

CORNELIANI

**Organisation, Management and Control Model
pursuant to Legislative Decree 231/01**

GENERAL PART

Adopted by the Board of Directors on 27/09/2022
and updated by the Board of Directors on 27/09/2023

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Definitions

Sensitive Activities	The activities of the Company in relation to which there is a risk, even potential, of offences under the Decree being committed.
Code of Ethics	A document adopted by the Company describing the system of values and principles that it intends to follow in its activities and in the management of relations with its stakeholders, and it must therefore be shared by all those who cooperate with the Company (Recipients), i.e. directors, employees, representatives, external contractors in general, regardless of the type of cooperation relationship, suppliers, business partners and any other persons acting on behalf of the Company.
External Contractors	Persons who have cooperation relationships with Corneliani S.p.A. in various capacities (e.g. external lawyers, etc.).
Consultants	Persons acting in the name and/or on behalf of Corneliani S.p.A. by virtue of a contractual cooperation relationship or mandate.
Employment Contracts	National Collective Labour Agreement for Managers and Staff. The employment contracts applied by the Company are as follows: <ul style="list-style-type: none">• SMI - Sistema Moda Italia National Collective Labour Agreement for companies and workers in the Textile Clothing and Fashion sector;• Confcommercio National Collective Labour Agreement for Tertiary, Distribution and Services Companies;• Federmanager - Confindustria National Collective Labour Agreement for Executives of companies producing goods and services.
Corporate Governance	Set of principles, institutions and mechanisms through which the most important business decisions are developed and which are necessary for its functioning.
D. Legislative Decree 231/2001 or	Legislative Decree No. 231 of 8 June 2001, "Regulation on administrative liability of legal persons, companies and associations, including those without legal personality" as subsequently amended and supplemented.
D. Legislative Decree 231/2007	Legislative Decree No. 231 of 21 November 2007 on the prevention of the use of the financial system for the purposes of money laundering and financing of terrorism, as last amended by Legislative Decree No. 125 of 4 October 2019.
Delegation	Internal act of allocation of functions, tasks and responsibilities. Closely related to delegation is the "authorisation power", meaning a power of approval, which is internal and related to the exercise of a delegation.

Recipients

This definition includes:

- persons that hold, even *de facto*, functions of representation, management, administration, direction or control of the Company or of a Company organisational unit, with financial and functional autonomy (including persons working at foreign subsidiaries);
- employees and external contractors of the Company, of any rank and pursuant to any type of contractual relationship, even if seconded abroad or to other Group companies (including persons working at foreign subsidiaries). This also includes persons who act in the interest of the Company insofar as they are bound to it by virtue of contractual legal relations or other agreements, such as, for example, consultants of the Company or those acting on its behalf or by mandate, joint-venture partners, etc.

Employees

Persons who have an employment relationship with Corneliani S.p.A., including managers.

Executives

Persons who, by reason of their professional skills and hierarchical and functional powers appropriate to the nature of the office assigned to them, implement the employer's instructions by organising the work activity and supervising it.

Risk Assessment Document (i.e. "D.V.R.")

A document drawn up by the employer containing a report on the assessment of risks to health and safety at work and the criteria for said assessment, specifying the prevention and protection measures and individual protection equipment based on said assessment, the programme of measures considered appropriate to guarantee improvement of safety levels over time, specifying the procedures for the implementation of measures to be adopted, as well as the roles of the company organisation that must arrange for them, the name of the RSPP (Head of the Prevention and Protection Service), the RLS (Workers' Safety Representative) and the location doctor who participated in the risk assessment, as well as setting out the tasks that may expose workers to specific risks that require recognised professional skills, specific experience, adequate education and training.

Entities

Entities with legal personality, companies and associations, including those without legal personality.

Italian Data Protection Authority

The Italian Data Protection Authority is an independent administrative authority established by the Data Protection Law (Law No. 675 of 31 December 1996), subsequently regulated by the Personal Data Protection Code (Legislative Decree No. 196 of 30 June 2003, as amended by Legislative Decree No. 101 of 10 August 2018). The latter confirmed that the Italian Data Protection Authority is also the designated supervisory authority for the purposes of implementing the General Data Protection Regulation (EU) 2016/679 (Article 51).

Group

Corneliani S.p.A. and its subsidiaries pursuant to Article 2359, Paragraphs 1 and 2 of the Italian Civil Code.

Public Service Officer	Persons who “in any capacity perform a public service”, meaning an activity governed in the same manner as a public function, but characterised by the lack of the powers that are typical for a public function (Article 358 of the Italian Criminal Code).
Confindustria Guidelines	Guidelines for the construction of Organisation and Management Models pursuant to Legislative Decree 231/2001 by the Confindustria Working Group on Administrative Liability of Legal Entities, issued in March 2004 and last updated in June 2021.
Model	Organisational, Management and Control Model pursuant to Legislative Decree 231/2001.
Supervisory Body or Supervisory Board	Supervisory body responsible for supervising the operation of and compliance with the Model.
Corporate Bodies	The Board of Directors and the Board of Statutory Auditors of Corneliani S.p.A. and their respective members.
Public Administration	All state administrations, including but not limited to: <ul style="list-style-type: none"> • Local public bodies: Regions, provinces, municipalities; • Local Health Authorities (ASL); • Provincial Labour Offices (DPL); • Labour Inspectorate; • Social security institutions (INPS, INAIL); • Customs Agency; • Italian Revenue Agency; • Police forces (State Police, Carabinieri, Fire Brigade, Guardia di Finanza, etc.); • Independent administrative authorities: Italian Data Protection Authority, Italian Antitrust Authority and/or other public control and supervisory institutions/authorities.
Partner	Corneliani S.p.A.’s contractual counterparties, such as suppliers, distributors, both natural and legal persons, with which the Company enters into any form of contractually regulated cooperation relationships (temporary business associations, consortia, collaboration in general).
Power of Attorney	Legal instrument whereby the Company assigns to a person specific powers of representation for individual acts or categories of acts relating to the activities falling within its responsibilities; this instrument gives its recipient the right to act vis-à-vis third parties, including the Public Administration.
Public Official	Persons who “exercise a legislative, judicial or administrative public function” (Article 357 of the Italian Criminal Code).

Offences	Offences (offences and violations) under Article 24 <i>et seq.</i> of Legislative Decree No. 231/2001.
Risk Assessment	Risk identification and analysis. Carried out on the basis of a predetermined methodology.
Company	Corneliani S.p.A. with registered office in Milan (MI), via Durini, 24.
Third Parties	Persons not belonging to Corneliani S.p.A., with which it deals in carrying out its business.
Consolidated Law on Health and Safety at Work	Legislative Decree No. 81 of 9 April 2008 on the implementation of Article 1 of Law No. 123 of 3 August 2007 on the protection of health and safety in the workplace, updated with the amendments made by Legislative Decree No. 101 of 31 July 2020.

General part

INTRODUCTION

The Italian legislator, in execution of delegation of authority pursuant to Law No. 300 of 29 September 2000, issued on 8 June 2001 Legislative Decree No. 231 (hereinafter the "Decree"), containing the "Regulations on administrative liability of legal persons, companies and associations, including those without legal personality", adapting Italian legislation on liability of legal persons to certain international conventions.

The entry into force of the Decree introduced into the Italian legal system administrative liability of legal persons resulting from the commission of specific offences by:

- persons who hold positions of representation, administration or management of the entity or its organisational unit with financial and functional autonomy, as well as persons who exercise, also *de facto*, management and control of the entity ("persons in senior positions" or "Senior Persons");
- persons subject to the direction or supervision of one of the persons referred to in the above point ("persons in a subordinate position" or "Subordinates").

For the Entity's liability to materialise, the Decree requires that:

- one of the "predicate offences" provided in the Decree has been committed;
- the offence was committed in the interest or for the benefit of the Entity.

However, a form of exemption from administrative liability is provided for entities where the entity has adopted and effectively implemented an Organisation and Management Model to prevent the offences under the Decree.

The Organisation, Management and Control Model of Corneliani S.p.A.

- 1.1 Corporate Governance Model
- 1.2 The Internal Control System
- 1.3 Construction of the Model
- 1.4 Structure of the Model
 - 1.4.1 General Part
 - 1.4.2 Special Part
- 1.5 Recipients of the Model

The Organisation, Management and Control Model of Corneliani S.p.A.

The Company was incorporated on 5 May 2021, under the name of Nuova Corneliani S.r.l., through the payment of a total amount of EUR 50,000 as share capital by Corneliani Holding Ltd.

On 28 July 2021, the shareholders' meeting resolved:

- to convert the Company from its existing form to that of a joint-stock company, naming it Nuova Corneliani S.p.A. and giving it a "traditional" administration and control system;
- to increase the share capital for payment, through inseparable cash contributions, from EUR 50,000 to EUR 13,500,000 by issuing 13,450,000 shares reserved for subscription, given the waiver of the option right of the then sole shareholder, for EUR 6,950,000 of the shareholder itself and for EUR 6,500,000 of the National Agency for Attraction of Investments and Enterprise Development (Inviatalia).

On 27 October 2021, the shareholders' meeting resolved to change the company name to Corneliani S.p.A..

By means of a notarially authenticated endorsement dated 11 November 2021, Corneliani Holding Ltd endorsed the ownership of a share certificate representing 50,000 shares of Corneliani S.p.A. to Corneliani Holdings (UK) Limited, with registered office in London at Investcorp House 48.

With effective date of 22 November 2021, a share capital increase from EUR 50,000 to EUR 13,500,000 was completed, thus resulting in a (current) shareholding structure in which

- Corneliani Holdings (UK) Ltd holds 7,000,000 shares representing 51.85% of the share capital;
- the National Agency for Attraction of Investments and Enterprise Development S.p.A. (Inviatalia S.p.A.) holds 6,500,000 shares representing 48.15% of the share capital.

On 29 November 2021, with effective date of the deed of 1 December 2021, Corneliani S.p.A. acquired the business unit relating to the manufacturing and distribution business, in Italy and worldwide, of luxury men's formal and casual clothing under the Corneliani brand, from Corneliani S.r.l., a company undergoing composition with creditors as part of a competitive procedure ordered by the Court of Mantua.

Corneliani S.p.A. creates, produces and distributes worldwide high-end men's clothing and accessories collections. The registered office is in Milan, while the operational headquarters are in Mantua, as is the production plant.

1.1 CORPORATE GOVERNANCE MODEL

In view of its organisational structure and the activities it carries out, Corneliani S.p.A. has adopted a "traditional system", giving a central role to the Board of Directors and basing its corporate governance system on key principles, such as the correct management of conflict of interest situations, transparency in communicating the company's management decisions and the efficiency of its Internal Control System.

Pursuant to the Articles of Association, the Company translates these principles into the activities carried out by the following main corporate bodies:

- Shareholders' Meeting;
- Board of Directors;
- Board of Statutory Auditors.

The **Shareholders' Meeting**, (hereinafter the "Shareholders' Meeting") duly constituted, is the body in which the company will is formed and expressed on matters falling within its responsibilities.

The **Board of Directors** (hereinafter also referred to as the "Management Body") has broad management powers to pursue the corporate purpose. It elects a Chairman from among its members and may also appoint one or more Managing Directors, establishing their powers. Pursuant to the Articles of Association, the Shareholders' Meeting determines the number of members of the management body, which may not be less than three or more than five.

The **Board of Statutory Auditors**, appointed by the Shareholders' Meeting, monitors compliance with the law and the articles of association and has supervisory functions over management. It consists of three standing auditors and two alternate auditors who must meet the same independence requirements as provided for appointment as independent directors.

The external audit function is entrusted to an **auditing company**, registered in a specific register, and which is appointed by the Shareholders' Meeting.

Lastly, it should be noted that the principles of organisation, management and control which the governance structure is based on are also an expression of the requirements and recommendations of the regulatory bodies which the Company is subject to by virtue of its operating sector, such as, for example but not limited to, the Italian Antitrust Authority, the Italian Data Protection Authority, etc.

1.2 THE INTERNAL CONTROL SYSTEM

The Company is required to comply with a legislative and regulatory framework which defines the basic principles of its governance system.

The Company's governance system, as well as its internal control and risk management system, must be effective and well-integrated into the organisational structure and decision-making processes.

The Board of Directors has a primary role within the system, with the support of the Board of Statutory Auditors and any Committees, where set up.

The minimum requirements for establishing an internal control system are internal control environment, internal control activity, awareness and monitoring and reporting.

The Board of Directors is ultimately responsible for the governance system, the internal control and risk management system and the applicable regulations.

The Board of Directors is ultimately responsible for compliance with the applicable laws, regulations and administrative provisions, including those adopted pursuant to the Supervisory Authority's instructions.

The Managing Director is responsible for the implementation, maintenance and monitoring of the governance system, according to the Board of Directors' indications.

1.3 CONSTRUCTION OF THE MODEL

On 27 September 2022, Corneliani S.p.A. adopted, by resolution of the Board of Directors, an Organisation, Management and Control Model, pursuant to Article 6 of Legislative Decree No. 231 of 8 June 2001.

From a methodological point of view, for updating the Model, reference was made to the Guidelines issued by Confindustria and the best practices on administrative liability of entities (corporate criminal liability) and to the main guidelines of legal writers and case law available. Also the new offences that have been progressively introduced into Decree 231/2001 were taken into account.

The results of Risk Self Assessment activities carried out and organisational changes over time were also taken into account. The corporate and sector context in which the Company operates, the current corporate governance system and the available internal documentation were then examined.

The methodological approach adopted is based on simplicity and integration with the existing control system, aimed at making it as user-friendly and comprehensible as possible for its recipients, guaranteeing a high degree of adaptation to the specific business of the Company.

In this context:

- the sensitive activities for which there is a potential risk of commission of offences set out in the Decree were identified, in compliance with the Value Chain of the corporate processes, through interviews with the Heads of the corporate Functions, analysis of the internal organisation charts, the system of allocation of responsibilities (i.e. Roles & Mandates), as well as the internal processes and procedures relating to these sensitive activities;
- self-assessment of risks of offences being committed was carried out (Risk Self Assessment) by the various risk owners;
- the control measures necessary for preventing the offences referred to in the Decree and deemed applicable to the Company were identified and assessed.

At a later stage, a Risk Self Assessment matrix was developed, aimed at mapping the sensitive activities with respect to each business process that is considered critical under Decree 231. This matrix contains several sections, which can be summarised as follows:

- sensitive activities, linked to the relevant Value Chain processes;
- specifying the functions that manage the sensitive activity being analysed;
- specifying the categories of predicate offences, including examples of related potential unlawful conduct for each sensitive activity;
- specifying the assessment of inherent risk, broken down into the components of probability of occurrence and potential impact;
- specifying the main control measures to mitigate the inherent risk, evaluation of the internal control system and assessment of residual risk.

The Model must be considered an internal regulation of the Company and, as such, is binding on it.

The Recipients of this Model are required to comply with the provisions contained herein, even if the sensitive activities set out in the Special Part are performed and/or provided to other Group companies pursuant to specific contractual clauses included in outsourcing contracts.

1.4 STRUCTURE OF THE MODEL

The Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (hereinafter also the "Model"), described in this document consists of a General Part and a Special Part, and, the latter is divided into Sections, each corresponding to the Sensitive Activities/processes identified during Risk Self Assessment.

In accordance with the requirements of the Decree, a disciplinary system is also established to sanction non-compliance with the measures indicated in the Model (see Chapter 4).

As parent company, Corneliani S.p.A. is responsible for informing its subsidiaries of the adoption of the Model and any updates thereto.

It should be noted that some of the provisions contained in this Model, in particular concerning aspects relating to the principles of conduct and the sanctioning system, are applicable to the Group where they are not in conflict with local laws and regulations, which in any event supplement the provisions of the Model.

1.4.1 General Part

The General Part outlines the elements that compose the Model, including the role of the Company's Supervisory Board (hereinafter also the "Supervisory Board"), which is responsible for overseeing the functioning and compliance with the Model, as well as for providing indications as to whether it should be updated; it also illustrates the rationale and principles of the Decree, the Governance Model and the principles of the Company's Internal Control System.

Corneliani S.p.A.'s Model is also supplemented by the following components, which help strengthen the control system under the Decree:

- Code of Ethics;
- Organisational system;
- System of powers;
- Internal Regulatory System;
- Management and cash flow control system;
- Control measures for the purposes of Legislative Decree 231/01;
- Model dissemination and training plan.

1.4.2 Special Part

The Special Part, consisting of several Sections, sets out and analyses the company areas whose activities have been identified by the Company as being "sensitive" to the risk of commission of the offences provided in the Decree. The offences provided in the Decree and considered potentially relevant for the Company were identified on the basis of the Risk Self Assessment activities, also taking into consideration the Company's operating sector, the company organisation and the processes characterising the Company.

Each Section indicates:

- the predicate offences in relation to which activities should be considered sensitive;
- general principles of conduct;
- preventive elements to protect said activities;
- essential control measures intended to prevent or mitigate offences.

More specifically, the Special Part consists of the following sections:

- **Section A**, describing sensitive activities that may be carried out as part of the Production process;
- **Section B**, describing sensitive activities that may be carried out as part of the "core" Purchases Management process;
- **Section C**, describing sensitive activities that may be carried out as part of the Legal/Corporate Compliance Management process;
- **Section D**, describing sensitive activities that may be carried out as part of the IT process;
- **Section E**, describing sensitive activities that may be carried out as part of the Commercial process (Retail and Wholesale channels);
- **Section F**, describing sensitive activities that may be carried out as part of the Marketing and Communication process;

- **Section G**, describing sensitive activities that may be carried out as part of the Merchandising & Product Development process;
- **Section H**, describing sensitive activities that may be carried out as part of the Administration, Finance and Control process;
- **Section I**, describing sensitive activities that may be carried out as part of the Health and Safety at Work process;
- **Section J**, describing sensitive activities that may be carried out as part of the Environmental Management process;
- **Section K**, describing sensitive activities that may be carried out as part of the Human Resources Management process;
- **Section L**, describing sensitive activities that may be carried out as part of the Warehouse and Logistics Management process;
- **Section M**, describing sensitive activities that may be carried out as part of the non-core Purchases Management process;
- **Section N**, describing sensitive activities that may be carried out as part of the process of managing relations with the Public Administration.

1.5 Recipients of the Model

The following persons must comply with the Model (hereinafter the "Recipients"):

- persons that hold, even *de facto*, functions of representation, management, administration, direction or control of the Company or of a Company organisational unit, with financial and functional autonomy (including persons working at foreign subsidiaries);
- employees and external contractors of the Company, of any rank and pursuant to any type of contractual relationship, even if seconded abroad or to other Group companies (including persons working at foreign subsidiaries).

These Recipients must strictly comply with all the provisions of the Model (General Part and Special Part) and the Code of Ethics, also in accordance with the duties of fairness and diligence arising from the legal relations established with the Company.

The principles underlying the Model, or certain parts of it to the extent relevant, bind, by virtue of specific contractual clauses, all Third Parties (e.g. service providers, business partners, consultancy firms) that carry out activities on behalf or in the interest of the Company, even if they do not belong to it.

The principles of autonomy and liability of each company are unaffected within corporate groups. Consequently, each Group company must assess adopting its own Model.

Components of the Organisation and Management Model

- 2.1 Code of Ethics
- 2.2 Organisational System
- 2.3 Remuneration and Incentive System
- 2.4 Outsourced Processes
- 2.5 System of Powers
- 2.6 Management and Cash Flow Control
- 2.7 Control Measures for the Purposes of Legislative Decree 231/01
- 2.8 Model Dissemination and Training Plan

Components of the Organisation and Management Model

2.1 CODE OF ETHICS

The Code of Ethics determines the system of values and general principles that must be shared by all employees, members of the Management Body and third parties that interact with the Company.

Specifically, the Code of Ethics governs the Company's internal and external relations and defines the underlying rules, favouring efficient management of the business, protection of the working environment and promotion of diversity and inclusion, protection of corporate assets, control of conflicts of interest, fight against corruption and bribery, customer relations, supplier selection, financial reporting, and prevention of money laundering and financing of terrorism.

The provisions of the Code of Ethics supplement the Model and any violation thereof may entail the sanctions set out in this General Part.

All recipients of the Code of Ethics have the duty of being familiar and complying with the Code of Ethics and other internal rules that are relevant to their activities.

The principles laid down in the Code of Ethics must necessarily be complied with also by third parties acting in the name and on behalf of the Company (consultants, suppliers, etc.).

While the Model and the Code of Ethics were designed for different functions, they were drafted according to common principles and rules so as to create a set of consistent and effective internal rules.

2.2 ORGANISATIONAL SYSTEM

Corneliani S.p.A.'s organisational system is characterised by a clear definition of powers and duties assigned to the various company areas, by reporting lines and the relevant responsibilities.

The documentation that the Company has adopted to represent its organisational system and to regulate its operations also in relation to sensitive activities for the purposes of the Organisation and Management Model includes, for example, the following:

- organisation charts;
- outsourcing contracts with third parties, including within the group, through which entire processes or parts thereof are entrusted to external structures.

For a representation of the Company's organisational system, please see the information published on the Company's intranet.

2.3 REMUNERATION AND INCENTIVE SYSTEM

The remuneration and incentive system for the Company's employees, and for those who, although not employees, work on behalf or in the interest of the Company, is considered an important element of the Company's organisational system.

The Company's remuneration and incentive system is designed with the aim of remunerating the role held in consideration of the assigned responsibilities and the skills and capabilities demonstrated; this system is also aimed at rewarding the results achieved in line with the actions taken to obtain them, which must be directed towards constant compliance with applicable regulations, the Code of Ethics, the Model and current procedures, as well as towards a precise assessment of risks and an appropriate redefining of the related activities on the basis of a longer time frame, so as to promote achieving results in both the short and medium-long term.

The Company has introduced a system that provides for reasonable objectives, drawn up considering the conduct of employees, and therefore aimed at rewarding not only quantitative results, but also the ability to express organisational skills through conduct based on the values expressed in the Code of Ethics.

These principles are addressed, within the limits of their applicability, also to persons acting on behalf or in the interest of the Company.

2.4 OUTSOURCED PROCESSES

The Company has adopted control processes aimed at monitoring and ensuring adequate supervision of outsourced activities, according to a risk-based approach. Specifically, companies may enter into outsourcing agreements, but it is understood that outsourcing does not in any circumstances exempt the corporate bodies and top management from their respective liability.

The Company has defined a policy for outsourcing company activities, specifying:

- the criteria for choosing the activities to be outsourced;
- the criteria for selecting suppliers, in terms of professionalism, integrity and financial capacity;
- methods for evaluating and monitoring supplier performance.

2.5 SYSTEM OF POWERS

An integral and substantial part of the Model is a formalised system of powers, which must be appropriately disseminated within the Company.

The powers are strictly connected and consistent with the assigned organisational and management responsibilities and are defined on the basis of precise value limits.

Upon appointment of the Managing Director of the Company, the management body establishes his/her powers, in accordance with the Articles of Association, assigning him/her specific powers relevant to the performance of delegated powers entrusted thereto.

For some regulatory areas, such as Health and Safety at Work and Privacy, specific delegated powers/powers of attorney are addressed to the persons in charge of monitoring said regulations.

2.6 MANAGEMENT AND CASH FLOW CONTROL

Financial flows are managed in accordance with the principles of traceability of transactions carried out and consistently with the powers and responsibilities assigned.

The Company's management control system provides for mechanisms to verify management of resources, with the aim of ensuring verifiability and traceability of expenses, so as to:

- determine in a manner that is clear, systematic and knowable the resources, both monetary and otherwise, available to the individual functions and organisational units and the scope within which these resources can be used, through planning and budgeting;
- detect any deviations from what was established in the planning stage, analyse their causes and report the findings of the assessments to the relevant hierarchical levels for appropriate adjustments, through reports;
- through continuous monitoring activities, intercept any process anomalies, carry out the appropriate investigations, and take any necessary corrective action.

To achieve these objectives, the duly formalised planning process provides for:

- the participation of several persons responsible in the definition of available resources and expenditure areas, so as to ensure constant controls and cross-checks on the same process/activity, as well as to ensure adequate segregation of functions and monitoring of any deviations;
- applying a method that is fair and uniform to economically value activities, so as to ensure the possibility of comparing the economic values of different company organisational units;
- the adoption of plans to implement any corrective strategies.

The activities related to management control ensure the constant verification of consistency between the revenues generated, expenses actually incurred and commitments made during planning.

The organisational unit in charge of management control is required to inform the Supervisory Board if there are significant deviations from the budget that are not duly justified and in case of information that is deemed significant also with reference to the contents of the Decree.

2.7 CONTROL MEASURES FOR THE PURPOSES OF LEGISLATIVE DECREE 231/01

The system of preventive controls is implemented in such a way as to prevent anyone, even if acting unintentionally, from being able to circumvent it, including for the purposes of excluding the Entity's administrative liability.

We set out below the criteria for identifying the control measures aimed at preventing the risk of the offences under the Decree from being committed, divided into three levels:

- **General principles of control**, which the Company's control system design is based on, regardless of the degree of significance of individual offences or the degree of risk underlying each of the sensitive activities identified:

- **Roles and responsibilities:** rules for the exercise of delegated powers and powers of attorney must be formalised, consistently with the provisions of Paragraph 5 of this chapter;
- **Policies and Procedures:** company procedures must be introduced to provide at least general reference principles to regulate activities, responsibilities and controls;
- **Segregation of Duties:** there must be a clear separation between the parties that execute, control and authorise transactions;
- **Traceability:** the persons, functions/organisational units concerned and/or the information systems used must ensure that the sources, information elements and checks carried out are identifiable and traceable;
- **Monitoring and Reporting:** documents relating to the Company's activities must always be kept on file and conserved by the competent structure, in such a way that they cannot be subsequently modified, except by specifically noting it and allowing access only to authorised persons, in accordance with internal regulations, and to supervisory bodies;
- **Audits and Independent Checks:** the documentation relating to sensitive activities may be subject to independent checks, possibly periodic, carried out by internal functions or external companies (e.g. certifying bodies, auditors, etc.) to verify the manner in which the activities are carried out;

- **General principles of conduct**, which are consistent with the principles described in the Company's Code of Ethics and which contain specific provisions aimed at regulating how decisions are formed and implemented;
- **Specific control measures** aimed at preventing offences being committed in each of the "sensitive activities" mapped out and listed in the sections of the Special Part of this Model.

It is also specified that to protect confidentiality and the application of the "need to know" principle, the documentation relating to the activities and controls described above may only be consulted by the head of the competent function and any delegated persons. Access is also granted to the competent control bodies and functions, such as, for example, the members of the Board of Statutory Auditors, the auditing firm, the members of the Supervisory Board, etc.

A further level of control is provided by specific internal rules prepared and issued for the 231 purposes and included in the internal regulatory system.

In case of breach of the provisions included in these rules and referred to in the Model, sanctions are applied pursuant to the provisions set out in Chapter 4 below (Sanctions System).

2.8 MODEL DISSEMINATION AND TRAINING PLAN

Corneliani S.p.A. aims to ensure that the contents and principles of the Model adopted are correctly disseminated inside and outside its organisation, so as to effectively implement it.

The Company also intends to disseminate the contents and principles of the Model not only to its own employees but also to persons who, while not formally employees, carry out activities, even on an occasional basis, for the achievement of the Company's objectives by virtue of contracts and over whom the Company can exercise management or supervision.

The Model is formally disseminated to:

- the Directors and Statutory Auditors, also making it available at meetings for approving the Model;
- the Company's staff, by means of publication on the company intranet and through specific training activities (as described below);
- third parties, in the manner deemed most appropriate depending on the type of counterparty.

Specifically, the Supervisory Board is responsible for promoting the dissemination of the Model and monitoring all Recipients' information activities, which may include, for example, promoting specific initiatives and information plans aimed at increasing sufficient knowledge and awareness of the Model and the related procedures.

The Company's Supervisory Board is also responsible for determining and promoting personnel training, which must be carried out constantly and on a regular basis. It has the power to request periodic checks on the level of knowledge of Employees in relation to the Model.

The principles of the Model and those of the Code of Ethics are shared within the Company by means of special training activities, which are mandatory, and the manner in which they are carried out is submitted for approval to the Supervisory Board through the preparation of specific plans implemented by the Company.

The Company, with the aim of facilitating the understanding of the Model, organises different training courses according to skills and training needs and which are addressed to specific categories of recipients, including, for example: employees in general, employees involved in the carrying out of specific sensitive activities, the Supervisory Board and directors. These training activities can also take place through courses on e-learning platforms and/or courses to be held in classrooms/webinars, and upon their completion questionnaires are required to be filled in to check on learning. The classroom/webinar training is provided by experts in the subjects in the Decree.

Training for the purpose of implementing the Model is mandatory for all Recipients as identified in Chapter 1, Paragraph 5 Recipients of the Model.

Supervisory Board

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Supervisory Board

3.1 THE SUPERVISORY BOARD OF CORNELIANI S.P.A.

3.1.1 Appointment and Composition

The Company's Supervisory Board (hereinafter the "Supervisory Board") is a collective body, appointed by resolution of the Board of Directors, composed of 3 members, namely:

- two external members with appropriate skills and proven experience in matters relating to the tasks assigned to the Supervisory Board (one of whom is assigned the role of Chairman);
- the Head or a representative of the Legal Department.

In carrying out its activities, the Supervisory Board meets and resolves as provided in the rules.

The Company considers the above composition adequate as it meets the following requirements:

- autonomy and independence, as:
 - the activities carried out by the Supervisory Board are not subject to any form of interference and/or conditioning by persons within the Company and, therefore, the members of the Supervisory Board may in no way be subjected to negative consequences of any kind or disciplinary sanctions for decisions made and opinions expressed in good faith;
 - there is a guarantee of the principle of impartiality, as the Supervisory Board is placed in an appropriate position, reporting directly to the Board of Directors;
 - it is not assigned duties directly or indirectly connected with the formation and implementation of the Company's decisions;
 - it has adequate financial resources necessary for the proper performance of its activities;
 - the members of the Supervisory Board include external professionals of proven authority and experience, with no operational duties or interests that could conflict with the office, conditioning their independent judgement and assessment;
 - it has its own internal regulations (hereinafter also the "Regulations") intended to regulate the aspects and procedures for performing the duties assigned to it;
- professionalism, as:
 - the internal member was selected on the basis of his specific expertise in internal control and compliance systems, as well as his organisational and operational knowledge of the Company;
 - the external members were selected for their specific professional skills in legal, economics and financial fields;

- continuity of action, guaranteed by selecting from among the members of the Supervisory Board also a member from within the Company's organisational structure, ensuring due continuity in the supervisory activity as well as a direct link with the company's business. In addition, the frequency of meetings of the Supervisory Board is based on the requirement of continuity of action;
- integrity and absence of conflicts of interest, as each member is subject to constant checks to ensure that there are no causes of ineligibility and/or incompatibility.

The Supervisory Board is appointed by the Board of Directors of the Company, which must first assess and certify:

- the requirements of independence, autonomy and continuity of action that must characterise the work of the Board;
- the subjective eligibility requirements of each of its members.

All members of the Supervisory Board, regardless of whether they are internal or external to the Company, are formally appointed by a specific letter of appointment also establishing the remuneration payable to them.

3.1.2 Term of Office and Grounds for Termination of Office

The term of office of the members of the Supervisory Board is three years and may be renewed, with a limit, for external members only, of three terms.

The Board of Directors must promptly appoint the new Board within three months of expiry of the term of office. Pending new appointments, the outgoing members must perform their office.

Causes of termination of office can relate to the entire Supervisory Board or to individual members.

Specifically, termination of office involves the entire Supervisory Board upon the occurrence of one of the following causes:

- expiry of term of office;
- resignation by all the members of the Supervisory Board, formalised by a specific written notice sent to the attention of the Board of Directors;
- removal of the Board ordered by the Board of Directors for just cause.

Removal for just cause is possible only in the following circumstances:

- gross negligence in performance of duties relating to the office, including breach of confidentiality obligations;
- possible involvement of the Company in criminal or civil proceedings connected with failure to carry out or insufficient supervisory activity, including negligence.

The Board of Directors orders the removal of the Supervisory Board for just cause, after hearing the opinion of the Board of Statutory Auditors.

In the event of expiry, removal or resignation, a new Supervisory Board is appointed.

Termination of office of an individual member of the Supervisory Board, and his or her subsequent replacement, may be the result of:

- termination of corporate office or position held (with reference to the internal member);
- resignation from office, which must be formalised by a written notice sent to the attention of the Board of Directors;
- occurrence of one of the causes for termination of office and/or incompatibility referred to in paragraph “Subjective Eligibility Requirements for Members of the Supervisory Board” below;
- removal for just cause by the Board of Directors.

Below are set out further scenarios for the removal of the Supervisory Board or one of its members:

- becoming a director of one of the Group companies;
- becoming a non-independent director of the Company’s Board of Directors;
- becoming the owner, directly or indirectly, of shareholdings in the Company, such as to enable exercising control or significant influence, or such as to compromise independence;
- unjustified absence, during the financial year, from two consecutive Board meetings;
- with reference to external members, the assignment of operational functions and responsibilities within the corporate organisation that are incompatible with the requirements of autonomy and independence and continuity of action of the Supervisory Board.

In the event of resignation, removal, end of term of office or incompatibility of a member of the Supervisory Board, said member remains in office until they are substituted, which is to be done without delay by the Board of Directors.

The term of office of the newly appointed member ends together with the other members of the Supervisory Board.

3.1.3 Subjective Eligibility Requirements for Members of the Supervisory Board

The grounds for ineligibility and/or incompatibility of members of the Supervisory Board apply if a person:

- holds the position of non-independent director of the Board of Directors;
- is the owner, directly or indirectly, of shareholdings in the Company such as to enable exercising control or significant influence or such as to compromise independence;
- works or has worked in the last three years for the auditing firm of the Company or another company of the Group, participating, as statutory auditor or as head of statutory auditing or with management and supervisory functions, in the audit of the financial statements of the Company or of another company of the Group;

- has family, marriage or affinity relationships up to the fourth degree with members of the Board of Directors or the Board of Statutory Auditors of the Company, as well as with such members of the parent companies and/or any subsidiaries;
- has, directly or indirectly, excluding permanent employment relationships, economic relations and/or contractual relations, whether for consideration or without consideration, with the Company, its subsidiaries and/or their respective directors, of such significance as to compromise their independence;
- has even potential conflicts of interest with the Company;
- has performed, at least in the three financial years preceding the assignment of the office, functions of administration, management or control in undertakings subject to bankruptcy, compulsory liquidation or similar proceedings or in undertakings operating in the credit, financial, securities or insurance sector subject to extraordinary administration proceedings;
- is the recipient of a ruling ordering court proceedings for one of the predicate offences provided in the Decree or otherwise of the same nature;
- is convicted, even by a non-irrevocable judgment, of offences other than those provided in the Decree, without prejudice to the effects of rehabilitation or prescription of the offence;
- is in the legal position of being disqualified, incapacitated, bankrupt or sentenced to a punishment entailing disqualification, even temporary, from public office or inability to exercise managerial offices;
- holds positions in management, supervisory and control bodies and top management of competing undertakings or groups of undertakings;
- is temporary disqualified or suspended from holding managerial offices in legal persons and companies;
- falls under one of the conditions of ineligibility or disqualification provided under Article 2382 of the Italian Civil Code;
- has been subjected to preventive measures pursuant to Law No. 1423 of 27 December 1956 or Law No. 575 of 31 May 1965, as subsequently amended and supplemented, without prejudice to the effects of rehabilitation;
- has been convicted or has plea bargaining, even if the sentence is not final or is conditionally suspended, without prejudice to the effects of rehabilitation or prescription of the offence:
 - for one of the offences under Royal Decree No. 267 of 16 March 1942 (Bankruptcy Law);
 - for one of the offences provided under Title XI of Book V of the Italian Civil Code (companies and consortia);
 - for an offence against the public administration, against public faith, against property, against the public economy or for a tax offence;
 - for one of the offences provided by the regulations governing banking, financial, securities and insurance activities and the regulations governing markets and securities and payment instruments;

- for any other offence committed with criminal intent, for a period of not less than one year.

In the event that a cause for disqualification arises during the term of office, the member concerned must immediately inform the other members of the Supervisory Board and the Board of Directors.

3.1.4 The Resources of the Supervisory Board

The Board of Directors, on the proposal of the Supervisory Board, decides on an annual basis on the allocation of economic and financial resources required to perform the office assigned (budget).

The Supervisory Board may request the Chairman of the Board of Directors, by a reasoned written notice, for the allocation of further resources if it deems it necessary to perform its activities.

The Supervisory Board may use the cooperation of resources from other Company functions to oversee aspects requiring professionals with specific skills.

In carrying out the activities required by the Supervisory Board, while continuing to report to their superior all the resources employed are functionally dependent on the Board and answer to it for the assigned activities.

In addition to the resources referred to above, the Supervisory Board may request the cooperation, under its direct supervision and responsibility, of external consultants and professionals, whose remuneration will be paid using the financial resources allocated in the budget.

3.1.5 The Supervisory Board Regulations

The Supervisory Board has its own internal Regulations that govern the main aspects and procedures for the exercise of its activities, and specifically:

- its functioning and internal organisation;
- supervisory activities;
- handling of reports and violations;
- allocation of financial resources.

The Regulations specify the frequency of the Supervisory Board's meetings, in any event ensuring that it meets whenever deemed appropriate by the Chairman of the Supervisory Board and/or where required by the concrete needs connected to the performance of its activities.

3.2 DUTIES AND POWERS OF THE SUPERVISORY BOARD

The areas of operation of the Supervisory Board are as follows:

- overseeing the functioning of the Model and compliance therewith;
- verifying that the Model is in fact capable of preventing the commission of the offences under the Decree;

- analysing the continued adequacy and functionality requirements of the Model over time;
- promoting, in cooperation with the relevant organisational units, the constant updating of the Model and the supervisory system for its implementation, where necessary suggesting required corrections and adjustments to the Board of Directors;
- maintaining relations with the auditing firm;
- maintaining relations and relevant information flows towards the Board of Directors and the Board of Statutory Auditors;
- providing information to the Board of Directors and the Board of Statutory Auditors on matters of common interest where they expressly request such information, including through a formal hearing;
- ensuring the punctual carrying out, by the relevant persons, of all reporting activities required under the Model;
- promoting the constant updating of the system for identification, mapping and classification of sensitive activities for the purposes of the Supervisory Board's supervisory activities;
- drawing up a supervisory plan, consistent with the principles contained in the Model, in the context of the sensitive activities identified;
- ensuring the implementation of the supervisory plan, including by scheduling activities and conducting unplanned interventions that cannot be scheduled in advance;
- ensure processing of reporting on the results of the interventions carried out;
- where deemed appropriate and with reference to processes that are entirely or partially outsourced to other Group companies, with a view to facilitating verification of the entire process that is considered sensitive:
 - notifying the outsourcer's supervisory board in advance of the verification activities it intends to carry out, planning the supervisory activities together;
 - obtaining the results of the verification activities carried out by the outsourcer's supervisory board;
- without prejudice to the provisions of Chapter 5, determining and promoting activities for spreading awareness and understanding of the Model, training of personnel and raising their awareness of the principles contained therein, with the support of the appropriate corporate structures;
- providing clarifications on the meaning and application of the provisions contained in the Model, with the support of the competent functions;
- guaranteeing the effective implementation of the internal communication system to enable sending and collecting of reports relevant for the purposes of the Decree, ensuring the protection and confidentiality of the reporter;
- analysing and evaluating the information and/or reports received and related to compliance with the Model, including with regard to possible violations of the Model;

- verifying and assessing the suitability of the disciplinary and sanctions system;
- ensuring that following the investigation activities, any disciplinary proceedings against the persons responsible for violations of the Model are assessed and that the most appropriate sanction for the specific case is proposed;
- providing the necessary information support to the inspection bodies or authorities that request it;
- taking all necessary steps if it emerges that the state of implementation of the internal rules is not sufficient. To this end, it must:
 - demand that the heads of company functions comply with company procedures;
 - propose changes and additions to be made to company procedures;
 - report the most serious cases of non-implementation of the Model to the heads of the individual company departments.

The Supervisory Board is granted all the powers necessary to ensure timely and effective supervision of the operation of and compliance with the Model.

The Supervisory Board, in performance of its activities and without prior authorisation and without any prior notice, may, by way of example

- carry out checks and inspections to ascertain any violations of the Model or that are otherwise deemed appropriate for the proper performance of its duties;
- monitor corporate conduct, also by carrying out spot checks on actions and operational processes;
- order, where necessary, the hearing of resources that can provide useful information or specifications on the performance of company activities or on any dysfunctions or violations of the Model;
- acquire information and access documentation of any kind from and to every level and sector of the Company, as well as request that any employee, Director or Statutory Auditor, promptly provide information, data or news requested to identify aspects related to various corporate activities relevant to the Model and to verify its effective implementation by the company organisational structures;
- have the financial resources necessary for the correct performance of its tasks.

3.2.1 Information flows to and from the Supervisory Board

All company persons and third parties required to comply with the provisions of the Model are required to promptly inform the Supervisory Board of any potentially relevant information, so as to facilitate the supervisory activity on the effectiveness, efficiency and updating of the Model, including any information concerning possible violations of the Model.

The Supervisory Board is required to draw up periodic reports to obtain information on the effectiveness, actual implementation and updating of the Model for the Board of Directors and the Board of Statutory Auditors.

Information flows to the Supervisory Board are divided into:

- information flows defined in the Model, which are divided into:
 - event information flows;
 - periodic information flows;
- information flows at the request of the Supervisory Board, i.e. any information specifically requested by the Supervisory Board because such information is considered relevant for the purposes of its supervision of the effectiveness, efficiency and updating of the Company's Model.

Finally, reports must also be addressed to the Supervisory Board concerning:

- alleged or actual violations of the 231 Model adopted by Corneliani;
- unlawful conduct within the meaning of Legislative Decree 231/01.

To this end, in addition to the communication channels (see next paragraph), the Company has set up a specific Whistleblowing System (see Paragraph 3.2.3 Whistleblowing System).

3.2.2 Communication Channels to and from the Supervisory Board

Corneliani S.p.A. promotes ethical conduct and therefore encourages the flow of information and reports from individuals who become aware of unlawful conduct or behaviour that is relevant for the purposes of the 231 Model adopted by Corneliani.

To this end, it has implemented a system for managing information flows and reports, making the following channels available for direct communication with the Supervisory Board:

- a specific email address: organismodivigilanza@corneliani.it;
- a postal address for sending written reports: Via Panizza 5, 46100 Mantua, for the attention of the Supervisory Board;

With a view to facilitating communication by the workforce, there are mailboxes in the production plant in Mantua, as an additional alternative channel.

3.2.3 Whistleblowing System

Legislative Decree 24/2023, which was definitively approved by the Council of Ministers on 9 March 2023, was published in the Official Gazette on 15 March 2023. This decree implements EU Directive 2019/1937 on the protection of persons who report breaches of Union law.

The Company has adopted a specific channel for management of reports in accordance with Article 6 of Legislative Decree 231/01 (Article 6, Paragraph 2-bis), also in accordance with the provisions of Legislative Decree 24/2023, identifying the Supervisory Board as the entity in charge of management.

In line with the provisions of current legislation, unlawful conduct within the meaning of Legislative Decree No. 231/2001 and violations of the 231 Model adopted by Corneliani can be reported, and the following types of reports can be made:

- offences relating to the application of national and EU instruments listed in the Annex to the Decree as well as national implementing acts of EU acts listed in the Annex to Directive 2019/1937 (even if not included in the Annex to the Decree) in the field of public procurement; financial services, products and markets, and prevention of money laundering and terrorist financing; product safety and compliance; transport safety; protection of the environment; radiation protection and nuclear safety; food and feed safety and animal health and animal welfare; public health; consumer protection; privacy and data protection; and security of network and information systems;
- acts or omissions that are detrimental to the financial interests of the European Union;
- acts or omissions concerning the internal market (including competition and state aid violations and corporate tax violations);
- acts or conduct that, while not constituting an offence, defeat the object and purpose of the laws and regulations listed in the Annex as well as those protecting the financial interests of the European Union and regulating the internal market.

Whistleblowers can submit reports through a specific platform, which is accessible at the following link:

- <https://corneliani.segnalazioni.net/>;

or by registered mail to the following address:

- Via M. Panizza 5, 46100 Mantua, for the attention of the Supervisory Board.

It should be noted that:

- it is possible to send reports anonymously or personally, but the latter method would facilitate the investigations to be carried out after receiving the report;
- it is advisable to sufficiently detail the circumstances surrounding the violation or alleged violation so that a full assessment can be carried out.

Reports of violations or suspected violations must be promptly sent to the Supervisory Board, so that it can adequately assess them, and where necessary initiate the relevant investigations to verify the truthfulness and relevance of the event described in the report.

The Company undertakes to apply all necessary measures to ensure confidentiality of the whistleblower's identity at the different stages of report handling.

The Company also undertakes to protect the whistleblower by providing for a general prohibition of retaliation (e.g. sanctions, demotion, dismissal, transfer or other organisational measures that could have a negative impact on working conditions) for reasons related to the report. This protection also extends to the whistleblower's facilitators and colleagues.

Finally, it should be noted that Corneliani has adopted a specific company procedure to regulate the handling of reports pursuant to this Paragraph.

3.2.4 The Supervisory Board's Reporting Activities

The Supervisory Board is required to carry out adequate reporting activities, either periodically or on an *ad hoc* basis, so as to enable the Board of Directors or the Board of Statutory Auditors to adopt the consequent decisions.

The Supervisory Board is required to:

- prepare, at least once a year, a written report to the Board of Directors and the Board of Statutory Auditors in relation to any reports received, any proposals to amend or update the Model, any ascertained violations of the Model and proposals for sanctions, a plan for checks for the following year and the state of implementation of the Model, with reference to the results of the verification activities carried out;
- meet with the Board of Auditors at least once a year to discuss issues of common interest to the two bodies;
- meet, when requested by the bodies involved, with the Board of Statutory Auditors and the auditing firm to discuss specific topics relating to compliance with the Model.

Finally, the Chairman of the Supervisory Board meets, at least once a year, with the Company's top management to report to them on issues of relevance that have arisen in performance of the activities entrusted to the Board.

Irrespective of the abovementioned duties, the Supervisory Board is required to immediately submit a notification to the Board of Directors concerning the occurrence of extraordinary situations or situations requiring urgent action (e.g. violations of relevant aspects of the Model, etc.) or to request to be heard by the Board of Directors or the Board of Statutory Auditors.

The Supervisory Board must keep all the information, notifications and reports pursuant to the Model on a specific paper and/or electronic file, with restricted access.

Sanctions System

- 4.1 General Principles
- 4.2 Definition of “Violation” for the Purposes of This Sanctions System
- 4.3 Disciplinary System
 - 4.3.1 Employees in Non-Management Positions
 - 4.3.2 Executives
 - 4.3.3 Directors
 - 4.3.4 Statutory Auditors - External Auditors
 - 4.3.5 Third Parties: External Contractors and Consultants

Sanctions System

4.1 GENERAL PRINCIPLES

Corneliani acknowledges and considers that providing an adequate sanctioning system for violations of the rules contained in the Model, its annexes and procedures is an essential condition for ensuring the effectiveness of the Model.

In this respect, Article 6(2)(e) of the Decree provides that organisation and management models must “introduce a disciplinary system to sanction non-compliance with the measures set out in the model”.

The sanctions system must be based on the principle of proportionality between the violation and the sanction to be imposed.

The application of disciplinary sanctions is irrespective of the outcome of any criminal proceedings, since the rules of conduct imposed by the Model and the Procedures are adopted by the Company in full autonomy and independently of the type of offence referred to in Legislative Decree No. 231 of 2001 that the violations in question may result in.

More specifically, failure to comply with the rules contained in the Model and in the Procedures undermines, in itself, the relationship of trust with the Company and entails disciplinary action regardless of whether criminal proceedings are brought in cases where the violation constitutes an offence. This is also in compliance with the principles of timeliness and immediacy of disciplinary action and the imposition of sanctions, in accordance with the applicable legal provisions.

Sanctions must range from precautionary measures, in case of minor infringements, to measures that sever the relationship between the infringer and the entity, in case of more serious violations. Disciplinary power must always comply with the principles of proportionality (sanction commensurate with the violation) and joint discussion (involvement of the person concerned).

Reward mechanisms can also be provided for persons who cooperate in the effective implementation of the model. Indeed, often when promoting compliance with rules, the prospect of benefits of compliance can be more effective than the threat of negative consequences of breaking them.

In addition to the above, it should be noted that pursuant to Legislative Decree 24/2023 in the event of violation of the principles on Whistleblowing, a fine ranging from EUR 500.00 to EUR 2,500.00 is provided where a whistleblower or reporting person is guilty of libel or slander.

4.2 DEFINITION OF “VIOLATION” FOR THE PURPOSES OF THIS SANCTIONS SYSTEM

Generally and by way of example only, a “Violation” of this Model and the relevant Procedures can be committed by:

- carrying out actions or conduct, which do not comply with the law and the provisions contained in the Model and in the relevant Procedures, resulting in a situation of mere risk of commission of one of the offences under Legislative Decree No. 231 of 2001;

- omission to act or conduct as provided in the Model and in the relevant Procedures resulting in a situation of mere risk of commission of one of the offences under Legislative Decree No. 231 of 2001;
- carrying out actions or conduct not complying with the specific “whistleblower protection measures”, as well as carrying out actions or conduct, carried out with wilful misconduct or gross negligence, aimed at submitting reports that turn out to be unfounded.

4.3 DISCIPLINARY SYSTEM

4.3.1 Employees in Non-Management Positions

Conduct by employees in violation of the rules contained in this Model and in the Company Procedures are treated as disciplinary offences.

The type of sanctions that may be imposed on these employees fall within those provided under the National Collective Labour Agreements (hereinafter, for brevity, the “NCLAs”), in compliance with the procedures provided under Article 7 of Law No. 300 of 1970 (hereinafter, for brevity, the “Workers’ Statute”) and any applicable special regulations.

A Violation committed by an employee in a non-managerial position may give rise, depending on the seriousness of the Violation, to measures which are established applying the principles of proportionality and the criteria of correlation between breach and sanction and, in any event, in compliance with the form and manner provided under the applicable legislation, specifically:

- verbal reprimand. Such measure is applied to any employee who violates one of the internal procedures established in the Model¹ or in performance of sensitive activities acts in a manner that does not comply with the provisions of the Model. Such conduct constitutes non-compliance with the provisions established by the Company;
- written reprimand. Such measure is applied to any employee who repeatedly violates the procedures provided in the Model or in performance of sensitive activities acts in a manner that does not comply with the provisions of the Model. Such conduct constitutes repeated non-compliance with the instructions given by the Company;
- suspension from work and suspension of pay for a period not exceeding ten days. Such measure is applied to any employee who violating the internal procedures established in the Model, or in performance of sensitive activities acting in a manner that does not comply with the requirements of the Model, causes damage, or creates potentially dangerous situations for the Company, or any employee who has repeatedly violated the procedures provided under the Model or in performance of sensitive activities acts in a manner that does not comply with the provisions of the Model. Such conduct, taking place due to non-compliance with the provisions issued by the Company, causes even only potential damage to the Company’s assets and/or constitutes acts contrary to the interests of the Company and/or exposes it to risk of administrative or prohibitory sanctions;
- termination of employment for justified subjective reason. Such measure is applied to any employee who in performance of sensitive activities acts in a manner that does not comply with the provisions of the Model and constitutes a significant breach thereof, and which is unequivocally directed towards

¹ For instance, a person who does not comply with company procedures, fails to notify required information to the Supervisory Board, fails to carry out checks, etc.

commission of an offence under the Decree or which results in the concrete application of the relevant measures against the Company; such conduct constitutes a significant breach of the instructions issued by the Company and/or a serious violation of the employee's obligation to cooperate towards the Company's prosperity;

- termination of employment relationship for just cause. Such measure is applied to any employee who in performance of sensitive activities acts in a manner that does not comply with the provisions of the Model and constitutes a serious breach thereof, and which is unequivocally directed towards commission of an offence under the Decree or which results in the concrete application of the measures provided by the Decree against the Company, and to any employee who has repeatedly violated the internal procedures provided in the Model, or who in performance of sensitive activities acting in a manner that does not comply with the provisions of the Model, causes damage, or creates potentially dangerous situations for the Company. Such conduct fundamentally undermines the company's trust in the employee and causes serious damage to the company.

All the provisions and guarantees provided by law and by Employment Contracts concerning disciplinary proceedings are complied with; specifically, the following are complied with:

- the obligation, in relation to applying any disciplinary measures, of prior notification of violation against the employee and hearing the employee's defence;
- the obligation, except in case of a verbal warning, that the notification be made in writing and that the measure not be issued until the number of days specifically indicated in the Employment Contracts for each sanction have elapsed from the notification of violation.

Regarding investigation of infringements, disciplinary proceedings and the imposition of sanctions, the powers already conferred, within the limits of the respective delegated powers and authority, to the Company's management remain valid.

Without prejudice to the provisions of the Disciplinary System in use at Corneliani, the sanctions that may be imposed on employees fall within those provided in the NCLA, with reference to personnel with classification ranging from "blue collar workers" to "management personnel (middle managers)".

Specifically, the following NCLAs apply:

- SMI - Sistema Moda Italia National Collective Labour Agreement for companies and workers in the Textile Clothing and Fashion sector;
- Confcommercio National Collective Labour Agreement for Tertiary, Distribution and Services Companies;
- Federmanager - Confindustria National Collective Labour Agreement for Executives of companies producing goods and services.

The type and amount of each of the sanctions established are also applied taking into account:

- whether the conduct was intentional or the degree of negligence, recklessness or inexperience also with regard to the foreseeability of the event;
- the employee's overall conduct with particular regard to whether there have been disciplinary actions against the employee in the past, to the extent permitted by law;

- the employee's duties;
- the functional position and level of responsibility and autonomy of the persons involved in the events constituting non-compliance;
- other special circumstances relating to the disciplinary offence.

The Supervisory Board, in cooperation with the head of the relevant organisational unit, is entrusted with the task of verifying and assessing the suitability of the disciplinary system pursuant to the Decree, which is constantly monitored by the Supervisory Board.

4.3.2 Executives

In the event of violation of the provisions and rules of conduct contained in the Model by executives, Corneliani S.p.A. imposes the most appropriate disciplinary measures on the person responsible for such conduct, in accordance with the provisions of the NCLA for middle managers and executives of the relevant sector.

Application of the most appropriate disciplinary measures in accordance with the provisions of the National Collective Labour Agreement for Executives is provided against executives of the Company who:

- commit one of the violations listed in Paragraph 4.2;
- in performance of sensitive activities, act in a manner that does not comply with the provisions of the abovementioned documents.

If the violation of the Model and/or internal rules referred to therein by the manager is so serious as to break the relationship of trust with the Company, the sanction may also be dismissal for just cause.

4.3.3 Directors

In the event of a breach by a Director of Corneliani S.p.A., the Supervisory Board promptly informs the entire Board of Directors and the Board of Statutory Auditors of the Company for appropriate assessments and measures.

Upon notification of a Violation of the provisions and rules of conduct of the Model by members of the Board of Directors, the Supervisory Board must promptly inform the entire Board of Directors and the Board of Statutory Auditors.

In the event that one or more of the Directors who are alleged perpetrators of an offence resulting in administrative liability of the Company, are committed for trial, the Chairman of the Board of Directors of Corneliani S.p.A. (or, in his stead, other Director) must convene the Board of Directors to resolve on the removal from office.

4.3.4 Statutory Auditors - External Auditors

In the event of Violation by a member of the Board of Statutory Auditors, the Supervisory Board informs the Board of Directors. The recipients of the information from the Supervisory Board may, within the scope of their powers and responsibilities, take the appropriate measures, in order to adopt the most appropriate measures provided by law and/or removal from office or revocation of the appointment given.

4.3.5 Third Parties: External Contractors and Consultants

In the event of Violation of the rules set out in the above paragraph by external contractors or consultants, or, more generally, by Third Parties, depending on the seriousness of the violation, the Company:

- has the right to call on the persons concerned to strictly comply with the provisions provided therein;
- is entitled, depending on the different types of contract, to terminate the existing relationship for just cause or to terminate the contract for breach by said parties.

To this end, Corneliani S.p.A. requires including specific clauses in such contracts, providing for:

- informing Third Parties of the adoption of the Model and the Code of Ethics by Corneliani, which they declare they have read, undertaking to comply with its contents and not to engage in any conduct that might lead to a violation of the law, the Model or commission of any Predicate Offence;
- the right for the Company to withdraw from the relationship or terminate the contract (with or without application of penalties) in the event of non-compliance with these obligations.

Updating and Adapting the Model

The Board of Directors is responsible for overseeing the updating and adaptation of the Model, whenever circumstances make it necessary and whenever requested by the Board.

With the aim of maintaining a Model that is effective and efficient over time, it will need to be updated or adapted, for example in the following situations:

- there are legislative changes relating to the regulation of liability of entities for administrative offences;
- based on guidelines of the prevailing case law and legal writers on the subject;
- deficiencies and/or gaps and/or significant violations of the provisions of the Model are found following checks on its effectiveness;
- significant changes are made to the organisational structure or business sectors of the Company;
- in light of considerations arising from the application of the Model, including experience from any criminal litigation of the Company.

It should be noted that the relevant internal regulations and other internal procedures (e.g. operating instructions, internal manuals) containing the control measures that make up the prevention system adopted by the Company for the purposes of Legislative Decree 231/01, are an integral part of the Company's Organisation and Management Model.

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