

OTB

ORGANISATION, MANAGEMENT, AND CONTROL MODEL

*pursuant to Article 6, paragraph 6, of Legislative Decree No. 231 of 08
June 2001 « Regulations On The Administrative Liability Of Legal Persons,
Companies And Associations Including Without Legal Personality, under
Article 11 of Law No. 300 of 29 September 2000»*

Company: OTB S.p.A.

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Definitions

- ***Sensitive Activities:*** These are activities carried out by the Company which are exposed to the risk, including potential, of the commission of criminal offences under the Decree.
- ***Instrumental Activities:*** these are activities carried out by the Company, that are potentially instrumental to the commission of criminal offences under the Decree.
- ***Business World:*** this includes all the companies that share the same brand (for example “Diesel”, “Marni”, “Staff”, “Maggiola”), and the companies that belong to the “designer” sector.
- ***Reporting Channels:*** channels that ensure the reporter’s confidentiality and identity, chosen by the Company as the internal or external means for routing reports.
- ***Parent Company:*** OTB S.p.A., whose tasks include the objective of carrying out strategic, coordination, and control measures and of laying down the corporate governance system applicable to the companies it controls, either directly or indirectly. OTB S.p.A. is the competence centre within Group companies with respect to the issues covered by the Professional Families.
- ***Consultants:*** individuals who, by reason of their professional skills, provide their intellectual work to or on behalf of the Company.
- ***Recipient of the Report:*** person/s or body within the Company whose tasks include receiving, analysing, and verifying reports (including with the assistance of other Functions).
- ***Employees:*** individuals whose relationship with the Company is regulated under an employment or self-employment agreement.
- ***Legislative Decree 231/2001 or Decree:*** Legislative Decree No. 231 of 08 June 2001, as amended and supplemented.
- ***Public Body:*** an undertaking shall be considered a public body, including when structured as a private organisation, where, under European Community legislation transposed in Italy, the following three requirements apply:
 - the undertaking has legal personality;
 - the undertaking was established for the specific purpose of meeting needs in the general interest not having an industrial or commercial character (such as collection and disposal of solid urban waste, the distribution of electricity, gas, heating services, etc.);
 - alternatively, the undertaking depends closely, for its financing, management, or supervision, on the State, regional or local authorities or other bodies governed by public law, or the State, regional or local authorities or other bodies governed by public law have appointed more than half of the members of the undertaking's administrative, managerial or supervisory body.

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- **Service Provider:** an entity (e.g., a Group company, a business unit, etc.) that provides centralised services (*ICT, Safety & Facility*, etc.) to other Group companies.
- **Professional Family:** set of specialised roles which, though operating from different locations and at different organisational levels (Parent Company, Headquarters of Business Worlds, single legal entity, etc.), share:
 - the same mission;
 - the same specialised know-how and work/business processes (the “craft”);
 - the OTB Group’s professional rules of conduct and values.
- **Branch or Distribution Branch:** a legal entity or permanent organisation abroad, controlled, either directly or indirectly, by one of the Business World’s Headquarters and dedicated to implement the commercial, retail, and marketing guidelines laid down within each Business World.
- **Business Function:** it carries out the characteristic activities of their business sector and can operate only at Business Worlds’ Headquarters, distribution branch, business unit, manufacturing, and sourcing level.

In order to ensure appropriate development and maintain the specific traits of each business sector within the OTB Group, these Functions, each in their specific fields of expertise,

- ensure attainment of the strategic, business, and operational objectives of the OTB Group;
 - develop operational models (such as distribution, production, logistic models, etc.) tailored to their own business sector;
 - lay down market, sale and sourcing strategies and their relative guidelines, and communicate them to distribution Branches.
- **Group or OTB Group:** is the set of legal entities formed by the Parent Company OTB S.p.A. and the companies it controls directly or indirectly (Business Worlds’ Headquarters, Branches, sourcing, manufacturing, business, financial units, NPOs, Service, etc.).
 - **Person in Charge of a Public Service:** anyone who “performs a public service in any capacity whatsoever”, where public service is intended as an activity regulated under the same rules applicable to public functions, but without the same authority (Article 358 of the Criminal Code).
 - **Confindustria Guidelines:** guidelines laid down by Confindustria (approved 7 March 2002 and last updated in June 2021) for preparing organisation, management, and control models under the Decree.
 - **Model:** organisation, management, and control model under the Decree.
 - **Corporate Bodies:** they include the Company's administrative body and Board of Auditors.

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- ***Supervisory Body or SB:*** the body provided for under Article 6 of the Decree, assigned to supervise the implementation of the Model and its compliance.
- ***PA or Public Administration:*** this includes any State department, including institutes and schools of any level and degree and public education institutions; independent entities and departments; Regional, Provincial, Municipal, or Mountain Community authorities and their consortia and associations; university institutions; independent public housing associations; chambers of commerce, industry, crafts and agriculture and their associations; any non-economic public authorities at national, regional, and local level; national healthcare departments, authorities, and entities. By way of example and not limitation, these include:
 - State Departments; Government, Parliament, Ministries, ordinary and accounting Judiciary authorities, consulates and embassies, prefecture, state police, etc.
 - Territorial public bodies: regions, provinces, municipalities;
 - Local Health Authorities (ASL);
 - National Institute for Occupational Safety and Prevention (ISPESL)
 - Regional Agencies for Environmental Protection (ARPA);
 - Territorial Job Centres (DTL);
 - Labour Inspectorate;
 - Social Security Bodies (INPS, INAIL);
 - Customs Agency;
 - Revenues Agency;
 - Italian Society of Authors and Publishers (SIAE);
 - Public security forces (State Police, Carabinieri Corps, NAS, Fire Brigade, Guardia di Finanza, etc.)
 - Independent Supervisory Authorities; Privacy Supervisory Authority (Garante Privacy), Autorità Garante della Concorrenza e del Mercato (Antitrust Authority), Public Works Supervisory Authority, etc.
- ***Partner:*** they are the Company's contractual counterparties, whether natural or legal persons, with whom the Company sets up any form of collaboration under the terms of an agreement.
- ***Public Official:*** anyone who “carries out a public function of a legislative, judicial, or administrative nature” (Article 357 of the Criminal Code)
- ***Retaliation or Retaliatory Measures:*** any act of retaliation or discrimination, direct or indirect, perpetrated against the reporter for reasons directly or directly connected to the report.

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- **Region:** the set of distribution Branches within a Business World sharing similar characteristics with respect to the geographical area in which they operate (such as *Europe, America, APAC*).
- **Reporter or Reporting Party:** whoever reports a potential criminal offence or irregularity in the workplace. As to private entities, this refers to both “persons who hold representative, administrative, or management offices within an entity or one of its organisational unit with financial and functional autonomy, or by persons who, *de facto* or otherwise, exercise management and control of the entity” and “persons subject to the management or the supervision of one of the persons” mentioned above;
- **Report:** a communication sent by a reporter, regarding “detailed [information] of unlawful conducts, relevant for the purposes of the Decree, and grounded upon specific and consistent elements of fact, or violations of the organisation and management model adopted by the company, learned in connection to the tasks performed”.
- **Company or OTB:** OTB S.p.A.
- **OTB Group Companies:** companies that are directly or indirectly controlled by OTB S.p.A. under Article 2359, paragraphs 1 and 2, of the Civil Code.
- **Senior Management:** persons who hold representative, administrative, or management offices within the Company or one of its units with financial and functional autonomy, or by persons who, *de facto* or otherwise, exercise management and control of the Company;
- **Staff:** persons subject to the management or the supervision of one of the persons listed in the point above.
- **Top Management:** Board of Directors, President of the Board of Directors and Chief Executive Officer.

Structure of the Document

This document includes a General Part and a Special Part; it contains a close examination of the provisions of Legislative Decree 231/2001, and it constitutes the guidelines that detail the process by which OTB S.p.A. adopts the Model, the criminal offences that relevant to the Company, the recipients of the Model, the Company's Supervisory Body, the sanctions system set up against violations, and the Model's dissemination and staff training obligations.

The second part lists the sensitive Activities for the Company under the Decree, meaning activities involving the risk of offences; the general principles of prevention; the prevention measures applied to said activities, and the essential supervisory measures aimed at preventing and mitigating unlawful conducts, which must be transposed into operating procedures and corporate practice, so that such measures may be effective in preventing the commission of offences.

In addition to the principles and guidelines expressed below, the following are an integral part of this document:

- list of sensitive activities identified within the scope of *risk and control self-assessment* activities, which is available in the Company's files and is reported in each single section of the Special Part of this Document;
- Code of Ethics, which lays down the principles and rules of conduct of the Company;
- all the Company's provisions, internal measures, instruments, and operating procedures implementing the principles and guidelines expressed in this Document. The above instruments and documents can be accessed in accordance with the procedures provided for their dissemination within the Company.

General Part

1. Legislative Decree No. 231 of 08 June 2001

1.1. Characteristics and Nature of the Liability of Entities

In transposing Community legislation on the fight against corruption, Legislative Decree No. 231 of 08 June 2001 introduces and regulates the administrative liability of collective entities for offences, which, up to 2001, were merely subject to the application of administrative sanctions, fines, and penalties, imposed on said collective entities' legal representatives, administrators, or employees.

This new form of liability of entities is a sort of hybrid, and its peculiarity lies in the fact that it combines aspects of the criminal and administrative systems. An entity is punished with an administrative sanction as it is responsible for an administrative offence, but the sanctions system relies on criminal process: the Authority with competence to charge a collective entity with the offence is the public prosecutor, and a criminal court imposes the sanction.

The administrative liability of the entity is different and independent to the liability of the natural person who has committed the offence, and it stands even when the author of the offence is not identified or the criminal offence is extinguished for reasons other than amnesty. At any rate, the liability of the entity is always additional and does not replace the liability of the natural person who has committed the offence.

The scope of application of the Decree is very broad and it concerns all entities that have a legal personality, companies, associations including without legal personality, public economic bodies, and private bodies which have been granted a concession to operate a national public utility. The above regulations do not apply to the State, territorial public bodies, non-economic public bodies, and any entities that carry out constitutionally protected functions (such as political parties or trade unions).

1.2. Criminal offences established in the Decree and relative amendments

An entity may be held liable exclusively for the offences - known as predicate offences - established in the Decree or in a law coming into effect prior to the commission of the act that constitutes an offence.

Predicate offences include a broad range of offences, some of which are typical in entrepreneurial activities, while others are typical of criminal organisations. The list of offences was later broadened, supplementing the original list contained in the Decree. The following offences were added: Law 9 January 2019, n. 3 that has expanded the art. 25 introducing the crime of Traffic of illicit influences, Law- Decree No. 350 of 25 September 2001, which introduced Article 25-*bis* «Forgery of money, money values having legal tender and revenue stamps», later broadened and modified as «Forgery of money, money values having legal tender or revenue stamps and instruments or distinctive signs» under Law No. 99 of 23 July 2009; Legislative Decree No. 61 of 11 April 2002, which introduced Article 25-*ter*, «Corporate Offences», later broadened and modified by Law No. 190 of 6 November 2012, which introduced the offence of “corruption among private individuals” (Article 2635 of the Civil Code); Law No. 7 of 14 January 2003, which introduced Article 25-*quater* «Crimes for purposes of terrorism or subversion of the democratic system»; Law No. 228 of 11 August

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2003, which introduced Article 25-*quinqüies* «Felonies against individuals», later broadened by Legislative Decree No. 39 of 04 March 2014 which added the new crime of “Grooming of minors” (Article 609-*undecies* of the Criminal Code) and by Law No. 199 of 29 October 2016, which added the new crime «Unlawful intermediation and exploitation of labour» (Article 603-*bis* of the Criminal Code) (known as “*caporalato*” or gangmaster system); Law No. 62 of 18 April 2005, which introduced Article 25-*sexies* «Market Abuse»; Law No. 7 of 9 January 2006, which introduced Article 25-*quater*.1 «Practices of female genital mutilation»; Law No. 146 of 16 March 2006, under which entities are liable for transnational offences; Law No. 123 of 3 August 2007, which introduced Article 25-*septies* «Manslaughter or serious or grievous bodily harm committed with breach of laws on accident prevention and on the protection of hygiene and safety in the workplace», later modified as «Manslaughter or serious or grievous bodily harm, committed with breach of laws governing the protection of health and safety in the workplace» by Legislative Decree No. 81 of 9 April 2008; Legislative Decree No. 231 of 21 November 2007, which introduced Article 25-*octies* «Handling stolen goods, money laundering and using money, assets, or utilities of unlawful origin» later broadened by Law No. 186 of 15 December 2014, which amended the heading of Article 25-*octies* into «Handling stolen goods, money laundering and using money, assets, or items of value of unlawful origin, and self-laundering» and added the offence of «Self-laundering» (Article 648-*ter*.1 of the Criminal Code); Law No. 48 of 18 March 2008, which introduced Article 24-*bis*, «Cybercrimes and unlawful processing of data» subsequently amended by Decree-Law 21 September 2019, n. 105, then converted into Law; Law No. 94 of 15 July 2009, which introduced Article 24-*ter*, «Organised crime», later broadened by Law No. 236 of 11 December 2016, which amended the Criminal Code and Law No. 91 of 1 April 1999, regarding the trafficking of organs for the purpose of transplant, and Law No. 458 of 26 June 1967 regarding kidney transplantation from a living donor; Law No. 99 of 23 July 2009 - mentioned above - which introduced Article 25-*bis*.1 «Crimes against industry and commerce» and Article 25-*novies* «Crimes on the infringement of copyright»; Law No. 116 of 03 August 2009, which introduced Article 25-*decies* «Inducement not to make statements or to make statements or to make false statements before a judicial authority»; Legislative Decree No. 121 of 7 July 2011, which introduced Article 25-*undecies* «Environmental crimes», later broadened and amended by Law No. 68 of 22 May 2015, which modified Article 25-*undecies* «Environmental crimes» by adding new crime of «Environmental pollution» (Article 452-*bis* of the Criminal Code), «Environmental disaster» (Article 452-*quater* of the Criminal Code), «Non-culpable crimes against the environment» (Article 452-*quinqüies* of the Criminal Code), «Trafficking and abandonment of highly radioactive material» (Article 452-*quinqüies* of the Criminal Code), which are all subject to increased penalties for environmental crimes when they are connected with the association with a simple or mafia-like criminal organisation; Legislative Decree No. 109 of 16 July 2012, which introduced Article 25-*duodecies* «Employment of third-country nationals whose stay is illegal»; Law No. 190 of 06 November 2012 - mentioned above - which modified Article 25, amending crimes of bribery for the exercise of a function (Article 318 of the Criminal Code) and the crime of misappropriation, malfeasance in office, undue inducement to give or promise items of value, bribery and incitement to bribery of members of the bodies of the European Communities and officials of the European Communities and foreign

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States (Article 322-*bis* of the Criminal Code), and introduced the crime of undue inducement to give or promise items of value (Article 319-*quater* of the Criminal Code); Law No. 161 of 17 October 2017, “Amendments to the code of anti-Mafia legislation and measures of prevention, as per Legislative Decree No. 159 of 06 September 2011, to the Criminal Code and the implementing, coordination, and transitional rules of the Code of Criminal Procedure and other provisions. Law enabling the Government to pass legislation for the protection of work in seized and confiscated business concerns”, which introduced amendments, through Article 30, paragraph 4, to the text of Article 25-*duodecies* «Employment of third-country nationals whose stay is illegal»; Law No. 167 of 20 November 2017, which introduced Article 25-*terdecies* «Racism and xenophobia»; Law No. 39 of 3 May 2019, laying down the “Ratification and implementation of the Convention of the Council of Europe on manipulation of sports competitions, concluded in Magglingen on 18 September 2014”, which introduced Article 25-*quaterdecies* «Fraud in sports competitions, illegal operation of gaming or betting or gambling activities through banned devices»; Legislative Decree No. 124 of 26 October 2019, Article 39, paragraph 2, which introduced Article 25-*quinquiesdecies* «Fiscal Crimes». Legislative Decree 14 July 2020, n. 75, on «Implementation of Directive (EU) 2017/1371, on the fight against fraud affecting the financial interests of the Union through criminal law», that is, the legislative measure transposing the C.D. «PIF Directive», which introduced art.25-*sexiesdecies* 'Smuggling' and integrated art. 24, introducing «Fraud in public supplies» and «Fraud against the European Agricultural Fund», and art. 25, introducing «Embezzlement», «Embezzlement with the use of the error of others» and «Abuse of office». Legislative Decree 8 November 2021, n. 184 which introduced art. 25-*octies* 1 " Offences relating to non-cash means of payment" and Legislative Decree no. 195 of 8 November 2021, which, by amending the text of Articles 648, 648a, 648b and 648c, has extended the scope of Article 25-*octies*.

On the date of approval of this document, the predicate crimes are in the categories listed below:

- crimes committed in dealings with the Public Administration (Articles 24 and 25);
- cybercrimes and unlawful processing of data (Article 24-*bis*);
- organised crime (Article 24-*ter*);
- forgery of money, money values having legal tender or revenue stamps and instruments or distinctive signs (Article 25-*bis*);
- crimes against industry and commerce (Article 25-*bis*.1);
- corporate crimes (Article 25-*ter*);
- felonies committed for purposes of terrorism or designed to subvert democracy (Article 25-*quater*);
- practices of female genital mutilation (Article 25-*quater* 1.)
- crimes against individuals (Article 25-*quinquies*);
- market abuse (Article 25-*sexies*);
- other market abuse cases (Art. 187- *quinquies* TUF);

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- manslaughter or serious or grievous bodily harm committed with breach of laws governing the safeguarding of workplace health and safety (Article 25-septies);
- handling of stolen goods, money laundering and using money, assets, or items of value of unlawful origin (Article 25-octies);
- offences relating to non-cash means of payment (Art. 25-octies 1);
- felonies regarding the infringement of copyright (Article 25-novies);
- inducement not to make statements or to make false statements before the Judicial Authority (Article 25-decies);
- environmental crimes (Article 25-undecies);
- employment of third-party nationals whose stay is illegal (Article 25-duodecies);
- racism and xenophobia (Article 25-terdecies);
- fraud in sports competition, illegal operation of gaming or betting or gambling activities through banned devices (Article 25-quarterdecies, introduced by Law No. 39 of 3 May 2019);
- fiscal crimes (Article 25-quinquiesdecies);
- smuggling (art.25-sexiesdecies);
- transnational crimes (Article 10 of Law No. 146/2006).

We will further examine how each crime applies and is relevant to the Company, in paragraph 8 of this General Part.

1.3. Criteria for imputation of the entity's liability

In addition to committing one of the predicate crimes, for an entity to be punishable under Legislative Decree No. 231/2001 additional requirements must be met. Said additional criteria for imputation of the entity's liability may be divided into "objective" and "subjective" criteria.

The first objective criterion is whether or not a crime was committed by a party connected to the entity under a qualifying relationship. On this regard, distinction is made between:

- persons in a "senior management" position, meaning individuals whose office entails the representation, administration, or management of the entity, such as legal representative, director, manager of an independent corporate function, and anyone who manage the entity, including when only *de facto*. These are the individuals who, in point of fact, have independent authority to make decisions in name and on behalf of the Company. This category also includes any person who has been delegated by the directors to carry out management or administration activities over the Company or its branches;

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- members of “staff” or anyone who is subject to the management and supervision of the senior management. This category specifically includes employed workers and anyone who, though not a member of staff, have been assigned a task under the management and supervision of senior management. It also comprises individuals who are external to the Company's organisation, such as collaborators, promoters, agents, and consultants who, acting on a mandate from the Company, carry out activities in its name. Mandates or contractual relationships with individuals who are not members of staff are also relevant whenever such individuals act in name, on behalf, or in the interest of the Company.

An additional objective criterion is that the crime must be committed in the interest or to the advantage of the entity. This criterion is met when one of the following two alternative conditions apply:

- “interest” is deemed to exist when the author of the crime acted with the intent of favouring the entity, irrespective as to whether or not said objective was attained;
- “advantage” is deemed to exist when the entity has gained - or could have gained - a positive outcome, either financial or other, from the crime.

The entity's liability applies not only when it obtained an immediate financial advantage from the commission of the crime, but also when - including when such positive outcome is not achieved - the action at issue is motivated by the Company's interest. Obtaining a better market position or concealing a situation of financial crisis are cases that entail the Company's interests without giving rise to an immediate financial advantage. It is important to note that, where a crime is committed by qualified individuals in a company within a group, the concept of interest may be unfavourably be extended to the group's parent company. The Court of Milan (Order of 20 December 2004) established that the element that characterises group interest lies in the fact that it does not amount to an exclusive advantage enjoyed by only one of the group's members, but rather as a shared advantage enjoyed by all the parties within the group. For this reason, it is established that an unlawful act perpetrated by a subsidiary may be charged against the parent company, as long as the natural person who committed the crime - including as accessories - functionally also belongs to the parent company.

As to subjective criteria for imputation of the entity's liability, these pertain to the prevention measures the entity adopted in order prevent the commission of one of the crimes under the Decree in conducting its business activities. The Decree, in fact, exempts the entity from liability only when the latter can demonstrate:

- that the managing body adopted and effectively implemented, before the crime at issue was committed, organisation, management, and control models that are suitable to prevent crimes of the same kind as the one that was committed;
- that the task of overseeing the implementation of and compliance with said models, and to update them was entrusted to a body within the entity who was endowed with independent powers of initiative and control.
- that the supervision of the aforementioned body was neither omitted nor lacking.

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The above conditions must all be present to exclude the liability of the entity.

Even though the model can be used to exempt an entity from liability, whether the predicate offence was committed by a member of senior management or by a member of staff, the mechanism set forth in the Decree with regard to the burden of proof is much more stringent for the entity where the crime was committed by a person holding a senior management position. In this latter case, in fact, the entity must demonstrate that said individuals committed the crime by fraudulently circumventing the model; the Decree thus requires a higher standard of proof to demonstrate that the entity was not involved in the crime at issue, as it is called to also demonstrate a sort of internal fraud being carried out by senior managers.

As to crimes committed by members of staff, the entity may on the other hand be held liable only when it is confirmed that the commission of the crime was made possible by the non-observance of management or supervision obligations, which is excluded where, before the crime is committed, the entity has adopted an organisation, management and control model suitable to prevent the crimes of the same category as the crime committed. In this case, fault lies in the organisation: the entity indirectly allowed the commission of the crime, by failing to oversee the activities or the individuals exposed to the risk of committing a predicate offence.

1.4. Guidelines provided in the Decree as to the characteristics of the organisation, management, and control model

The Decree only regulates a few general principles with concern to the organisation, management, and control model, and does not detail any specific elements. A model can exempt an entity from liability only when:

- it is effective, meaning when it is reasonably suitable to prevent the crime or crimes committed;
- it is actually implemented, meaning when its contents are applied in corporate procedures and in the internal control system;

As to the effectiveness of the model, the Decree specifies that it must, at the very least:

- contain a list of the undertaking's activities within which scope crimes may be committed;
- lay down specific protocols aimed at planning the decision-making process and the implementation of the undertaking's decisions with regard to the crimes to be prevented;
- it identifies a process for managing financial resources, suitable to prevent the commission of crimes;
- it introduces a disciplinary system with sufficient scope to sanction breaches to the measures set out in the model;
- it sets out obligations to report information to the Supervisory Body;

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- depending on the nature and size of the organisation and the type of business carried out, it sets out sufficient measures to ensure that activities are carried out in compliance with the law, and to quickly detect and eliminate at-risk situations.

The Decree establishes that the model needs to be periodically reviewed and updated, whether in the event of significant breaches to the model's provisions or when the entity undergoes relevant changes to its organisation or business.

1.5. Crimes committed abroad

Under Article 4 of the Decree, an entity may be held liable in Italy for predicate crimes committed abroad.

However, under Decree this possibility is subject to the following conditions, which are supplementary to the conditions discussed above:

- the general conditions for admissibility, provided under Articles 7, 8, 9, and 10 of the Criminal Code, allowing actions carried out abroad to be prosecuted in Italy, are met¹;
- the undertaking's registered office is in the territory of the Italian State;
- the State of the place in which the crime was committed does not take legal action against the entity.

1.6. Penalties

¹ Art. 7 of the Criminal Code: an Italian citizen or foreign national shall be prosecuted under Italian law if they commit any of the following crimes in a foreign territory:

1) a crime against the Italian State [241-313; c. nav. 1088]; 2) forgery of the State's seal and use of said forged seal [467]; 3) forgery of currency having legal tender in the territory of the State, or of revenue stamps or of money values having legal tender in Italy [453-461, 464-466]; 4) crimes committed by public officials [357] commissioned by the State, abusing their power or acting in breach of the duties inherent with their function [314 et. seq.]; 5) any other crime which, under special provisions of law [501 4, 537, 591 2, 604, 642 4; c. nav. 1080] or international conventions, is subject to the application of criminal law in Italy.

Art. 8 of the Criminal Code: An Italian citizen or foreign national [248 2, 249 2], who commits, in a foreign territory, a political crime not included in the crimes listed under number 1 of the Article above, is punished under Italian law [112], on demand by the Minister of Justice [128-129; Code of Criminal Procedure 342].

If the crime at issue is punishable subject to a complaint by the victim, said complaint is also required, in addition to the above-mentioned demand [120-126; Code of Criminal Procedure 336-340].

Under criminal law, a political crime is any crime that offends a political interest of the State or a political right of a citizen [241-294]. A common crime that was determined, in whole or in part, by political motivations, also qualifies as a political crime.

Art. 9 of the Criminal Code: A citizen who, aside from the cases listed in the two Articles above, commits, in a foreign territory, a crime that is subject to life imprisonment or a term of imprisonment of at least three years under Italian law, is punished under said law [112], provided that the citizen is within the territory of the State.

With respect to crimes for which a punishment restricting personal liberty for a lesser period is prescribed, the offender shall be punished on demand of the Ministry of Justice, or on petition or complaint of the victim.

In the cases envisioned under the above provisions, if the crime is committed against the European Communities, a third-Country or a foreign national, the offender is punished on demand by the Ministry of Justice, provided that the offender's extradition [Code of Criminal Procedure 697] is not granted or not accepted by the Government of the State where the offender has perpetrated the crime.

In the cases envisioned under the above provisions, the demand by the Ministry of Justice or the petition or the complaint of the victim are not required for the crimes provided for under Articles 320, 321, and 346-*bis*.

Art. 10 of the Criminal Code: A foreign national who, outside of the cases detailed under Articles 7 and 8, perpetrates a crime, in a foreign territory, against the State or a citizen and which is punished under Italian law by life imprisonment or a term of imprisonment of at least one year, is punished under Italian law [112] provided that they are in the territory of the State and there is a request by the Minister of Justice, or a petition or complaint of the victim.

If the crime is perpetrated against the European Communities, a foreign State or a foreign national, the offender is punished under Italian law, on demand by the Minister of Justice, if: 1) the offender is in the territory of the State; 2) the crime is punished by [the death penalty or] life imprisonment or a term of imprisonment of at least three years; 3) the offender's extradition is not granted or has not been accepted by the Government of the State in which the offender perpetrated the crime, or by the Government of the State of which the offender is a national.

The demand of the Minister of Justice or the petition or the complaint of the victim are not required for the crimes provided for under Articles 17, 318, 319, 319 *bis*, 319 *ter*, 319 *quater*, 320, 321, 322, and 322 *bis*.

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The penalty system provided under Legislative Decree 231/2001 is structured into four types of penalties which may be imposed on the entity if found guilty under the Decree:

- **financial penalty:**

a financial penalty is always applied when the Court finds the entity liable. The penalty is calculated by applying a system based on quotas, determined by the Court as to their number and amount: the number of quotas, ranging between a minimum and maximum based on the type of offence, depends on the seriousness of the crime, the degree of responsibility of the entity, the activity carried out to eliminate or minimise the consequences of the crime or to prevent the commission of further offences; the amount of each single quota ranges between a minimum of € 258,0 to a maximum of € 1,549.00, based on the entity's financial conditions and its assets.

The entity alone is held liable to discharge the obligation to pay the financial penalty, by using its own assets or shared fund. The Decree excludes, thus - irrespective of the legal nature of the collective entity - that shareholders or associates may be held personally liable and held to pay these financial penalties using their own assets

- **disqualification:**

disqualification measures apply, in addition to financial penalties, only when expressly provided for the offence the entity is found guilty of committing, and only when one of the following conditions applies:

- the entity attained significant profit and the crime was committed by a senior manager, or by a member of staff when the commission of the crime was made possible through serious organisational shortcomings;
- in case of repeated offences.

The disqualification measures under the Decree are:

- disqualification from exercising the activity;
- suspension or revocation of authorisations, licences or concessions functional to committing the offence;
- prohibition on entering into contracts with the Public Administration, except to obtain the provision of a public service;
- exclusion from benefits, loans, contributions or subsidies and possible revocation of those already granted;
- prohibition on publicising goods or services.

These discretionary measures can have permanent effect but only by way of exception; normally, they are temporary, with a duration ranging between three months to two years, and concern the specific

activity carried out by the entity committing the offence. They may also be applied by way of interim measure, prior to conviction, on demand by the Public Prosecutor, when there is strong evidence of the entity's liability and there are substantiated and specific elements that point to a concrete possibility for the entity to further commit offences of the same kind as the one for which proceedings were instigated;

▪ **confiscation**

a conviction is always followed by confiscation of the price or the proceeds of the crime or of assets or other items of equivalent value. The notion of *proceeds of crime* was defined by the Joint Divisions of the Court of Cassation (see Criminal Court of Cassation, Joint Divisions, No. 26654 of 27 March 2008) as a financial advantage, immediately and directly deriving from the crime, materially determined net of the actual benefit attained by the victim within the scope of a contractual relationship with the entity; the Joint Divisions further specified that this definition must exclude any parameter defined by corporate standards, and thus such proceeds cannot be deemed equivalent to the net return realised by the entity (except in the case, set forth by law, when the entity is in receivership). The Court of Naples (Order of 26 July 2007) established that the concept of proceeds must also include the non-reduction of assets caused by the avoidance of outlays for costs that should otherwise have been borne by the entity. Legislative Decree No. 202 of 29 October 2016 was introduced to implement Directive 2014/42/EU on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union.

▪ **publication of the sentence of conviction**

publication of the sentence of conviction may be ordered when the conviction includes a disqualification measure; it consists in the publication of the sentence of conviction one time only, either in the form of an excerpt or in full, on one or more of the newspapers indicated by the Court in the sentence of conviction, and by hanging posters containing the sentence of conviction in the municipality where the entity has its registered office, and publication costs are borne by the entity.

Though applied to a criminal process, all the penalties are administrative in nature. The framework of penalties laid down under the Decree is very strict, especially as disqualification measures can considerably restrict the entity's normal business activities, preventing the entity from accessing business opportunities.

The statute of limitations applies to the administrative penalties imposed on the entity starting on the fifth year of the date in which the crime was committed.

The final judgement of conviction of the entity is entered in the national records of administrative penalties arising from a crime.

1.7. Events that modify the entity

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The Decree regulates the entity's liability regime in the event of transformation, merger, de-merger, or company sale.

In case of transformation of the entity, its liability for crimes committed before the date in which the transformation became effective is not affected. The new entity will therefore bear the penalties applicable to the original entity, for offences carried out prior to its transformation.

In case of merger, the entity arising therefrom, including when merged through acquisition, is liable for the crimes for which the merged entities were responsible. If the merger takes place before the proceedings brought to determine the liability of the entity are closed, the Court will need to take into account the financial conditions of the original entity and not of the merged entity.

In case of de-merger, the de-merged entity is held liable for the crimes committed prior to the date in which the de-merger became effective and the de-merged entities are jointly held under obligation to pay the financial penalties imposed upon the de-merged entity limited to the value of the net assets transferred to each single de-merged entity, unless the entity at issue was transferred all or part of the business branch within which the crime was committed; disqualification measures apply to the entity (or entities) that includes or has absorbed the business branch within which scope the crime was committed. If the de-merger takes place before the proceedings brought to determine the liability of the entity are closed, the Court will need to take into account the financial conditions of the original entity and not of the de-merged entity.

In the event of sale or transfer of the company within which scope the crime was committed, without prejudice to the benefit of discussion of the selling entity, the buyer is jointly liable with the selling entity to pay the financial penalty, limited to the value of the assets of the company that was sold and limited to the financial penalties recorded in the mandatory accounting books or due for offences of which the selling entity was aware.

2. Purposes of the Model

By adopting this document, the Company intends to fulfil its obligations under the law, comply with the principles of the Decree, and improve and make as efficient as possible the internal controls and corporate governance system in place.

The primary objective of the Model is to create an organic and structured system of control principles and procedures, so that it may prevent, where possible and concretely feasible, the commission of the crimes under the Decree. The Model will supplement the Company's corporate governance system and will implement the process to expand a corporate culture founded on integrity, transparency, and lawfulness.

The objectives of the Model are, among others,

- providing adequate information to the staff and anyone who acts on behalf of the Company, or is associated with the company through relevant dealings for the purposes of the Decree, with concern to the activities that entail a risk of commission of a crime;

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- promote a corporate culture that is based on lawfulness, as the Company condemns any conduct that does not comply with the law or with internal provisions, and particularly the provisions contained in the Company's Organisation Model;
- expand a culture of oversight;
- implement an effective and efficient organisation of the Company's business activities, focusing on decision-making processes and their transparency, on setting up preventive and subsequent checks, and on the management of internal and external information;
- implement all the measures required to eliminate, in shortest time possible, any situations of risk of commission of offences.

3. Model and Code of Ethics

The Company has adopted and embraced the OTB Group's Code of Ethics (hereinafter also the "Group's Code of Ethics" or even simply "Code of Ethics") by resolution of the Board of Directors on 29 July 2014 and subsequently updated on 19 March 2020.

The Code of Ethics differs in nature, function, and content from this document. The Code of Ethics has a general scope and does not contain procedural implementation instructions. The Group's Code of Ethics is ultimately aimed at providing rules of conduct and ethical and social values that should inform the Company's activities in its pursuit of its corporate purposes and objectives, in line with the provisions of this document. The Group's Code of Ethics contains a description of the rules of conduct that should be adopted by the Code's recipients, such as shareholders, staff, clients, suppliers, lenders, the public administration and the general public, in addition to the principles of conduct that must be followed with respect to:

- integrity and consistency;
- lawfulness and honesty;
- protection and respect for individuals, including with respect to the protection of health and safety in the workplace;
- respect for human rights, which include compliance with the International Labour Standards;
- protection of the environment.

The Model relies on compliance with the principles of the Group's Code of Ethics, and together they are the corpus of internal rules aimed at the promotion of a culture of corporate transparency and ethics.

The Group's Code of Ethics, which is intended as referred-to here in its entirety, underpins the framework of the Model, and the provisions of the Model supplement the principles therein contained.

4. Changes and updates to the Model

The Company's Board of Directors is exclusively competent to adopt and amend the Model.

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This document must at all times be amended or supplemented without delay, by resolution of the Board of Directors, including based on a proposal by the Supervisory Body, when

- the provisions contained in the Model have been significantly violated, revealing the effectiveness or inconsistency of the Model for the purpose of preventing the crimes listed in the above paragraphs.
- there have been changes made to the sensitive areas in consideration of legislative changes (e.g., when new predicate crimes are added to the Decree) or to the Company's organisation or business (e.g. introduction of new spheres of operation);
- the Company adopted new procedures and/or operational protocols or made changes that significantly affect the internal control system;
- the Company adopted different governance instruments (e.g. codes of conduct, protocols, changes to the disciplinary system) under the Decree;
- reorganizations have been put in place with consequent reassignment, to new functions, of activities at risk of crime and with direct consequences for the Business.

When non-substantive changes are required, such as clarifications or explanations of the text of the Model, not affecting the structure of prevention checks, or changes due to reorganisation process and consequent re-assignment of activities at risk of crime to new functions, or when exclusively formal changes are made, the Chief Executive Officer of the Company can make such changes independently, after hearing the opinion of the Supervisory Body.

No corporate function, on the other hand, may independently adopt any changes to the Model, as such changes are exclusively within the purview of the Board of Directors and possibly the Chief Executive Officer limited to the above changes.

At any rate, any events that require amending or updating the Model must be brought to the attention of the Board of Directors, in writing, by the Supervisory Body.

Any changes to internal procedures, required to implement the Model, are made by the relevant Functions. The Supervisory Body is constantly kept informed of the updates and implementation of new operating procedures and has the faculty of expressing its opinion on amendment proposals.

5. [The OTB Group's corporate governance system](#)

The term "corporate governance" describes the general management approach used by the management to steer and oversee the whole corporate organisation, through a combination of information management and hierarchical management of the control structure.

The implementation of an effective corporate governance system is the tool through which the OTB Group intends to manage and oversee the legal entities within the Group.

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In this context, the OTB Group adopted the corporate governance system² described in the “Group Regulation”, which objectives include ensuring compliance with the applicable law, maximising value for shareholders, and keeping business risks in check to ensure effective and efficient corporate management.

This organisation Model supplements the more general corporate governance system adopted by the OTB Group, reflects its general principles, and refers to its fundamental elements and the tools of the internal audit and risk-management system that comprise it, which are classified as:

- institutional (Code of Ethics and Corporate Social Responsibility; Board of Directors and Committees; Corporate Governance & Internal Audit; organisational structure and role system), as they all relate to the competences and relationships between the corporate management and audit bodies;
- operational (system of mandates and powers of attorney; processes, policies, guidelines, and operational procedures; corporate management; compliance management) as they all refer to the practical processes to manage the various corporate operational and compliance processes.

5.1. The OTB Group’s corporate and organisational structure

The corporate structure of the OTB Group is split into three levels, and namely:

1. the first level is constituted by the Parent Company, OTB S.p.A.;
2. the second level is constituted by the Headquarters of the Business Worlds;
3. the third level is constituted by distribution branches, which, for certain Business Worlds, comprise more than one markets (Region). The third level also include the business units and legal entities that provide sourcing, manufacturing, production coordination (such as *shoes & bags*), and leftover management services.

The organisational structure of the OTB Group is divided into “Functions” or “Corporate Functions”, each comprising a set of human and material resources, reciprocally coordinated and organised to pursue specific corporate objectives.

Corporate Functions are organised hierarchically, and their ranking within the OTB Group’s corporate and business structure depend on:

- the breadth and nature of their responsibilities, powers, and activities;
- their organisational complexity and internal structure.

² See the Internal Regulation (first adopted in July 2014 by resolution of the Board of Directors of OTB S.p.A. and later amended and supplemented) for additional information on the corporate governance system adopted by the OTB Group (including regarding the Group’s organisational and corporate structure, the characteristics of the management bodies of the Group’s various legal entities, characteristics of the Group’s control bodies and functions, corporate and Group functions, internal procedures system, information flows and reporting system).

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The OTB Group's corporate Functions that share similar characteristics in terms of their duties and responsibilities may be grouped together and form Professional and Business Families.

Professional Families include the corporate Functions that share:

- the same mission;
- the same specialised know-how and work/business processes (the "craft");
- the OTB Group's professional rules of conduct and values.

The same Professional Family may include corporate Functions that work from different locations and at different organisational levels (Parent Company, Business Worlds Headquarters, distribution Branches, single legal entity, etc.).

The OTB Group includes the following Professional Families:

- *Finance;*
- *Legal;*
- *Information & Digital (OTB);*
- *People & Organization;*
- *Sustainability.*

In order to guarantee Group identity, overall consistency, internal fairness and efficiency, the Professional Families:

- work together in defining, each within their sphere of competence, the processes, operating procedures and tools that need to be adopted at Group level, focusing on each business/company's specificities;
- ensure the suitability of the professional skills of their members;
- act as competence and assistance centre for complex issues.

The **Business Functions** carry out the characteristic activities of their business sector and generally operate at Business Worlds' Headquarters, distribution Branch, business unit, and sourcing/manufacturing level.

In order to ensure an appropriate development and maintain the specific traits of each business sector within the OTB Group, these Functions, each in their specific fields of expertise,

- ensure attainment of the strategic, business, and operational objectives of the OTB Group;

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- develop operational models (such as distribution, production, logistic models, etc.) tailored to their own business sector;
- lay down market, sale and sourcing strategies and their relative guidelines, and communicate them to distribution Branches.

Examples of business Functions in the OTB Group include:

- *Retail Operations;*
- *Marketing;*
- *Operations;*
- *Interior Design;*
- *E- commerce;*
- *Studio Director;*
- *Distributor & Travel Retail;*
- *Licensing;*
- *Merchandising & Product.*

Lastly, the OTB Group has corporate Functions that carry out support activities within legal entities at any level (Parent Company, Business World Headquarters, Branch), who provide services to management and audit bodies, such as consulting and technical support, based on the specialised competences within said Functions.

These Functions may be specific to the Parent Company (such as the Corporate Communication Function) or represent typical Functions within the various legal entities of the Group based on locally applicable legislation, or on account of other organisational requirements at local or Group level (such as the Corporate Governance & Internal Audit Functions).

5.2. OTB S.p.A.

OTB, established in 2002 under the name of “Only the Brave S.r.l.” and changed into “OTB S.p.A.” in 2013, is the OTB Group company that owns some of the most iconic brands in the world of fashion, including Diesel, Maison Margiela, Marni, Viktor&Rolf, and avant-garde firms such as Staff International and Brave Kid.

The Group embodies the spirit and vision of Renzo Rosso, the Italian entrepreneur founder of Diesel, and today President of the Group. OTB believes in pushing the concepts of fashion and lifestyle to the limit, offering a portfolio of global brands to a new breed of consumers - people who challenge traditional

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assumptions and choose their own personal interpretation of fashion. In OTB's name, acronym for “*Only the Brave*”, are encapsulated the vision and values of the Group.

6. Adoption of the Model by OTB S.p.A.

In compliance with the provisions of the Decree, on 30 April 2015 the Company adopted, by resolution of the Board of Directors, its organisation, management, and control Model, which was later updated on 17 March 202. Both the adoption and the updating of this document are within the exclusive competence of the administrative body.

The Model, taking inspiration also on the Guidelines for the drawing of organisation, management and control Models under Legislative Decree No. 231 of 8 June 2001, issued by Confindustria in the version of 21 July 2014, was prepared by keeping into account of the structure and activity materially carried out by the Company, its market of reference, and the nature and size of its organisation. The Company began the process by drawing a preliminary analysis of its corporate context, and then analysed the areas of activity that are potentially most exposed to risk with regard to the commission of the crimes listed in the Decree. The analysis included: history of the Company, its corporate context, the context of the industry in which it operates, its organisational chart, the corporate governance system in place, the system of mandates and powers of attorney, the agreements in place with third-parties, also with regard to the service agreements that regulate infra-group dealings, its day-to-day operations, and the practices and procedures formally laid-down and distributed within the Company for the performance of operations.

For the purposes of drawing this document, the Company proceeded to:

- identify sensitive activities, meaning the areas where the commission of the predicate crimes under the Decree is possible, by conducting interviews with the Heads of the corporate Functions, analysing the company's organisational charts and the system of allocation of responsibilities;
- conduct a risk *and control self-assessment* to evaluate the risk of commission of crimes and the suitability of the internal control system to intercept unlawful conducts;
- identify suitable control mechanisms needed to prevent the crimes under the Decree or to mitigate the risks of commission of crimes, whether already in place or requiring implementation as part of operating procedures and company practice;
- review its system of mandates and delegations of power and allocation of responsibilities.

As to the possibility of committing the crimes of manslaughter and serious or grievous bodily harm, with breach of laws on the prevention of accidents (Article 25-*septies* of the Decree), the Company analysed its corporate context and the specific activities carried out, and assessed the risks linked to said context and activities on the basis of the evaluations carried out in compliance with Legislative Decree 81/2008 and the specific regulations connected thereto.

This document constitutes a Company internal regulation and is binding on the Company.

7. Model adopted by OTB S.p.A. and by the companies of the OTB Group with registered office in Italy and/or abroad.

Due to focus which the Parent Company places on corporate governance issues and on the safeguarding of lawful practices in the performance of its various business activities, the Company itself promotes - in accordance with the independence of each company within the OTB Group and having registered office in Italy - the adoption, by said companies, of the management, organisation and control Model under Legislative Decree 231/01.

The companies within the OTB Group having registered office in Italy, who decide to adopt an organisation and control Model under Legislative Decree 231/01, must comply, in drawing up said model, with the applicable principles laid down in this document, adding to the contents thereof and supplementing the control measures therein set out based on the specific peculiarities of each company, in view of on the nature, size, type of activity, and structure of internal mandates and delegations of power of said companies. Each single company within the OTB Group and with registered office in Italy is responsible for adopting their own model and appointing their own Supervisory Body.

The model adopted by each company within the OTB Group and with registered office in Italy is sent to OTB S.p.A.'s Supervisory Body, which informs the Board of Directors on the content thereof in the Supervisory Body's report, detailed in paragraph 10.6. Any relevant change made to the model is communicated by the supervisory bodies of the companies within the OTB Group and with registered office in Italy, to the Supervisory Body of OTB S.p.A.

Lastly, as to the broader context of the corporate criminal liability legislation applicable under the national legal systems in place in the foreign territories where the companies directly or indirectly controlled by the Parent Company OTB S.p.A. operate, the Parent Company has adopted specific guidelines for the purpose of indicating the organisational principles and codes of conduct by which every foreign company of the OTB Group must abide to ensure - irrespective of the local laws in place - a corporate governance system inspired on the principle of lawfulness.

8. Relevant Crimes for OTB S.p.A.

OTB S.p.A.'s Model was drawn up by keeping account of the specific structure and risks that arise out of the activity materially carried out by the Company, and of the nature and size of its organisation.

In consideration of said parameters, the Company deemed the following predicate crimes as relevant:

- crimes committed in dealings with the Public Administration (Articles 24 and 25);
- cybercrimes and unlawful processing of data (Article 24 *-bis*);
- organised crime (Article 24-*ter*);
- forgery of money, money values having legal tender or revenue stamps and instruments or distinctive signs (Article 25-*bis*);

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- crimes against industry and commerce (Article 25-bis.1);
- corporate crimes (Article 25-ter);
- crimes against individuals (Article 25-quinquies). With regard to this Family of Crime, the Company considers the crime of Illicit Mediation and Exploitation of Labour to be applicable on the occasion of the management of procurement contracts;
- manslaughter or serious or grievous bodily harm committed with breach of laws governing the safeguarding of workplace health and safety (Article 25-septies);
- handling of stolen goods, money laundering and using money, assets, or items of value of unlawful origin (Article 25-octies);
- offences relating to non-cash means of payment (Art. 25-octies 1);
- felonies regarding the infringement of copyright (Article 25-novies);
- inducement not to make statements or to make false statements before the Judicial Authority (Article 25-decies);
- environmental crimes (Article 25-undecies);
- employment of third-party nationals whose stay is illegal (Article 25-duodecies);
- racism and xenophobia (Article 25-terdecies);
- Tax offences (Art. 25-quinquiesdecies);
- Smuggling (art.25-sexiesdecies);
- transnational crimes (Article 10 of Law No. 146/2006).

The crime of “inducement not to make statements or to make false statements before the judicial authority” (Article 377-bis of the Criminal Code), listed as a predicate crime under Article 25-decies of the Decree, and referred-to in Article 10 of Law No. 146/2006 (transnational crimes), is not pertinent to any of the sensitive activities materially carried out by the Company. However, the Company decided not to exclude it from the list of crimes that are potentially at risk of being committed, as this criminal offence may, in abstract, be carried out by either member of senior management or staff, including when not in connection to a specific sensitive activity, as it may be perpetrated through a broad range of actions and in different contexts. Furthermore, the Company concluded no specific measures in terms of internal control system can be identified to prevent this specific kind of crime, but that the corporate governance mechanisms already in place and the principles contained in the Group's Code of Ethics can perform the prevention function desired.

As to the remaining categories of Predicate Crimes under the Decree, the Company decided that, in light of the primary activity carried out by the Company, the socio-economical context in which it operates and the dealings and legal and economic relations that it normally entertains with third parties, there are no risk profiles such as to deem the possibility of their commission in the interest or to the advantage of the Company to be

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reasonably likely. On this regard, the Company nonetheless chose to include measures to prevent these risks, adding appropriate principles of conduct to the Group's Code of Ethics, which hold the recipients thereof to comply with fundamental values such as solidarity, respect for human beings, morality, fairness, and lawfulness. More generally, for what concerns broader corporate governance issues, the Group Regulation represents an additional control and monitoring tool, aimed also at establishing a business management approach inspired on the principle of lawfulness.

This document sets out, in the Special Part detailed below, the Company's activities deemed “sensitive” on account of the risk of commission of the crimes listed herein, and includes prevention protocols and principles for each of said sensitive activities.

In any case, the Model is promptly supplemented and updated by the Board of Directors, including based on proposals and after hearing the opinion of the Supervisory Body, in the following events:

- legislative changes such as the introduction of new crimes and/or changes to the current predicate crimes;
- changes in the way the Company carries its business activity;
- any other event illustrated in paragraph 4 above, titled “Changes and Updates to the Model”.

9. Recipients of the Model and the Code of Ethics

The Model applies:

- to senior managers or members of the senior management, or anyone who, including de facto, carried out functions of administration, management of control over the Company or one of its independent Functions, such as the members of the Board of Directors; (legal representative, directors), the Chief Executive Officer, the members of the Board of Auditors or the head of an independent Function or the persons whom have been delegated by the Chief Executive Officer to carry out management and oversight tasks concerning the entity;
- employees of Group companies who are temporarily seconded to the Company with management, oversight or control tasks concerning the Company or one of its independent Functions;
- members of the staff of the Company, or anyone who act under the management of supervision of senior management (e.g., employed workers), also including anyone who collaborates with the Company under a temporary work agreement, temp workers, self-employed workers or interns.

All the recipients are held to comply with the utmost diligence with the provisions contained in the Code of Ethics, the Model, and the relevant implementing procedures, including with respect to the duties of loyalty, fairness and diligence that arise out of the legal relationships in place with the Company.

As to anyone who works at the behest or on behalf of the Company or acts in the interest of the Company within the scope of sensitive activities as detailed in the Special Part, and who maintain full independence with

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respect to decision-making and organisation, outside the oversight and supervision of the entity (e.g., self-employed workers, collaborators, partners, designers, consultants, attorneys-in-fact, providers of services or goods, and providers of contracted or sub-contracted labour), they are asked to undertake the commitment to comply with the Code of Ethics and act in line with the provisions of the Decree. The above commitment is included in contractual clauses that set out measures, including termination of the contractual relationship in place, in case of non-observance.

The Company condemns any conduct that deviates from the law and from the provisions of the Model and of the Code of Ethics, including when such conduct is carried out in the interest of the Company or with the intention of securing an advantage for the Company.

10. Supervisory Body

10.1. Function

In compliance with the Decree, the Company appointed a Supervisory Body that is autonomous, independent, and competent with respect to control of the risks connected to the specific activity carried out by the Company and to the relevant legal profiles.

The Supervisory Body is tasked with the duty to supervise, at all times,

- compliance with the Model by the Company's corporate bodies and employees;
- the actual effectiveness of the Model in preventing the commission of the crimes under the Decree;
- the implementation of the provisions of the Model in the performance of the Company's activities;
- the updating of the Model, when detecting the need to amend the Model on account of changes to the Company's structure and organisation or to the legal framework of reference.

Over the course of the first suitable meeting after appointment, the Supervisory Body adopts its own operating Regulation, approving and, as required, updating its contents, and presents it, for information, to the Board of Directors.

10.2. Composition and appointment of the Supervisory Body

The Board of Directors appoints the Supervisory Body, detailing the reasons that led the Board to appoint each member thereof, who must be selected exclusively on the basis of the following requirements:

- autonomy and independence;

the autonomy and independence of the Supervisory Body, and of its members, constitute key elements for the success and credibility of the supervisory activity.

The concepts of autonomy and independence do not have a valid definition in an absolute sense but should rather be aligned and framed within the complex set of operations they apply to. Given that the Supervisory Body is assigned to supervise the Company's operations and the procedures applied, the

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position of the Supervisory Body within the entity must guarantee its autonomy from any form of interference or influence that may be exercised by any member of the entity, and particularly senior managers, especially when considering that the function exercised by the Body also entails supervision over the activities carried out by top management. Thus, the Supervisory Body is ranked as high as possible in the Company's organisational chart, and, with respect to its supervisory duties, it reports exclusively to the Board of Directors.

In addition, to further ensure the autonomy of the Supervisory Body, the Board of Directors makes available specifically dedicated resources to the Body, which number and value are proportionate to the tasks assigned, and, when setting the Company's budget, it approves appropriate financial resources - as proposed by the Supervisory Body - which the Body can use for any action required for the proper performance of its tasks (e.g., expert advice, travel, etc.).

The autonomy and independence of each single member of the Supervisory Body are determined based on the function carried out and the tasks assigned, identifying whose influence and what interests said members should be free from in order to have the autonomy and independence required to carry out their tasks. Consequently, the members of the Body cannot have any decision-making, operational, or management roles such as to compromise the autonomy and independence of the entire Supervisory Body. In any case, the requirements of autonomy and independence are contingent on the fact that the members of the Body are not in a position, including potential, of personal conflict of interest with the Company. Thus, the members of the Supervisory Body cannot:

- hold any position within OTB S.p.A. or any company controlled by OTB S.p.A., entailing any operational tasks such as to undermine their independence of judgement;
 - be bound to the Company under ongoing agreements for the provision of services, which may reasonably compromise their independence of judgement;
 - have family ties with members of the Company's or the Group's top management;
 - be in any other situation of clear or potential conflict of interest;
- professional skills;

the Supervisory Body must include members whose technical-professional skills are suitable to the functions they are called to perform. Therefore, the Supervisory Body must count individuals with adequate professional backgrounds in the areas of economics, law, and corporate risk analysis, management, and control. The Supervisory Body must in particular have expert technical skills to carry out auditing and advisory duties.

Once the members of the Supervisory Body are selected, the Board of Directors verifies, upon their appointment, that the above conditions apply, basing their determination not just on CVs, but also on the official declarations and specific information gathered by the Board of Directors from candidates.

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In order to implement the professional skills that are useful or necessary to the activity of the Supervisory Body, and in order to ensure the professionalism of the Body (as well as its autonomy), the Body is granted a budget, aimed at acquiring, from outside the entity and as necessary, any know-how to supplement the Supervisory Body's set of competences. The Supervisory Body can thus, by using external professionals, rely on resources with expertise in legal matters, corporate organisation, auditing, accounting, finance, and safety in the workplace.

- ongoing action;

the Supervisory Body carries out the activities required to supervise the Model on an ongoing basis, with the appropriate commitment and the necessary powers to conduct investigations.

The Body's ongoing action should not be intended as “incessant operations” given that this interpretation would require the Supervisory Body to be exclusively internal to the entity, whereas this would undercut the indispensable autonomy that must inform the Supervisory Body's action. Continuity of action means that the Supervisory Body's activity should not be limited to periodic meetings with its members, but also be organised based on an action plan and on the performance of monitoring and analysis activities with respect to the entity's prevention system.

In order to facilitate the attainment of this requirement it appears necessary for at least one of the members of the Supervisory Body to also be physically stationed within the setting of the Company, or regularly close to sensitive areas, so as to quickly obtain feedback on the effectiveness of the control system adopted and expressed in the organisation Model.

The Supervisory Body is formed, in compliance with the above parameters, by no less than three and no more than five members, of which:

- at least one is not a member of the Company's staff;
- one is selected by the Head of the Group's Corporate Governance & Internal Audit Function.

The Board of Directors has the faculty of appointing the President of the Supervisory Body, selecting them from among its external members, who has the task of seeing to fulfilling all formalities for calling, setting the agenda, and conducting meetings. If the Board of Directors does not appoint a President, the Supervisory Body elects one of its members to hold said office.

The Board of Directors may decide on a different composition of the Supervisory Body, in terms of number and characteristics, in order to address specific needs of the Company.

The Supervisory Body is appointed by the Board of Directors of the Company, through a reasoned decision recognising how the requirements of respectability, professionalism, autonomy, and independence are met.

To this end, external candidates must send their Curriculum Vitae and a declaration attesting that they possess the above requirements.

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The Board of Directors examines the information provided by the interested parties, or which is available to the Company, to assess whether or not said requirements are met.

When accepting the assignment, the members of the Supervisory Board examine the Model and formally agree to comply with the Code of Ethics and undertake to carry out the functions assigned ensuring the necessary continuity of action, and to immediately inform the Board of Directors of any event that will likely cause them to no longer meet the above requirements.

After the appointed individuals accept their assignment, the decision is communicated at all levels of the organisation, through an internal memo.

The Supervisory Body has a term of office of three years. The term of office of the Supervisory Body is extended until renewal.

10.3. Eligibility requirements

The members of the Supervisory Body are, ahead of their assignment, required not to be in any of the following situations determining their ineligibility and/or incompatibility:

- be subject to preventive measures ordered by the judicial authority under Law No. 1423 of 27 December 1956 («Preventive measures against individuals who pose a risk to security») or Law No 575 of 31 May 1965 («Provisions against the Mafia»);
- be a suspect or have been found guilty, including when the judgement is not yet final or when delivered under Article 444 *et. seq.* of the Code of Criminal Procedure, including when their sentence is conditionally suspended, without prejudice to the effects of rehabilitation:
 - for one or more of the offences strictly proscribed under Legislative Decree 231/2001;
 - for any crime committed with intent;
- be disqualified, debarred, bankrupt, or have been sentenced, including when the judgement is not yet final, to a penalty involving disqualification, including temporary, from holding a public office or debarment from carrying out managerial duties.

A member of the Supervisory Body is held ineligible when even just one of the above conditions applies.

10.4. Revocation, replacement, forfeiture, and withdrawal

The appointment as member of the Supervisory Body may be revoked only by resolution of the Board of Directors and only for just cause, with the assenting opinion of the Board of Auditors.

The appointment is legitimately revoked for just cause when the following imperative conditions apply:

- loss of the eligibility requirements detailed in the paragraph above;
- non-compliance with the obligations inherent with the assignment;
- lack of good faith and diligence in the performance of the assignment;

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- gross negligence in the performance of the tasks connected with the assignment;
- violation of the obligations of confidentiality with respect to information acquired in the performance of supervisory activities;
- non-cooperation with the other members of the Supervisory Body;
- unjustified absence in more than two consecutive meetings of the Supervisory Body, after the meetings are called following due procedure;
- “omitted or insufficient supervision” by the Supervisory Body - as established in Article 6, paragraph 1, letter d) of Legislative Decree 231/01 – resulting in a conviction, including when without the force of *res judicata*, delivered against the Company or any of the companies where the member served as part of a Supervisory Body, pursuant to the Decree, or resulting in plea-bargain;
- in case of an internal member of the Supervisory Body, the assignment of operational responsibilities and duties within the Company's organisation is incompatible with the “autonomy and independence” and “continuity of action” required of the Supervisory Body;
- serious and verified grounds of incompatibility that compromise the member’s independence or autonomy.

In the presence of just cause, the Board of Directors, with the assenting opinion of the Board of Auditors, revokes the appointment of the member of the Supervisory Body who no longer meets eligibility requirements, and sees to their replacement after providing a reasoned decision.

If the employment agreement in place between the internal member of the Supervisory Body and the Company is terminated, irrespective of the cause thereof, their assignment as member of the Supervisory Body is also terminated, unless otherwise resolved by the Board of Directors.

Where a member of the Supervisory Body becomes incapacitated or is prevented from carrying out their assignment, their appointment shall be deemed forfeited before expiry of their term of office as per Article 10.2.

Each member of the Supervisory Body may withdraw from their assignment with at least one month’s notice, by sending a written and reasoned communication of withdrawal to the Board of Directors.

In case of forfeiture or withdrawal of one of the members of the Supervisory Body, the Board of Directors sees to their replacement without delay.

10.5. Performance of activities and powers

The Supervisory Body meets at least once every four months and any time one of the members submits a written request therefore to the President of the Supervisory Body. In addition, over the course of the first suitable meeting, the Body may delegate specific functions to the President.

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For the performance of the duties assigned the Supervisory Body is vested with all the powers of initiative and control over every corporate activity and at any level of the organisation and reports exclusively to the Board of Directors through the President of the Supervisory Body.

The tasks and powers of the Supervisory Body and its members are not within the purview of any other corporate body or structure, although the Board of Directors can verify whether or not the actions carried out by the Supervisory Body are consistent with the corporate policies and ethical principles adopted by the Company.

The Supervisory Body carries out its functions in coordination with the other supervisory Bodies or Functions within the Company. In particular, the Supervisory Body coordinates with the corporate Functions that carry out at-risk activities with respect to any aspects that concern the application of the Model's implementing and operating procedures.

In supervising the actual implementation of the Model, the Supervisory Body is vested with powers and duties which it exercises in compliance with the law and the individual rights of the workers and data subjects, divided in the following areas:

- carry out or arrange for periodic inspection activities to be carried out under its direct supervision and responsibility;
- access all the information concerning the Company's sensitive activities;
- acquire any and whatsoever documentation, without prior authorisation and without notice;
- ask for information or documents concerning sensitive activities from all the personnel employed by the Company and, where necessary, from Directors, the Board of Auditors, and the individuals in charge in compliance with the provisions of law on accident-prevention and protection of the health and safety in the workplace;
- ask for information or documents concerning sensitive activities from all collaborators, consultants, agents, and external representatives of the Company and in general from all the recipients of the Model as defined under paragraph 9 above;
- ask, where it deems it opportune, for information from the Supervisory Bodies, where present, of the companies controlled by OTB S.p.A.;
- use the assistance and support of employed members of staff;
- use the assistance and support of the *Corporate Governance & Internal Audit* Function for ordinary auditing activities or the assistance and support of external consultants who are expert on the matter;
- propose to the body or department holding the power to regulate the adoption of the necessary sanctions, referred to in paragraph 12 below, by the same body or function then identified;

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- periodically check the Model, and, where necessary, propose to the Board of Directors the adoption of any amendments and updates in compliance with the provisions detailed in paragraph 4 above;
- promote, monitor and evaluate the adequacy of staff training programmes on topics under D. Lgs. 231/2001;
- periodically draw, at least once a year unless at lower intervals, a written report to the Board of Directors, with the minimum contents listed under paragraph 10.6 below;
- in the event of serious and urgent situations, detected in the performance of its activities, inform the Board of Directors without delay;
- contribute to periodically identify, after hearing the opinion of the Managers/Heads of functions who have entered into agreements with counterparties, the types of legal relationships with parties outside the Company to which the Model should be applied and determine the manner for providing information on the Model to such parties and the necessary procedures to ensure compliance with the provisions therein contained.

With respect to the dealings between the Supervisory Body, the Board of Directors, and the Board of Auditors,

- the Supervisory Body may ask to meet with the Board of Directors and/or the Board of Auditors, including separately, or to take part in their respective meetings;
- the Board of Directors and/or the Board of Auditors may call the Supervisory Body at any time to request information on the activities and inspections,

The meetings between Supervisory Body, Board of Directors, and Board of Auditors must all be recorded in minutes.

The Supervisory Body sets its own annual budget and submits it to the Board of Directors for approval. In the presence of urgent or exceptional situations, which will later need to be set out in a report to the Board of Directors, the Supervisory Body may make exceptions to the budget granted, when proven insufficient to effectively carry out the Body's duties, with the faculty of extending the Body's spending autonomy on its own initiative.

10.6. Information Flows to and from the organisation

The Supervisory Body is under obligation to report exclusively to the Board of Directors, including with respect to facts that are relevant to its office or any urgent shortcomings in the Model detected in the performance of its supervisory duties.

The Supervisory Body is under obligation to submit to the Board of Directors, at least once a year, a written report illustrating the following specific information:

- summary of the activities and inspections carried out by the Supervisory Body during the year;

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- any discrepancies in the procedures established to implement the provisions of the Model;
- any new areas where the crimes under the Decree may be committed;
- verification of the reports received by external or internal parties concerning violations of the Model and the outcomes of the inquiries concerning said reports;
- the disciplinary procedures, the penalties proposed by the Supervisory Body, and the penalties imposed by the competent body (after said competent body has informed the Supervisory Body), limited exclusively to penalties concerning at-risk activities;
- a general assessment of the Model, with proposals to made additions and improvements in terms of form or content, concerning the actual operation of the Model;
- changes, if any, to the legislative framework of reference;
- a summary of relevant events and disciplinary penalties applied in the companies controlled by OTB S.p.A.;
- a report of expenses incurred.

The Supervisory Body may, by laying down an operating procedure, establish additional types of information which the Heads of functions involved in the management of sensitive activities must provide, and the recurrence and method through which said information must be provided to the Supervisory Body.

In general, the Company's organisational documentation (i.e., processes, procedures, protocols, policies, guidelines) also include a specific sections detailing the information flows which the competent corporate Functions are held to send periodically to the Supervisory Body (e.g., Internal Audit's Annual Plan, auditing reports, Management Review report, resolutions of the Board of Directors on changes to the business or organisation, excerpts from the minutes of the meeting of the Board of Auditors highlighting shortcomings in the internal controls System).

All the members of staff and the external parties recipients of the Model must inform the Supervisory Body directly of any suspected violation of the Model and the Code of Ethics (referred to in full in the Model) through the specific communication channels made available by the Company and described in the following paragraph.

The Company undertakes to adopt suitable measures to ensure the confidentiality of the identity of anyone sending information to the Supervisory Body, as long as such information is truthful and useful to identify conducts deviating from the Model's procedures and the internal control system. However, any action aimed at slowing down the activity of the Supervisory Body must be suitably penalised.

The Supervisory Body undertakes to verify whether or not the Company adopts suitable rules to protect reporters in good faith against any form of retaliation, discrimination, or adverse consequence, and the confidentiality of reporter's identity is protected at all times, except for any disclosure required by law and

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without prejudice to the protection of the rights of the Company or of the persons who are accused wrongly or in bad faith.

In addition to the above reports on violations of a general nature, the Supervisory Body must be sent news concerning any disciplinary action taken with respect to “reports of violations” of the Model and the penalties imposed, or when disciplinary actions are discontinued and the reasons therefore.

10.6.1. Whistleblowing – Reporting System

The Company created suitable channels through which the senior managers and the staff (as per Article 5, paragraph 1, letters a.) and b.) of the Decree can submit, to protect the integrity of the Company,

- (i) substantiated reports of suspected unlawful conducts, with relevance for the purpose of the Decree and grounded upon specific and consistent elements of fact;
- (ii) violations of the Model and/or the Code of Ethics, learned in connection with the duties carried out;

Such channels ensure the confidentiality of the reporting party’s identity throughout the report-handling stages.

Any recipients who intend to report a suspected violation of the Model and/or the Code of Ethics, can use a dedicated channel that allows reports to be brought to the attention of the Supervisory Body. The above channel is accessible via:

- e-mail addressed to the Supervisory Body’s e-mail box (OdV@OTB.net)
- Registered Mail: Via dell’Industria, 2, 36042 Breganze (VI) Italy, to the attention of the President of the Supervisory Body or alternatively to the Head of the Group’s *Internal Audit* function (recipients of the report) in the event the Supervisory Body or one of its members is in a position of potential conflict of interest with the issue being reported.

Reports must be promptly forwarded to the Supervisory Body or the Head of the *Internal Audit* Function in the cases listed above, so as to allow the Supervisory Body to carefully look into them with the assistance, where deemed necessary, of internal structures of the Company.

- e-mail, addressed to codeofethics@OTB.net, through which individuals can submit reports in a confidential manner, as the reports are sent to the *Head of Corporate Governance & Internal Audit, Chief People & Organization Officer* and the *Corporate Legal Counsel* (who ensure the e-mail will be forwarded to the Supervisory Body without delay when the report concerns any of the issues contemplated in this Model or in any case Legislative Decree 231/2001).

The recipients of the report must evaluate the reports they receive by launching appropriate inquiries with respect of the instances reported and assess whether the instances reported are truthful and relevant.

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The recipients of the report are responsible and have discretionary power over any evaluation as to the relevance of the specific cases reported and over any decision to trigger further inquiries or actions.

If, after preliminary inquiries, the recipients of the report judge the instances reported to have no relevance and the violations to not have taken place, the decision to close further inquiries must be justified; conversely, should the violation be confirmed, the recipients of the report must immediately inform the party vested with disciplinary powers, who shall then launch the disciplinary action within their sphere of competence for the purpose of disciplinary charges and for the application of penalties as needed.

The recipients of the report create a log and put together a casefile containing an information package in connection with the report.

The Company undertakes to adopt appropriate measures, including disciplinary actions, to ensure the confidentiality of the identity of the reporter throughout all the report-handling phases.

Within the scope of the disciplinary action, the identity of the reporter cannot be revealed, without their consent, provided that the disciplinary charges brought are grounded upon separate and further enquiries in addition to the report. If the charges are grounded, in whole or in part, on the report, the identity of the reporter may be revealed where knowledge thereof is absolutely indispensable for the defence of the individual being charged.

The Company furthermore undertakes to ensure that the reporter is protected from any application - for reasons arising from the report - of any discriminatory or retaliatory measures (e.g., penalties, demotion, dismissal, transfer or other organisational measure that have a negative effect over the reporter's work conditions).

The above protections cannot in any way be interpreted as a form of impunity afforded to the reporter; the criminal and disciplinary liability of the reporter employed by the Company shall apply where the report was submitted in bad faith or through gross negligence, and the obligation to pay compensation (under Article 2043 of the Civil Code) for any damages caused by the above unlawful conducts shall also apply.

11. Provision of infra-group services

For the purposes of this paragraph, the term Group shall mean all the companies that are directly or indirectly held by or affiliated with the Parent Company OTB S.p.A.

Where present, the Supervisory Body of the company that provides infra-group services shall, at least once a year, draw a report on the performance of its functions with respect to the provision of the services requested and sends it to the Board of Directors and the Board of Auditors of the company receiving such services.

11.1. Services provided by OTB S.p.A. to companies in the OTB Group

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In providing services to other companies within the OTB Group, when such services fall within the scope of sensitive activities as listed in the Special Part of the Model, the Company abides by the Group's Code of Ethics and by the provisions of the Model, the protocols, and the procedures set out for its implementation.

The provision of services falling within the scope of at-risk activities and operations, as further detailed in the Special Part, must be regulated under a written agreement.

The agreement is sent to the Supervisory Body of the Company.

Said agreement for the provision of infra-group services must include:

- the obligation upon the company receiving the services to attest the truthfulness and completeness of the documentation or the information communicated by the Company for the purposes of the services requested;
- the power of the Supervisory Body of the Company to request information from the supervisory body or, where not present, from the competent corporate functions of the company receiving the services, for the purpose of proper performance of its supervisory duties with respect to the performance of the services requested of the Company;
- the power of the supervisory body of the company receiving the service, where present, to request information from the Supervisory Body of the Company, or, where needed, and after duly informing them, from the Company's corporate Functions, for the purpose of proper performance of its supervisory duties.

11.2. [Services provided by OTB Group companies to OTB S.p.A.](#)

In receiving services provided by companies within the OTB Group to the Company, when such services fall within the scope of sensitive activities as listed in the Special Part of the Model, the Company abides by the Group's Code of Ethics and by the provisions of the Model, the protocols, and the procedures set out for its implementation.

The services provided by companies within the OTB Group to the Company, and which may fall within the scope of at-risk activities and operations, as further detailed in the Special Part, must be regulated under a written agreement.

The agreement is sent to the Supervisory Body of the Company.

Said agreement for the provision of infra-group services must include:

- the obligation upon the Company to attest the truthfulness and completeness of the documentation or the information provided for the purposes of the services requested;
- the power of the Supervisory Body of the Company to request information from the supervisory body of the company providing the services, or, where no such body is present, from the competent

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corporate functions of the company providing the services, for the purpose of the proper performance of its supervisory duties

- the power of the supervisory body of the company providing the service, where present, to request information from the Supervisory Body of the Company, or, where needed, and after duly informing them, from the Company's corporate Functions, for the purpose of proper performance of its supervisory duties.

The above agreements must require the Group company providing the service to adopt a model, or, where not applicable, specific oversight procedures that are suitable to prevent the commission of crimes having relevance to the Company within the scope of activities carried out for the benefit of the Company.

12. Penalties System

The system of penalties set out under this Model is an autonomous penalties system aimed at strengthening compliance with and effective implementation of the Model.

The penalty measures set out under the Model do not replace any additional penalties of a different nature (criminal, administrative, civil, and fiscal) that may be applicable to the same criminal offence.

The launching of disciplinary actions, and the application of the penalties listed below, is therefore unconnected to the instigation and/or outcome of criminal proceedings concerning the same actions.

All the recipients of the Model and of the Group's Code of Ethics are therefore subject to the disciplinary system, within the limits detailed in paragraph 9 above.

The Company condemns any conduct that deviates from the law and from the provisions of the Model and of the Code of Ethics, including when such conduct is carried out in the interest of the Company or with the intention of securing undue advantage for the Company.

12.1. General Principles

Any alleged violation of the Model or of the provisions set out to implement the Model must, irrespective of the party committing such violation, promptly communicated in writing to the Supervisory Body, without prejudice to the procedures and measures falling under the remit of the party vested with disciplinary powers.

All the recipients of the Model, as detailed in paragraph 9 above, have a duty to report.

After receiving the report, the Supervisory Body must immediately launch any due enquiry, upon securing the confidentiality of the person against whom the enquiry is launched. Penalties are adopted by the competent corporate bodies, by virtue of the powers vested in them under the By-Laws or other internal regulations of the Company. After due evaluations, the Supervisory Body will inform the party vested with disciplinary powers that it will launch the series of procedures for the purpose of the disciplinary action and the possible application of penalties.

12.2. Relevant conducts and assessment criteria

The violation (or even attempted violation) of the provisions contained in the Model, in the procedures set out to implement the Model, and/or in the Group's Code of Ethics adopted by the Company may occur through actions or even failures to act, recognised as relevant for the application of the relative penalty.

The following conducts constitute disciplinary offences:

- any action or failure to act solely aimed at the commission of one of the crimes under the Decree
- violation, including through an action or failure to act, in association with other parties, of the principles of conduct set out in the Model, in the corporate operative procedures implementing the Model and in the Group's Code of Ethics;
- omitted oversight over the sensitive activities or stages thereof as set out in the Model;
- drawing, including in association with others, of untruthful documentation;
- assisting others in the drawing of untruthful documentation;
- removal, destruction, or alteration of documentation concerning a corporate operative procedure for the purpose of eluding the controls system established under the Model;
- failure to perform the checks required under the Model and the relative procedures on the protection of the health and safety of workers;
- failure to perform the checks required under the Model and the relative procedures on the protection of the environment;
- creating obstacles or engaging in actions to elude the supervisory activity of the Supervisory Body;
- preventing access to the information or documentation requested by the parties vested with the authority to oversee procedures and decisions;
- engaging in any other action aimed at eluding the controls system provided in the Model;
- failure to supervise the work of subordinates within the scope of the sensitive activities under the Model;
- failure to report observed violations to the Supervisory Body;
- failure to analyse and failure to take prompt action with regard to reports and recommendations of the Supervisory Body to take action;

In order to identify the appropriate penalty, in accordance with criteria of proportionality and adequacy, violations are ranked based on their seriousness in light of the following criteria:

- intention behind the conduct;
- degree of negligence, incompetence, and carelessness;

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- number and relevance of the principles of conduct under the Model being violated;
- tasks assigned, qualification, and job classification of the member of staff, managerial position held or corporate body of which the offender is a member;
- previous disciplinary actions against the worker;
- whether the same conduct entailed more than one violation;
- whether more than one person colluded in the unlawful conduct;
- presence of aggravating or mitigating circumstances;
- recidivism during the last three-year period;
- the extent of the damage caused to the Company and/or people and/or property, including customers/users;
- how seriously the Company's prestige was harmed.

The commission of a crime under the Decree and any conduct creating obstacles to the Supervisory Body's tasks are always deemed serious violations, which may entail the application of the maximum disciplinary penalty set for each category of recipients, as detailed in paragraph 12.3 below.

When any of the above conducts are consistently repeated, they are considered serious violations and may entail the application of the maximum disciplinary penalty set for each category of recipients, as detailed in paragraph 12.3 below.

The other violations are evaluated by the corporate Function vested with disciplinary powers in light of the factual circumstances and the assessment criteria listed above, for the purpose of applying a penalty that is proportionate and sufficiently dissuasive.

When one single act or conduct entails the perpetration of more than one violation subject to different penalties, the most serious penalty applies.

12.3. [Disciplinary actions and penalties](#)

The Model and the Code of Ethics constitute a set of regulations to which all employed staff must abide including pursuant to the provisions of the relevant National Collective Bargaining Agreement with respect to rules of conduct and disciplinary penalties. Thus, the violation of this Model and of the Code of Ethics and its implementing procedures, entails the application of disciplinary actions and their relative penalties pursuant to the law and under the relevant National Collective Bargaining Agreement. Compliance with the provisions of the Model and the Code of Ethics applies to work agreements of any kind or nature, including agreements with managers, progressive-entitlement employment agreements, part-time work agreements and agreements with self-employed individuals falling within the scope of quasi-subordinate work agreements.

Measures against Employees

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The violation of single rules of conduct under the Group's Code of Ethics and of the Model, by Employees qualified as office workers or middle management, constitutes a disciplinary offence, subject to the effects set out by law and under the National Collective Bargaining Agreements applicable. The applicable disciplinary actions consist, in ascending order of seriousness, in line with the aforementioned laws and regulations and in compliance with Articles 72, 73, and 74 of the National Collective Bargaining Agreement for textile and similar industrial undertakings, in the following:

- a) verbal or written warning for the violation of procedures and/or protocols or the principles of conduct set out in the Model and/or in the Group's Code of Ethics;
- b) fine not exceeding 2 hours of the minimum pay for the sector established at national level, as per Article 72, point 2, of the currently applicable National Collective Bargaining Agreement, for a repeated violation of the procedures and/or the protocols or the principles of conduct set out in the Model and in the Group's Code of Ethics;
- c) suspension without pay up to a maximum of 3 days in case of a violation of the procedures and/or the protocols or the principles of conduct set out in the Model and in the Group's Code of Ethics giving rise to a situation that jeopardises the integrity of the Company's assets or that damages the Company;
- d) dismissal. By way of example and not limitation, a dismissal with notice can apply in the event of a repeated serious violation of the procedures and/or the protocols or the principles of conduct set out in the Model and in the Group's Code of Ethics; a dismissal without notice may however apply when the offender has committed - or has engaged in actions unambiguously aimed at committing - a crime under the Decree or in case of violations carried out with intent or gross negligence such as to prevent the continuation, including temporary, of the work relationship.

No disciplinary action may be taken against a worker without having notified them of the disciplinary charges against them, and without hearing their defence.

With the exception of a verbal warning, disciplinary charges must be notified in writing and no disciplinary action may be taken before 5 days, which is the time afforded to the worker to submit their justifications.

A worker may submit their justifications verbally, and may ask for the assistance of a representative of the trade union they are affiliated with or to whom they have granted power of attorney, or by a representative of the Company's workers union.

The disciplinary action must be duly explained and notified in writing to the worker no later than 10 days after expiry of the 5-day period granted to the worker to submit their defence.

The above disciplinary actions may be appealed by the worker through trade union channels, in accordance with the contractual terms governing such disputes. Any disciplinary action is expunged from the worker's personal file after two years.

Measures against Executives

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Violations of single rules of conduct under the Code of Ethics and the Model perpetrated by Executives, whose work agreement is regulated under the applicable National Collective Bargaining Agreement, shall determine the application of the most suitable disciplinary actions, including, in the most serious cases, dismissal in compliance with the procedures set out in Article 7 of Law 300/1970; the Company shall have the right to evaluate and bring any claims for compensation for the damages arising out of such conducts, including the damages caused by the Court's application of the measures established in the Decree.

The applicable disciplinary actions, applied on the basis of the consequence and recurrence of the conduct, may consist in:

- a) written warning for violations considered of minor consequence, taking into account the evaluation criteria detailed in paragraph 12.2 above (such as a non-intentional violation due to slight negligence, absence of a previous disciplinary actions against the executive, non-existing or negligible damage caused to the Company or to third parties, presence of attenuating circumstances);
- b) fine, up to the maximum amount of one day of pay as per the base salary due based on professional qualifications and application of ordinary working hours as set out in the National Collective Bargaining Agreement applicable, for a violation giving rise to a substantial or considerable exposition to the risk of commission of one of the crimes under the Model;
- c) suspension from duties without pay, up to a maximum of 3 working days in case of multiple reiteration of the conducts under letter a) or in case of reiteration of the acts or failures to act under letter b).
- d) dismissal for just cause in the event of conducts unambiguously aimed at committing one of the crimes under the Decree or violations carried out with intent or gross negligence such as to prevent the continuation, including temporary, of the work relationship. This penalty is applied including when the executive intentionally prevents, within the function in their competence, the application of the measures and procedures and/or the protocols and the principles of conduct set out in the Model and/or the Group's Code of Ethics.

Measures against members of the Board of Directors

In the event of violation of single rules of conduct under the Group's Code of Ethics and the Model by Directors, the Supervisory Body informs the Meeting of Shareholders, which takes the appropriate measures in accordance with the laws in force. These penalties may consist, based on the seriousness of the conduct, in:

- a) written notice, filed in the Company's records, for minor violations;
- b) suspension without pay in the event of conducts that lead to a substantial exposition to the risk of commission of the crimes under the Model or in the presence of multiple reiteration of the conducts under letter a);
- c) revocation of office when the Director's violation has consequence such as to undermine the Company's trust in the Director, such as violations entailing the commission of one of the crimes under

Legislative Decree 231/2001 or that damage (financially or otherwise) the Company and/or the Shareholders.

Measures against members of the Board of Auditors

In case of violation of single rules of conduct under the Group's Code of Ethics and the Model by one of the members of the Board of Auditors, the Supervisory Body must immediately inform the Board of Directors through a written report. The Board of Directors schedules a hearing with the interested member of the Board of Auditors, attended also by the Supervisory Body, receives the justifications submitted by the member of the Board of Auditors at issue, and carries out any additional enquiries as needed. If the violation is such as to constitute just cause for termination of the agreement in place with the member of the Board of Auditors, the Board of Directors submits a proposal to the Meeting of Shareholders for removing said member from the Board of Auditors. If the conduct of the member of the Board of Auditors is such as to undermine the trustworthiness of the entire Board of Auditors, the Meeting of Shareholders may remove and replace the whole Board of Auditors.

Measures against external third parties

In case of violations of single rules of conduct under the Group's Code of Ethics and the General Part of OTB S.p.A.'s Model 231 by parties external to the Company (e.g., self-employed workers, collaborators, partners, designers, consultants, attorneys-in-fact, providers of services or goods, and providers of contracted or sub-contracted labour), the Supervisory Body informs the President of the Board of Directors through a written report, and the latter will evaluate the appropriate course of action to establish whether or not a violation was committed, in accordance with the contractual terms and conditions applicable.

The President informs the Board of Directors, which, after hearing the opinion of the Head of the Function involved in the agreement or legal relationship at issue, may take the following actions, according to the type of agreement:

- a) call on the third party to comply with the provisions of the Group's Code of Ethics and the applicable laws in force, failing which the penalty detailed below will be applied, or the agreement in place with the Company will be terminated;
- b) apply a penalty proportionate to the financial value of the agreement and the seriousness of the violation;
- c) claim compensation for any damages suffered by the Company;
- d) in case of serious or repeated violations, immediate termination of the contract or commercial agreements in place.

13. Communication and training

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The People & Organization Function is in charge of communication of the Model, and ensures, using the methods it deems most opportune, that the Model is properly distributed and properly understood by all its recipients as per paragraph 9.

The Supervisory Body assess the adequacy of the communications made to the recipients of the Model outside the Company.

The Company is responsible for implementing and formally setting out training plans, so as to ensure that the Decree, the Code of Ethics, and the Model are properly understood by all the Departments and Functions within the Company. Training is provided based on whether it is aimed to employees in general, to members of staff who work in specific at-risk areas, to Directors, etc., on the basis of an analysis of competences and training requirements carried out by the People & Organization Function.

The training of staff for the purposes of implementing the Model is mandatory for all recipients and is managed by the People & Organization Function; the Supervisory Body monitor that training programmes are delivered in a timely manner.

The Company ensures to arrange the means and methods for ensuring full traceability of training sessions and formally record the participants' attendance to said sessions, to provide methods for assessing the participants' retention of the information delivered and to allow participants to give feedback on the course, for the purpose of developing new training initiatives and improve current ones, including through comments and suggestions on content, material, tutors, etc.

Training sessions, which may be offered on-line or through computer devices, and which contents are examined by the Supervisory Body, are delivered by experts in the regulations established under the Decree.