethical conduct expressly associated with that family in the Code of Ethics.

The following table, prepared following the risk assessment, indicates the significance - considering the activities of the Company - of the families of offenses specified in Decree 231/2001, and the tools chosen to manage the related risk profiles.

Code	Family of offenses	Significance of the family of offenses	Prevention tools
A	Offenses against the Public Administration	Significant	Code of Ethics Special Part A
B	IT fraud and illegal data processing	Significant	Code of Ethics Special Part B
C	Organized crime	Significant	Code of Ethics Special Part C

¹⁸ The sensitive activities deemed to be at “Medium” risk, scoring 5 (assessment 1-5 or 5-1), 6 (assessment 2-3 or 3-2) or 8 (assessment 2-4 or 4-2), will mostly be managed, in terms of preventing the specified offenses, by applying the fundamental control principles governing the traceability of actions, the segregation of functions and the documentation of checks performed. The sensitive activities deemed to be at “Medium” risk, scoring 9 (assessment 3-3), 10 (assessment 2-5 or 5-2) or 12 (assessment 3-4 or 4-3), and those deemed to be at “High” risk will be managed, in terms of preventing the specified offenses, by applying specific control protocols accompanied, as necessary, by adequate flows of information to the Supervisory Body.

Code	Family of offenses	Significance of the family of offenses	Prevention tools
D	Falsification of cash, government-issued bearer bonds and duty-paid stamps and recognizable signs	Significant	Code of Ethics Special Part D
E	Offenses against trade and industry	Significant	Code of Ethics Special Part E
F	Corporate offenses	Significant	Code of Ethics Special Part F
G	Association for the purposes of terrorism or the subversion of democratic order	Not significant	None
H	Female genital mutilation	Not significant	None
I	Crimes against individual freedom	Significant	Code of Ethics Special Part I
L	Market abuse	Significant	Code of Ethics Special Part L
M	Manslaughter and serious or very serious personal injury through negligence in violation of the rules governing occupational health and safety	Significant	Code of Ethics Special Part M
N	Receiving, money laundering and use of money, assets or benefits deriving from illegal sources, as well as self-laundering	Significant	Code of Ethics Special Part N
O	Crimes involving payment instruments other than cash	Not significant	None
P	Crimes involving the infringement of copyrights	Significant	Code of Ethics Special Part P
Q	Inducement to not make declarations or to make false declarations to the judiciary	Significant	Code of Ethics Special Part Q
R	Environmental offenses	Significant	Code of Ethics Special Part R
S	Employment of foreign citizens without a proper permit	Significant	Code of Ethics Special Part S
T	Racism and xenophobia	Not significant	None
U	Fraud in sports competitions, unauthorized gaming or betting and gambling carried out with the use of forbidden equipment	Not significant	None
V	Tax offenses	Significant	Code of Ethics Special Part V
W	Contraband	Significant	Code of Ethics Special Part W

Code	Family of offenses	Significance of the family of offenses	Prevention tools
X	Crimes against the cultural heritage	Not significant	None
Y	Laundering of cultural assets and devastation and sacking of cultural assets and landscapes	Not significant	None
Z	Transnational offenses	Significant	Code of Ethics Special Part Z

Without prejudice to its special purpose, this Model is part of the broader system of controls comprising principally the rules of corporate governance and the system of internal control adopted by the Company.

By way of example, the existing specific tools for making and implementing decisions at Company level, including with regard to the offenses to be prevented, comprise:

- the Code of Ethics;
- the Protocols;
- the Procedures.

The principles, rules and procedures inherent in the above tools are not detailed in this Model, but are part of the broader system of organization and control that includes the Model.

These tools may be amended and expanded independently, in a manner fully consistent with their objectives and in compliance with the rules for the authorization and adoption of each tool, without this resulting in automatic amendments to the Model.

2.7 Relationship between the Model and the Code of Ethics

The principles and rules of conduct contained in this Model are consistent with those expressed in the Code of Ethics adopted by the Company, even though the influence of the Model is different to that of the Code, given the objectives pursued in implementation of the requirements of the Decree.

Specifically with regard to the Code of Ethics, it is noted that the conduct of directors, executives, employees and external parties must comply with the general principles and rules of conduct documented in the “Code of Ethics adopted pursuant to Decree 231/2001” (hereinafter, the “Code”) adopted, for the first time, by resolution of the Board of Aeffe S.p.A. on March 28, 2008, and subsequently updated and amended.

This Code was developed in order to translate the ethical values into principles of behavior that the Recipients are required to follow in the conduct of business and their activities, not least in relation to conduct that might represent an offense pursuant to Decree 231/2001.

In this regard, it is appropriate to clarify that:

- the Code is a tool adopted independently and may be applied generally by the Company in order to express a series of professional principles that the Company has adopted as its own and with which all employees and business collaborators are expected to comply;
- the Model, on the other hand, responds to specific requirements contained in the Decree that are designed to prevent the commitment of specific types of offense that, solely apparently in the interests or for the benefit of the Company, might give actually rise to administrative responsibility pursuant to the provisions of the Decree.

However, given that the Code also makes reference to principles of conduct capable of preventing the illegal conduct addressed by the Decree, it is relevant for the purposes of the Model and, therefore, formally represents an integral part of the Model.

2.8 Adoption of the Model and related amendments

Art. 6, para. I, letter a) of the Decree requires the Model to be a “*deed issued by the executive body*”.

Adoption is therefore the responsibility of the Board of Directors, which resolves accordingly.

This Model, comprising the General Part and the Special Parts, was approved and adopted by resolution of the Board of Directors of Aeffe S.p.A. on March 28, 2008, and subsequently updated and amended.

Subsequent amendments or additions to the General Part or the Special Parts, whether proposed by the Supervisory Body or otherwise, are referred for the attention of the Board of Directors.

The latest version of the Model is immediately made available to the Supervisory Body.

3 The Supervisory Body

With regard to the actions of *senior* decision makers, art. 6, para. 1 b), of Decree 231/01 establishes that “*the task of supervising the functioning of and compliance with models and ensuring their update*” must be entrusted “*to an internal body with autonomous powers of initiative and control*¹⁹”. Although no specific legislation addresses the actions of *persons managed by others* for the purpose of implementing effectively the model adopted, art. 7, para. 4.a) does require *periodic verification and amendment as necessary when significant violations of the requirements are discovered, or following changes in the organization or in the activities carried out*, which is work usually performed by the Supervisory Body.

3.1 Process of appointing and revoking the Supervisory Body

The Supervisory Body is appointed by formal resolution of the Board of Directors.

The appointment must specify the criteria adopted with regard to the identification, structuring and nature of the Supervisory Body and its assigned functions, as well as the reasons for making that decision and for appointing the individual members of the Supervisory Body.

At the time of appointment and throughout their period of appointment, the members of the Supervisory Body must be guaranteed the independence of their role.

From a personal standpoint, the members of the Supervisory Body must satisfy the requirements of honorability and morality.

Persons are ineligible in the following cases:

- if they engage directly or indirectly in economic relations, excluding employment (including, in addition to the relations indicated in the following point, the provision of professional services in the current or prior year; the conduct of commercial relations in the current or prior year, etc.), with the company, its subsidiaries, its executive directors or its controlling shareholder or group of shareholders, of such significance as to affect their independence of judgment, having regard for the subjective wealth of the natural person concerned;
- if they own, directly or indirectly, sufficient equity interests in the company to exercise control or significant influence over it;
- if they are close family members of executive directors of the company or persons in the situations described above;

¹⁹ The explanatory report attached to Decree 231/2001 states in this regard: “*The entity (...) must also monitor the effective operation of the models and, therefore, compliance with them: for this purposes, in order to guarantee maximum efficacy, it is established that the company must establish an internal structure (to avoid simple maneuvers designed to draw a veil of legitimacy over the actions of the company via recourse to obliging bodies and, above all, to ensure that the company is truly responsible) with autonomous powers and specific responsibility for these duties (...) the requirement to provide a flow of information to the above internal control body, in order to guarantee its ability to operate, is especially important (...)*”.

- if they are banned, excluded from their profession or bankrupt;
- if they are sentenced irrevocably pursuant to art. 648 of the criminal procedures code:
 - for facts associated with the performance of their duties;
 - for facts with a significant impact on their professional morality;
 - that involve prohibition from holding public offices or senior management roles in firms and other legal persons, carrying on an art or profession, or negotiating contracts with the Public Administration;
 - in all cases, for having committed one of the offenses identified in Decree 231/2001;
- in all cases, in order to safeguard the essential requirements for the Supervisory Body, this reason for ineligibility only applies to criminal proceedings for the facts referred to in the previous point, from the moment the member is notified of the start of criminal action pursuant to arts. 405 and 415 bis of the criminal procedures code, until a no-basis ruling is handed down pursuant to art. 425 of the criminal procedures code, or until a not guilty verdict is reached pursuant to arts. 529 and 530 criminal procedures code

The appointment must establish a fixed duration, which is normally three years from the date of appointment.

The members of the Supervisory Body cease to serve following resignation, subsequent inability to work, death or revocation of their appointment.

The appointments of members of the Supervisory Body may be revoked:

- in the event of repeated failure to carry out their duties or unjustified inactivity;
- if the Company is banned from certain activities due to inaction by the member concerned;
- if violations of the Model by its recipients are identified, followed by failure to report such violations or to check the suitability and effective implementation of the Model in order to propose any necessary amendments;
- if any of the above reasons for ineligibility arise subsequent to their appointment.

Revocation decided by resolution of the Board of Directors, which immediately informs the Board of Statutory Auditors.

In the event of resignation, subsequent inability to work, death or revocation of a member of the Supervisory Body, the Chairman of the Board of Directors must promptly inform the Board of Directors, in order to make the necessary decisions without delay.

3.2 Essential requirements for the Supervisory Body

In view of the specific nature of the tasks assigned to the Supervisory Body, the provisions of the Decree and the indications contained in the Confindustria Guidelines, this internal body with autonomous powers of action and control was appointed in a manner designed to guarantee the autonomy, independence, professionalism and continuity required by the Decree for this delicate function.

In particular, partly by reference to the above Guidelines, these requirements can be analyzed as follows:

3.2.1 Autonomy

The Supervisory Body makes decisions independently.

The Body is independent in relation to the Company, in that it is not involved in operational activities in any way and does not participate in management. In addition, the Body is also able to carry out its role without being influenced, directly or indirectly, by the parties monitored. The activities decided by the Supervisory Body cannot be objected to by any other corporate body or structure.

The Body is autonomous in a regulatory sense, in that it is able to determine its own rules of conduct and procedures, in the context of the powers and functions determined by the Board of Directors.

3.2.2 Independence

The independence of the Supervisory Body is necessary in order to avoid any type of conditioning by the Company. Such independence is obtained by proper and appropriate positioning within the reporting hierarchy.

3.2.3 Professionalism

The Supervisory Body is professionally capable and reliable.

It is therefore necessary to guarantee, overall, as a body, the technical-professional skills necessary for the functions to be performed; the presence of legal, accounting, corporate management and organizational skills is axiomatic.

In particular, the possession of specific audit and consultancy skills must be guaranteed, including skills in relation to statistical sampling, risk analysis and assessment techniques, and interview and questionnaire preparation techniques, as well as methodologies for the identification of fraud.

These characteristics, combined with independence, guarantee objectivity of judgment.

3.2.4 Continuity

In order to guarantee the effective and constant implementation of the Model, the Supervisory Body must operate on a continuous basis. Accordingly, based on the operational solutions adopted, the members of the Supervisory Body make a predominant, albeit not necessarily exclusive, commitment to ensure that their institutional tasks are performed effectively and efficiently.

3.3 Organizational positioning of the Supervisory Body

Art. 6 of Decree 231/01 requires the Body to be an integral part of the Company, positioned within the internal organization chart. This is the only way for the Supervisory Body to be informed about the activities of the Company and coordinate appropriately with other corporate bodies. In the same way, only the integration of the Supervisory Body can guarantee the necessary continuity of action.

The Supervisory Body is a *staff function* reporting to the Board of Directors, which appoints it. In order to further guarantee the requirement of independence, the Supervisory Body is required to report to the Board of Statutory Auditors and - in the final instance - to the Shareholders' Meeting.

Additionally, constant flows of information between the Board of Directors and the Supervisory Body are guaranteed by its integration within the Company and organizational positioning.

3.4 Identification of members of the Supervisory Body

Applying all the above principles to the reality of the Company and in consideration of the specific duties of the Supervisory Body, it was decided that it should operate as a committee, with the appointment of two external professionals and one employee.

Given the nature of the activities of the Company and having regard for the areas identified as *sensitive* following the risk assessment, it was determined that the persons appointed should not only possess organizational and/or legal and/or administrative-accounting skills, but also adequate knowledge of the current regulations governing the administrative responsibility of entities pursuant to Decree 231/2001.

Tasks involving all types of technical activity may be delegated externally, without prejudice to the requirement for any external party used as support to report on the work performed to the Supervisory Body. Clearly, this type of delegation does not relieve the Supervisory Body from responsibility for the supervisory function assigned to it by law.

The above composition is deemed adequate to ensure that the Supervisory Body possesses the required degree of autonomy and continuity.

3.5 Functions of the Supervisory Body

The Supervisory Body performs the tasks envisaged in arts. 6 and 7 of Decree 231/01 including, in particular:

- supervision and control activities;
- monitoring implementation of the Code of Ethics;
- adaptation and update of the Model;
- reporting to corporate bodies;
- management of information flows.

3.5.1 Supervision and control activities

The primary function of the Supervisory Body involves constant supervision of the functioning of the Model adopted.

The Supervisory Body must supervise:

- compliance with the requirements of the Model by its recipients in relation to the various types of offense identified in the Decree;
- the true effectiveness of the Model in relation to the business organization and its real ability to prevent commitment of the offenses identified in the Decree.

In order to perform this important function appropriately, the Supervisory Body must carry out periodic checks on the individual areas deemed *sensitive*, checking the effective adoption and proper application of the related protocols, the preparation and routine retention of the documentation specified in the protocols, and the overall efficiency and functioning of the measures and safeguards included in the Model to prevent and impede commitment of the offenses identified in Decree 231/01.

In particular, the duties of the Supervisory Body involve:

- checking the actual adoption and proper application of the control protocols envisaged in the Model. In this regard, it is noted that control activities are a primary responsibility of operational management and are considered to be an integral part of each business process (“line controls”), which means that the related personnel training is important.
- performing periodic checks, with operational support from the Internal Audit function as necessary, on specific operations or actions - especially those in the context of sensitive activities - and summarizing the results in a report whose content is communicated to the other corporate bodies, as described further below;
- collecting, processing and retaining significant information about compliance with the Model;
- monitoring initiatives for disseminating knowledge about and understanding of the Model.

3.5.2 Monitoring implementation of the Code of Ethics

The Supervisory Body monitors application of and compliance with the Code of Ethics adopted by the Board of Directors of the Company.

The Supervisory Body monitors the dissemination, understanding and implementation of the Code of Ethics.

The Supervisory Body proposes possible Code updates to the Board of Directors.

3.5.3 Adaptation and update of the Model

The Supervisory Body performs an important pro-active role, presenting recommendations and constructive criticism, by assessing and determining technically

the changes to be made to the Model, and making suitable proposals to the Board of Directors following:

- significant violations of the requirements of the Model adopted;
- significant changes in the internal organization of the Company or in the way corporate activities are conducted;
- regulatory changes, *in primis* following legislation to increase the *numerus clausus* of identified offenses.

In particular, the duties of the Supervisory Body involve:

- reviewing corporate activities in order to update the mapping of sensitive activities;
- coordinating the training programs for personnel and collaborators with the manager responsible;
- interpreting the regulations governing the offenses identified and any relevant Guidelines, including updates to existing documentation, and checking the adequacy of the system of internal control in relation to the requirements of the regulations or the Guidelines;
- checking the need to update the Model.

3.5.4 Reporting to corporate bodies

The Supervisory Body must report constantly to the Board of Directors; similarly, periodic communications to the Board of Statutory Auditors must also be assured.

The Supervisory Body reports to the Board of Directors:

- when necessary, about proposals for the update and alignment of the Model adopted, to be implemented by making any necessary amendments and additions;
- immediately, about any identified violations of the Model adopted that might give rise to liabilities for the Company, so that appropriate action can be taken. If it is necessary to take appropriate action against the directors, the Supervisory Body must inform the Shareholders' Meeting;
- periodically, in a report issued at least every semester, about the checks and controls carried out and their outcome, as well as about any issues identified in relation to conduct or events that might impact on the adequacy or effectiveness of the Model.

The Supervisory Body reports to the Board of Statutory Auditors:

- immediately, about any identified violations of the Model adopted that might give rise to liabilities for the Company, given that the Board of Statutory Auditors is required to supervise the adequacy of the administrative, organization and accounting systems adopted by the Company and their proper functioning;
- periodically, via the periodic report referred to in the previous report.

Meetings of the Supervisory Body may be called at any time by the above bodies, or in turn that Body may request to meet them, to report on the functioning of the Model or on specific situations.

3.5.5 Management of information flows

In order to facilitate the supervision and control activities of the Supervisory Body, it is necessary to establish and guarantee systematic information flows to that Body, using its dedicated e-mail address.

The required information flows to the Supervisory Body ensure orderly supervision and control of the effectiveness of the Model and cover, on a periodic basis, the information, data and news specified in the Special Parts, as well as any additional information identified by the Supervisory Body and/or requested from the individual business functions.

This information must be provided on the timing and basis specified in the Special Parts or determined by the Supervisory Body (so-called *information flows*).

The requirement to provide information to the Supervisory Body also includes, on an occasional basis, all other information of any kind relating to implementation of the Model, with regard to both sensitive activities and compliance with the requirements of the Decree, that might assist the Supervisory Body in the performance of its duties. In particular, it is mandatory to flag:

- news about the effective implementation of the Model at all business levels, highlighting any penalties incurred or decisions not to levy penalties, together with the related reasons;
- the emergence of new risks in areas under the direct responsibility of the various managers concerned;
- any reports prepared by managers as part of their control activities that identify potentially critical facts, deeds or omissions in relation to compliance with the requirements of the Decree or the Model;
- any anomalies and unusual matters identified by business functions as a result of the control activities carried out in implementation of the Model;
- measures and/or news deriving from the judicial police or any other public authority that may indicate the investigation of offenses identified in the Decree, even if the perpetrators are unknown;
- internal reports identifying responsibility for identified offenses;
- reports or requests for legal support submitted to the Company by *senior* decision makers or *persons managed by others* if court proceedings are started against them in relation to one of the offenses identified in the Decree;
- reports from collaborators, consultants and, in general, freelance personnel, vendors and partners (including temporary business associations, employment agencies and joint ventures) and, more generally, from all those who work in a significant and/or continuous manner on *sensitive* activities for or in the interests of the Company.

The *information flows* are retained by the Supervisory Body in an IT and/or hard-copy database. The data and information held in the database are only available to parties external to the Supervisory Body upon authorization from that Body, without prejudice to any access required by law. The Supervisory Body establishes its own criteria and conditions for access to the database, as well as for the retention and protection of the data and information, in compliance with current legislation.

3.6 Powers of the Supervisory Body

The principal powers of the Supervisory Body are indicated below:

- self-regulation and definition of its own internal operating procedures;
- supervision and control.

With regard to the powers of self-regulation and definition of internal operating procedures, the Supervisory Body has sole responsibility for the way in which:

- its meetings are called and organized;
- its activities and decisions are documented;
- its communications and direct relations with other corporate bodies are organized, as well as for the acquisition of information, data and documentation from them;
- its relations with the Board of Directors and Board of Statutory Auditors are coordinated, including any meetings with those bodies called by the Supervisory Body;
- its supervisory and control activities are coordinated and the results of that work are reported.

With regard to the powers of supervision and control, the Supervisory Body:

- has free and unconditional access to all business functions - without need for any prior consent - in order to obtain all information and data deemed necessary for performance of the duties envisaged in the Decree;
- may use its initial and period budgets freely, without any interference, in order to meet all needs associated with the proper performance of its duties;
- may, if deemed necessary, draw on support - under its direct supervision and responsibility - from all corporate structures, including the Internal Audit function;
- may, in the same way - with full decision-making autonomy, if specific skills are needed and, in all cases, in order to operate professionally - draw on the operational support of the Internal Audit function or even on the collaboration of professionals external to the Company, making use of its period budget for this purpose. In these cases, the parties external to the Supervisory Body merely provide technical-specialist consultancy, without taking any responsibility;
- may, after appropriate investigations and checks and after interviewing the author of the violation, refer the event to the Disciplinary System adopted pursuant to the Decree, without prejudice to the responsibility of the employer for the formal trial and decision on penalties.

3.7 Budget of the Supervisory Body

In order to further strengthen its autonomy and independence, the Supervisory Body is granted a suitable initial and period budget by resolution of the Board of Directors.

The Supervisory Body is able to use these resources in a fully autonomous manner, albeit with the requirement to report on its use of the budget at least once every year, as well as to justify the budget request for the following period, as part of its periodic reporting to the Board of Directors.

4 Whistleblowing

In accordance with the legislation that governs whistleblowing²⁰, Aeffe S.p.A. promotes the prevention and combating of all illegal conduct and, in any case, conduct contrary to the Code of Ethics and the Organization, management and control model. For that purpose, Aeffe encourages Recipients of the Model²¹ to report promptly to the Supervisory Body all circumstances that come to their attention in the course of their relations with the Company that might represent one of the offenses identified in Decree 321/2001.

The Company guarantees the confidentiality and protection of the personal data of persons who file reports and any persons reported. Aeffe S.p.A. guarantees that reports are received, examined and assessed via specific, autonomous and independent channels that differ from the standard reporting lines.

No Recipient who reports a suspicion in good faith may be exposed to revenge based on the communication made, even if the suspicion turns out to be unfounded.

Conversely, art. 6, para. 2-bis.d), of Decree 231/2001 specifies that “the disciplinary system adopted pursuant to para. 2.e) shall penalize those who, with malice or gross negligence, file reports that turn out to be unfounded”. This provision, added by art. 2 of Law 179/2017, represents a point of balance in the system that dissuades workers from filing provocative complaints, while also protecting the Company.

It follows that, with the exclusion of slander, defamation and other unjustified deeds governed by art. 2043 of the Civil Code, Recipients cannot be penalized if, in good faith, they report to the Supervisory Authorities conduct that is illegal or, in any case, contrary to the Code of Ethics that comes to their attention in the course of their relations with Aeffe S.p.A. However, should the whistleblower consider anonymity more appropriate, that right is protected.

Aeffe S.p.A. takes into consideration and analyses anonymous reports based on:

- the seriousness of the matter raised;
- the credibility of the matter contested;
- the probability that the matter raised will be confirmed by reliable sources.

In all cases, anonymity is guaranteed unless such confidentiality is challenged in law.

²⁰ Law 179 dated November 30, 2017, on "Instructions for the protection of persons who report offenses or irregularities that come to their attention in the context of a public or private working relationship", amended art. 6 of Decree 231 dated June 8, 2001, by adding paras. 2-bis, 2-ter and 2-quater.

Prior to that date, the Code of Self-Regulation for listed companies (issued by the Corporate Governance Committee in July 2015) envisaged that an adequate risk management and internal control system would have an internal system for employees to report possible irregularities or violations of the applicable regulations and internal procedures.

²¹ Directive (EU) 2019/1937 extends the application of whistle-blower protection to include customers and vendors as well; however, this protection only applies to those activities that are illegal under EU law, such as tax fraud, money laundering and offenses related to public contracts, product safety, environmental protection, public safety, and consumer and data protection.

Reports must be sent to the following addresses:

- e-mail: segnalazioni.aeffe@gmail.com
- P.O. Box: [*]

5 Disciplinary and penalty system

Pursuant to art. 6, para. 2 e), and art. 7, para. 4 b) of the Decree, the organization, management and control models adopted and implemented (together with the other situations envisaged in the above articles 6 and 7) as an essential condition for the exoneration of the Company from responsibility, should offenses identified in the Decree be committed, are only effectively implemented if they include a suitable disciplinary system for the penalization of failures to comply with the measures indicated.

The application of penalties is unrelated to the start or outcome of any related criminal proceedings, since the Model and the Code of Ethics are binding on their Recipients and, for the purposes of compliance with the requirements of the Decree, violations must be penalized regardless of the actual commitment of an offense or whether it is punishable.

The rules of conduct imposed by the Model are adopted autonomously by the Company, in order to comply better with the regulatory requirements imposed on the Company.

In this regard, the principles of timeliness and immediacy make it not only necessary but also inadvisable to delay the imposition of penalties ahead of any rulings handed down by the judiciary²².

5.1 Definition and limits on disciplinary responsibility

This section of the Model identifies and describes significant violations pursuant to Decree 231/2001 and subsequent amendments, the corresponding penalties and the related dispute procedures.

Aware of the need to comply with the law and the related instructions for reaching settlements, the Company guarantees that the penalties applicable by this Disciplinary System comply with the national employment contract for the sector - specifically that for workers in the Textile and Clothing Industry - and ensures that the procedures for disputing the offense and levying the related penalty are consistent with those envisaged in art. 7 of Law 300 dated May 30, 1970 (so-called “Workers’ Statute”).

For Recipients not bound by an employment contract (directors and External Parties in general), the measures applicable and the penalty procedures must comply with the law and the actual contractual conditions applicable to them.

²² See Confindustria Guidelines, chapter 2, point 2.3, page 19

5.2 Recipients and their duties

The recipients of this disciplinary system are the same as the Recipients of the Model.

Recipients must align their conduct with the principles embodied in the Code of Ethics and with all the principles and measures for the organization and management of corporate activities defined in the Model.

Each violation of the above principles, measures and procedures (hereinafter, the “Infringements”) represents, if confirmed:

- represents in the case of employees and executives, non-compliance with the contractual obligations deriving from their employment relationship pursuant to arts. 2104 and 2106 of the civil code;
- represents in the case of directors, non-compliance with the duties imposed on them by the law and the Articles of Association pursuant to art. 2392 of the civil code;
- in the case of External Parties, non-compliance with their contractual obligations justifying termination of the contract, without prejudice to any claims for damages;

Action to levy the penalties discussed below therefore takes due account of specific aspects deriving from the legal status of the person against whom the action is taken.

In all cases, the Supervisory Body must be involved in the procedure for levying disciplinary penalties.

The Supervisory Body checks that specific procedures are adopted to inform all of the above parties, from the start of their relationship with the Company, about the existence and content of this system of penalties.

5.3 General principles for penalties

The penalties levied for Infringements must, in all cases, comply with the principle of gradual and proportional application based on the seriousness of the violations committed.

Determination of the type and extent of the penalty levied following Infringements, including offenses identified in Decree 231/2001, must take into account and evaluate the following aspects:

- whether the conduct resulting in the violation was intentional;
- the degree of negligence, imprudence and recklessness demonstrated by the author when committing the violation, especially considering whether the event was in fact foreseeable;
- the significance of any consequences deriving from the violation or offense;
- the position of the Recipient within the organizational structure, especially considering the responsibilities associated with the assigned duties of that person;

- any aggravating or mitigating circumstances identifiable in relation to the conduct of the Recipient, for example aggravating circumstances would include any previous disciplinary penalties levied against the same period in the two-year period prior to the violation or offense;
- conspiracy by several Recipients to commit the violation or offense.

The penalties and the procedures for disputing the Infringement differ, depending on the category of Recipient concerned.

5.4 Penalties levied against employees

Conduct by employees in violation of the rules of conduct embodied in this Model is defined as a disciplinary offense.

The penalties that can be levied against employees are described in the corporate disciplinary system and/or the penalty system envisaged in the national employment contract, in compliance with the procedures envisaged in art. 7 of the Workers' Statute and any special regulations that may be applicable.

The corporate disciplinary system therefore comprises the relevant regulations embodied in the civil code and the settlement procedures envisaged in the national employment contract. In particular, the disciplinary system describes the conduct that is penalized, depending on the importance of each situation considered and the penalties envisaged for having committed the deeds, depending on their seriousness.

In relation to the above, the Model makes reference to the penalties and categories of deed that are penalized by the system of penalties envisaged in the national employment contract, in order to associate infringements of the Model with the situations already envisaged therein.

The Company believes that the penalties envisaged in the national employment contract are applicable to the Infringements defined above, following application of the procedures described below and considering the general principles and criteria identified in the preceding point.

In particular, the national employment contract identifies types of disciplinary violation that, considering their general and abstract nature, are considered to embody the above Infringements.

Persons subject to the Textile and Clothing Industry national employment contract may be penalized as follows:

- a) verbal warning;
- b) written warning;
- c) fine, up to an amount equivalent to 2 hours of contractual remuneration;
- d) suspension from work for a maximum of 3 days;
- e) disciplinary dismissal.

(a) verbal warning

Pursuant to the national employment contract, a verbal warning is delivered to employees following:

- violation of the principles of conduct, the requirements of control protocols and the obligation to provide information to the Supervisory Body, due to non-compliance with instructions received, including the performance of work without proper diligence, while not deliberately failing to do their duty;
- in general, infringements committed due to minor failings, on condition that these are slight and without impact outside of the corporate structure/organization.

(b) written warning

Pursuant to the national employment contract, a written warning is delivered to employees following:

- repetition, several times in a calendar year, of an Infringement already penalized by a verbal warning, such that it becomes necessary to warn of more serious penalties in a manner less ephemeral than a verbal warning;

(c) fine, up to an amount equivalent to 2 hours of contractual remuneration

As envisaged in the National Collective Employment Contract (CCNL), the fine cannot exceed 2 hours of pay and may be imposed for:

- minor Infringements, greater than those warranting a verbal warning, committed negligently by employees in the performance of their business activities;
- violation of the principles of conduct, the requirements of control protocols and the obligation to provide information to the Supervisory Body, due to negligent non-compliance with instructions received, including conduct involving the tolerance of improper conduct by persons subject to their management;
- repetition, several times in a calendar year, of an Infringement already penalized by a written warning and, in particular, when the verbal or written warnings given did not have the desired effect or the nature of the failing is such that a warning would be insufficient;

(d) suspension from work for a maximum of 3 days

As envisaged in the CCNL, the suspension from work cannot exceed 3 working days under any circumstances and may be applied to employees who:

- repeat, several times in a single calendar year, an infringement already penalized by a fine;
- violation of the principles of conduct, the requirements of control protocols and the obligation to provide information to the Supervisory Body, due to deliberate

- non-compliance with instructions received, including conduct involving the negligent tolerance of improper conduct by persons subject to their management;
- deliberate infringements with an impact even outside of the corporate structure/organization;

(e) disciplinary dismissal

Disciplinary dismissal applies to employees following:

- malicious Infringements of such significance as to cause loss of the trust underlying the working relationship, so that continuation is impossible, even on a provisional basis;
- repetition of failings that have already resulted in a suspension for the same reason or a suspension for other reasons in the 4 previous months.

This penalty is applied, in particular, when employees maliciously commit an Infringement of such significance as to represent, even if only theoretically, the commitment of an offense envisaged in Decree 231/2001.

The powers of the employer, possibly delegated to specific persons, are unchanged with regard to verification of the above infringements, the related disciplinary procedures and the levying of penalties.

As envisaged in the disciplinary procedures embodied in the Workers' Statute, the applicable National Collective Employment Contract and other relevant legislation and regulations, workers responsible for actions or omissions contrary to the provisions of Law 179 dated November 30, 2017 (the Whistleblowing Law) are subject to the penalties envisaged therein, having regard for the seriousness and/or the repetition of the conduct concerned.

The Company envisages the necessary involvement of the Supervisory Body in the procedures for levying penalties consequent to violations of the Model, in that no disciplinary penalties for violation of the Model can be levied without first informing the Supervisory Body.

This communication is of course superfluous if application of the penalty was proposed by the Supervisory Body.

The Supervisory Body must also be informed about any disciplinary procedures referred to in this section that are shelved.

Employees will be given immediate and widely disseminated information about the introduction of any new instructions, via an internal circular explaining the reasons for them and summarizing their content.

As envisaged in the disciplinary procedures embodied in the Workers' Statute, the applicable National Collective Employment Contract and other relevant legislation and regulations, workers responsible for actions or omissions contrary to the provisions of

Law 179 dated November 30, 2017 (the Whistleblowing Law) are subject to the penalties envisaged therein, having regard for the seriousness and/or the repetition of the conduct concerned.

5.5 Penalties levied against executives

By its nature, the working relationship with executives is preeminently based on trust. The conduct of executives has an impact not only within the Company, but also externally, for example in terms of market image and, in general, towards the various stakeholders.

Accordingly, compliance by the executives of the Company with the requirements of this Model and their obligation to enforce those requirements are essential elements of the executive role, since they provide an example and motivation to those who report to them hierarchically.

Given the particular relationship of trust existing between executives and the Company and the absence of a specific disciplinary system, any Infringements²³ by executives will be penalized by suitable disciplinary measures specific to the individual case and in compliance with the general principles described in section 5.3 General principles for penalties, having regard for any related legal and contractual requirements, and for the fact that such violations represent in all cases non-compliance with the obligations inherent in the working relationship.

The same disciplinary measures apply if executives allow, expressly or by failure to supervise, employees who report to them to behave in a manner not consistent with the Model and/or in violation of the Model, thus committing Infringements.

If the Infringements of the Model by executives may be criminal in nature, the Company reserves the right, at its sole discretion, to apply the following alternate provisional measures to the authors ahead of the criminal judgment:

- provisional suspension of the executive on full pay;
- reassignment to a different role within the Company.

If the criminal judgment confirms violation of the Model by the executive, that person will be subject to the disciplinary measures reserved for more serious Infringements. In particular, the following disciplinary measures are adopted in the event of more serious Infringements:

- (a) dismissal with notice

Dismissal with notice applies in the event of more serious Infringements in the performance of *sensitive* activities, without giving rise to application against the Company of the measures envisaged in the Decree. This situation includes the violation

²³ These Infringements include the violation of measures protecting whistleblowers and the conduct of persons who, with malice or gross negligence, file reports that turn out to be unfounded.

of measures protecting whistleblowers, as well as the conduct of persons who, with malice or gross negligence, file reports that turn out to be unfounded.

(b) dismissal without notice

Dismissal without notice applies in the event of more serious Infringements that may give rise to application against the Company of the measures envisaged in the Decree and, in any case, that are more serious than those envisaged in the case of dismissal with notice, giving rise to serious loss of the essential trust underlying the working relationship, so that continuation is impossible, even on a provisional basis.

The Company envisages the necessary involvement of the Supervisory Body in the procedures for levying penalties against executives consequent to violations of the Model, in that no penalties for violation of the Model can be levied against an executive without first involving the Supervisory Body.

This involvement is understood if application of the penalty was proposed by the Supervisory Body.

The Supervisory Body must also be informed about any disciplinary procedures referred to in this section that are shelved.

5.6 Measures in relation to other senior decision makers (art. 5, para. 1.a) of the Decree)

The Company takes very seriously any Infringements²⁴ of this Model by those who represent the top management of the Company and who therefore project its image to employees, shareholders, customers, creditors, the supervisory authorities and the general public. Propriety and transparency are key values that must be internalized, agreed and respected by those who make decisions within the Company, in order to set an example and motivate those who, at any level, work for the Company.

Any violations of the principles and measures envisaged in the Organization, management and control model adopted by the Company, by members of its Board of Directors, must be reported promptly to the entire Board of Directors and Board of Statutory Auditors by the Supervisory Body.

The Board of Directors is responsible for evaluating the Infringements and for adopting the most suitable measures in relation to the director or directors who committed them. The Board of Directors makes this assessment with support from the Supervisory Body and adopts the related resolutions by a majority of those present, excluding the director or directors who committed the Infringements, after having consulted with the Board of Statutory Auditors.

²⁴ These Infringements include the violation of measures protecting whistleblowers and the conduct of persons who, with malice or gross negligence, file reports that turn out to be unfounded.

The Board of Directors, and the Board of Statutory Auditors pursuant to art. 2406 of the civil code, are responsible - in accordance with the applicable legislation - for calling the Shareholders' Meeting if this is deemed necessary. The Shareholders' Meeting must be called in order to revoke the appointment of directors or impeach them.

5.7 Measures in relation to External Parties

All conduct by External Parties (collaborators, agents and representatives, consultants and, in general, freelance personnel, vendors and partners, including partners in temporary business associations and joint ventures) that conflicts with the principles of conduct specified in this Model and that might involve the commitment of an offense identified in the Decree, may result - having regard for the specific contractual clauses included in their engagement letters or contracts - in termination of the contractual relationship or the right to withdraw from it, without prejudice to any requests for compensation should that conduct cause losses for the Company, such as but not limited to application to the Company, even on a precautionary basis, of the penalties envisaged in the Decree.

The Supervisory Body working together with the Managing Director or other parties appointed by them check that specific procedures are adopted for informing the External Parties about the principles and codes of conduct contained in this Model and in the Code of Ethics, and check that they have been informed about the possible consequences of violating them.

6 Training and dissemination of the Model

The training of Recipients about matters relating to the Decree is managed by the Board of Directors, or other parties appointed by the Board, in close cooperation with the Supervisory Body, and varies depending on the role of the recipients and their involvement in the sensitive activities identified at the risk assessment stage.

In all cases, employees, executives and persons empowered to represent the Company are given general training over at least a three-year period, while specific training is given to new recruits and periodic refresher training covers significant amendments to the regulations.

The Supervisory Body checks the quality of the courses, the frequency of updates and actual attendance by the personnel concerned.

External parties that have ongoing contractual relations with the Company, in the context of *sensitive* activities, will - on the signature or renewal of their contracts - receive appropriate information about the requirements of the Code of Ethics and the Model adopted by the Company that govern the areas of activity in which they are involved.

The Supervisory Body will check the adequacy of this information and ensure that it is actually provided.

In addition, all Recipients of the Organization, management and control model will be given a copy of the Code of Ethics and the General and Specific Parts of this Model (limited, in the case of External Parties, to those relevant) or they will be informed how to access this documentation independently. The above distribution of the Organization, management and control model will be evidenced by the signatures of the Recipients on the specific receipt forms.

7 Confirmation of the adequacy of the Model and its effective implementation

The adequacy of the Model and its effective implementation is guaranteed:

- by the results of the continuous monitoring work carried out by the executives of the Company in the functional areas under their responsibility;
- by the Supervisory Body in the exercise of the supervisory and control powers described above, to which reference is made.