



COTONIFICIO ALBINI S.P.A.
ORGANISATION,
MANAGEMENT AND CONTROL MODEL

(pursuant to Legislative Decree no. 231 dated 8th June 2001)

Approved by the Board of Directors

of the company Cotonificio Albini S.p.A. on 17/12/2021

1. Legislative Decree no. 231 dated 8th June 2001.....	6
1.1 The General Principles	6
1.2 The “catalogue” of criminal offences and administrative wrongdoings relevant for the purposes of the Decree.....	6
1.3 The sanctioning system established by the Decree.....	16
1.4 The Organisation, Management and Control Model as exempt from responsibility established by the Decree	17
2. Cotonificio Albini S.p.A.....	19
2.1 Corporate Governance.....	19
2.2 The internal control system	19
3. Cotonificio Albini’s Organisation, Management and Control Model	21
3.1 The objectives and purposes pursued with the adoption of the Organisation Model	21
3.2 The “Recipients” of the Organisational Model	21
3.3 Drawing up the Organisational Model.....	22
3.4 Map of the “sensitive” activities of Cotonificio Albini	23
3.5 The structure of Cotonificio Albini’s Organisational Model	23
4. Cotonificio Albini’s Supervisory Body	25
4.1 The requirements of the Supervisory Body	25
4.2 Causes of ineligibility, revocation, suspension and forfeiture.....	26
4.3 The tasks of the Supervisory Body.....	28
4.4 The Supervisory Body’s reporting activity	29
4.5 Obligations for disclosure to the Supervisory Body.....	29
4.6 Whistleblowing — being the protection of any employee and/or collaborator who reports a wrongdoing — per Article 6, paragraph 2-bis of Legislative Decree no. 231/2001	32
5. Training and information	33

5.1	General provisions	33
5.2	Initial communication	33
5.3	Personnel training.....	33
5.4	Disclosure to “Third-party Recipients”	34
6.	The Sanctioning System	35
6.1	General Profiles.....	35
6.2	Penalties against Employees.....	36
6.3	Sanctions against members of the Board of Directors and, whereby appointed, the Board of Statutory Auditors and Alternate Auditors	37
6.4	Sanctions against “Third-party Recipients”	38

Definitions and Abbreviations

Sensitive activities: corporate undertakings in which the opportunities, conditions and instruments for committing crimes could potentially be formed.

Supervisory authorities: the Public Authorities (ex. Article 2638 of the Italian Civil Code) that carry out supervisory activities before the Company such as, by way of example, Banca d'Italia, CONSOB, the Data Protection Authority, the Competition and Markets Authority, and so on.

Collective Bargaining Agreement: the National Collective Bargaining Agreement applicable to Cotonificio Albini S.p.A. employees, being specifically the National Collective Employment Agreement for Textiles, Clothing and Fashion.

Code of Ethics: the guide of principles adopted by the Company to define the conduct within its business, which must be observed by all directors, employees, suppliers, consultants and collaborators.

Collaborators and/or Consultants: subjects who enter into collaborative relationships with the Company without any obligation of employment, materialising in the professional provision of a freelance nature, be it continuous or occasional and who, by virtue of specific mandates and proxies, represent the Company before third parties.

Board of Directors: the BoD of the company Cotonificio Albini S.p.A.

Decree or Legislative Decree no. 231/2001: resolution no. 231 of the Legislative Decree issued on 8th June 2001 regarding the "Provisions on the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Law no. 300 dated 29th September 2000", per that in force at the time.

Recipients: the subjects to whom the provisions of this Model apply.

Employees: natural persons subject to the management or supervision of persons appointed to roles of representation, administration or management of the Company, being all persons who have any form of employee relationship with the Company.

Suppliers: those who provide goods or services in favour of Cotonificio Albini S.p.A.

Appointed to a public service: anyone who "*in whatever capacity, provides a public service*", meaning an activity governed by the same forms of public function but characterised by a lack of powers typical of such (Article 358 of the Italian Criminal Code).

Confindustria Guidelines: document/guide from Confindustria (approved on 7th March 2002 and subsequently updated in 2004, 2008 and 2014) on constructing the Organisation, Management and Control Models referred to in the Decree.

Organisation, Management and Control Model (or simply, the “Model”): this Model adopted pursuant to Articles 6 and 7 of Legislative Decree no. 231/2001.

Supervisory Body (also simply, the “Body”): the Body of the Entity with autonomous powers of initiative and control, with the task of supervising operations, compliance with the Model and its updating.

Procedures: the methods, policies, organisational provisions, service orders and all other provisions, measures and deeds of the Company implementing the control principles established herein.

Public Administration, PA or Public Entities: the organ responsible for implementation of government policies, including relative officials and public service entities.

Public official: the person who “performs public functions in the legislative, judicial or administrative sector” (Article 357 of the Italian Criminal Code).

Offences: crimes for which the regulations set out under Legislative Decree no. 231/2001 apply, also as a result of any subsequent modifications or additions.

Company (also, “Cotonificio Albini S.p.A.” or “Cotonificio Albini”): Cotonificio Albini S.p.A. with registered office in Via Dottore Silvio Albini no. 1 - 24021 Albino (BG).

Senior Management: persons who hold positions of representation, administration or running of the Company or of its unit equipped with financial and functional autonomy, as well as persons who exercise, even de facto, the running or control of the Company.

Subordinate subjects: persons under the direction or supervision of one of the subjects referred to in the preceding paragraph.

Whistleblower: a party who reports illicit conduct pertinent to Legislative Decree no. 231/2001 or violations of the Organisation, Management and Control Model of which they have become aware during the performance of their duties.

1. Legislative Decree no. 231 dated 8th June 2001

1.1 The General Principles

Legislative Decree no. 231 dated 8th June 2001 (hereinafter, also the “Decree” or “Legislative Decree 231/2001”) that introduced into our system the administrative responsibility of legal entities, corporations and associations without legal personality (hereinafter, “Entities”) in the event of the commission or attempted commission of certain types of criminal offences or administrative wrongdoings in the interest or to the benefit of the Entity by:

- subjects who have the functions of representation, administration or management of the Entity or of its Organisational Unit equipped with financial and functional autonomy, as well as natural persons who exercise, even de facto, the management or control of the same (the so-termed “Senior Management”);
- parties “Subjected” to the direction or supervision of the persons referred to in the preceding paragraph.

It is a responsibility that, despite being defined by the legislature as “administrative”, has certain characteristics of criminal liability because:

- it follows on from committing offences;
- it is established by the criminal court (throughout proceedings in which the procedural provisions are applied to the Entity, where compatible, relative to the defendant).

The Decree intends to adapt the internal legislation on the liability of legal persons to certain international conventions to which Italy has long adhered.

The responsibility of the Entity, pursuant to the Decree, is additional to and not replaced by that of the offender (penal) – both the natural person and legal person will thus be subjected to criminal proceedings.

1.2 The “catalogue” of criminal offences and administrative wrongdoings relevant for the purposes of the Decree

The responsibility of the Entity persists only for those crimes (committed or attempted) expressly set out by the legislator.

In particular are the following criminal offences and administrative wrongdoings:

Offences against the Public Administration and its assets (Articles 24 and 25 of the Decree);

- Misappropriation (art. 314, paragraph 1 of the Italian Criminal Code)
- Fraudulent misappropriation pursuant to the error of others (Article 316 Italian Italian Code of Criminal Procedure.);
- Embezzlement to the detriment of the State (Article 316-bis of the Italian Criminal Code);
- Misappropriation of funds to the detriment of the State (Article 316-ter of the Italian Criminal Code);
- Fraud against the State, another Public Entity or the European Union Communities (Article 640, paragraph 2, no. 1 of the Italian Criminal Code);
- Aggravated fraud to obtain public funds (Article 640-bis of the Italian Criminal Code);
- Computer fraud against the State or other Public Entity (Article 640-ter of the Italian Criminal Code);
- Extortion (Article 317 of the Italian Penal Code);
- Corruption of persons performing a public service (Article 318 of the Italian Criminal Code);
- Corruption for the performance of an act contrary to official duties (Article 319 of the Code);
- Aggravating circumstances (Article 319-bis of the Italian Criminal Code);
- Corruption in judicial proceedings (Article 319-ter of the Italian Criminal Code);
- Undue incitement to give or promise benefits (Article 319-quater of the Italian Criminal Code);
- Corruption of public service officers (Article 320 of the Code);
- Penalties for the corruptor (Article 321 of the Italian Criminal Code);
- Incitement to corruption (Article 322 of the Italian Criminal Code);
- Embezzlement, extortion, undue incitement to give or promise benefits, corruption and instigation to corruption of members of international Courts or bodies of European Communities or international parliamentary assemblies or international organisations and officials of the European Communities and Foreign States (Article 322-bis of the Italian Criminal Code);
- Abuse of office (Article 323 of the Italian Criminal Code);
- Trafficking of illicit influences (Article 346-bis of the Italian Criminal Code);
- Fraud in procurement to public entities (Article 356 of the Italian Criminal Code);
- Fraud to the detriment of the European Agricultural Warranty Fund and the European Agricultural Fund for Rural Development (Article 2.1

898/1986).

Computer crimes and illegal data processing (Article 24-bis of the Decree);

- Electronic documents (Article 491-bis of the Italian Criminal Code);
- Illicit access to a computerised or telematic system (Article 615-ter of the Italian Criminal Code);

- Possession and illicit diffusion of codes for the access to computerised and telematic systems (Article 615-quater of the Italian Criminal Code);
- Dissemination of equipment, devices or software aiming at damaging or discontinuing a computerised system (Article 615-quinquies of the Italian Criminal Code);
- Illicit interception, impediment or interruption of computerised or telematic communications (Article 617-quater of the Italian Criminal Code);
- Installation of equipment suitable for intercepting, preventing or interrupting computerised or telematic communications (Article 617-quinquies of the Italian Criminal Code);
- Damage to computerised information, data and computer programs (Article 635-bis of the Italian Criminal Code);
- Damage to information, data and computer programs used by the State or by another Public Entity or in any case of public utility (Article 635-ter of the Italian Criminal Code);
- Damage to computerised or telematic systems (Article 635-quater of the Italian Criminal Code);
- Damage of computerised or telematic systems of public utility (Article 635-quinquies of the Italian Criminal Code);
- Computer fraud by subjects who provide electronic signature certification services (Article 640-quinquies of the Italian Criminal Code);
- Violation of the national cyber security regulations (Article 1, par. 11, L.D. no. 105 of 21 September 2019).

Organised crime (Article 24-ter of the Decree);

- Criminal association (Article 416 of the Italian Criminal Code);
- Mafia-type associations, including foreign associations (Article 416-bis of the Italian Criminal Code);
- Political-mafia electoral collusion (Article 416-ter of the Italian Criminal Code);
- Kidnapping for the purpose of extortion (Article 630 of the Italian Criminal Code);
- Association aimed at illicit trafficking of narcotic or psychotropic substances (Article 74 of Presidential Decree no. 309 dated 9th October 1990);
- All crimes if committed availing of the conditions established in Article 416-bis of the Italian Criminal Code to facilitate the activity of associations envisaged in the same Article (Law 203/91);
- Crimes of illegal manufacture, importation, placing for sale, transfer, possession and carrying in a public place or a place open to the public, weapons of war or parts thereof, of explosives, and illegal arms and more common firearms excluding those provided for in Article 2, paragraph 3 of Law no. 110 dated 18th April 1975 (Article 407, paragraph 2, letter a), number 5], of the Italian Code of Criminal Procedure);

Counterfeit currency, legal tender, revenue stamps or signs of recognition (Article 25-bis of the Decree);

- Counterfeiting of coins, spending and importation, after consultation, of counterfeit money (Article 453 of the Italian Criminal Code);
- Alteration of coins (Article 454 of the Italian Criminal Code);
- Spending and importation, without consultation, of counterfeit money (Article 453 of the Italian Criminal Code);
- Spending of forged coins received in good faith (Article 457 of the Italian Criminal Code);
- Counterfeiting of tax stamps, importation, purchase, possession or circulation of falsified revenue stamps (Article 459 of the Italian Criminal Code);
- Counterfeiting of watermarked paper used to manufacture public credit cards or revenue stamps (Article 460 of the Italian Criminal Code);
- Manufacturing or possession of watermarks or tools for the counterfeiting of money, revenue stamps or watermarked paper (Article 461 of the Italian Criminal Code);
- Use of counterfeit or altered revenue stamps (Article 464 of the Italian Criminal Code);
- Counterfeiting, alteration or use of trademarks, logos or patents, models and designs (Article 473 of the Italian Criminal Code);
- Importation and marketing of products with false markings (Article 474 of the Italian Criminal Code);

Crimes against industry and commerce (Article 25-bis.1 of the Decree);

- Disturbance of the freedom of industry and commerce (Article 513 of the Italian Criminal Code);
- Unlawful competition with threats or violence (Article 513-bis of the Italian Criminal Code);
- Fraud against national industries (Article 514 of the Italian Criminal Code);
- Fraud in the exercise of trade (Article 515 of the Italian Criminal Code);
- Sale of non-genuine food substances sold as genuine (Article 516 of the Italian Criminal Code);
- Sale of industrial products with misleading signs (Article 517 of the Italian Criminal Code);
- Manufacture and trade of goods manufactured by encroaching upon industrial propriety rights (Article 517-ter of the Italian Criminal Code);
- Counterfeiting geographical indications or appellations of origin of agricultural food products (Article 517-quater of the Italian Criminal Code);

Corporate crimes (Article 25-ter of the Decree);

- False corporate communications (Article 2621 of the Italian Civil Code);

- Minor violations (Article 2621-bis of the Italian Civil Code);
- False corporate communications of listed companies (Article 2622 of the Italian Civil Code);
- Obstruction of checks (Article 2625, paragraph 2, of the Italian Civil Code);
- Illicit return of contributions (Article 2626 of the Italian Civil Code);
- Illegal breakdown of profits and reserves (Article 2627 of the Italian Civil Code);
- Illicit transactions in shares or quotas of the parent company (Article 2628 of the Italian Civil Code);
- Transactions to the detriment of creditors (Article 2629 of the Italian Civil Code);
- Failure to disclose conflict of interest (Article 2629-bis of the Italian Civil Code);
- Fictitious creation of capital (Article 2632 of the Italian Civil Code);
- Illicit allotment of corporate assets by liquidators (Article 2633 of the Italian Civil Code);
- Corruption between individuals (Article 2635 of the Italian Civil Code);
- Incitement of corruption between individuals (Article 2635-bis of the Italian Civil Code);
- Illicit influence over shareholders' meetings (Article 2636 of the Italian Civil Code);
- Agiotage (Article 2637 of the Italian Civil Code);
- Hindering the activities of public supervisory authorities (Article 2638, paragraph 1 and 2, of the Italian Civil Code);

Crimes carried out for terrorism, even international, or subversion of the democratic order (Article 25-quater of the Decree);

- Subversive associations (Article 270 of the Italian Criminal Code);
- Associations with terrorist objectives, including international, or subversion of the democratic order (Article 270-bis of the Italian Criminal Code);
- Aiding associates (Article 270-ter of the Italian Criminal Code);
- Enlistment with terrorist objectives, including at an international level (Article 270-quater of the Italian Criminal Code);
- Training for activities with terrorist objectives, including at an international level (Article 270-quinquies of the Italian Criminal Code);
- Withdrawal of assets or money subject to seizure (Article 270-quinquies.2 of the Italian Criminal Code);
- Conduct for terrorist purposes (Article 270-sexies of the Italian Criminal Code);
- Crimes committed for terrorism or eversion (Article 280 of the Italian Criminal Code);
- Act of terrorism with lethal devices or explosives (Article 280-bis of the Italian Criminal Code);
- Acts of nuclear terrorism (Article 280-ter of the Italian Criminal Code);
- Kidnapping for the purpose of terrorism or subversion (Article 289-bis of the Italian Criminal Code);

- Instigation to commit the crimes under Sections I and II (Article 302 of the Italian Criminal Code);
- Political conspiracy by agreement (Article 304 of the Italian Criminal Code);
- Political conspiracy by association (Article 305 of the Italian Criminal Code);
- Armed gangs: training and participation (Article 306 of the Italian Criminal Code);
- Aiding and abetting members of a conspiracy or armed gang (Article 307 of the Italian Criminal Code);
- Financing conducts for terrorism purposes (Law no. 153/2016, Article 270-quinquies 1 of the Italian Criminal Code);
- Taking possession, hijacking or destruction of an aircraft (Law no. 342/1976, Article 1);
- Damage to ground installations (Law no. 342/1976, Article 2);
- Penalties (Law no. 422/1989, Article 3);
- Active repentance (Legislative Decree no. 625/1979, Article 5);
- New York Convention of 9th December 1999 (Article 2);

Female genital mutilation (Article 25-quater.1 of the Decree);

- Female genital mutilation (Article 583-bis of the Italian Criminal Code);

Offences against the person (Article 25-quinquies of the Decree);

- Reduction to or retention in slavery or servitude (Article 600 of the Italian Criminal Code);
- Child prostitution (Article 600-bis of the Italian Criminal Code);
- Child pornography (Article 600-ter of the Italian Criminal Code);
- Possession of pornographic material (Article 600-quater of the Italian Criminal Code);
- Virtual pornography (Article 600-quater 1 of the Italian Criminal Code);
- Tourism aimed at the exploitation of child prostitution (Article 600-quinquies of the Italian Criminal Code);
- Trafficking in persons (Article 601 of the Italian Criminal Code);
- Purchase and sale of slaves (Article 602 of the Italian Criminal Code);
- Unlawful intermediation and exploitation of labour (Article 603-bis of the Italian Criminal Code);
- Grooming of minors (Article 609-undecies of the Italian Criminal Code).

Market abuse offences

Offences (Article 25-sexies of the Decree):

- Insider trading (Article 184, Legislative Decree no. 58/1998 - Consolidated Law on Financial Intermediation);

- Market manipulation (Article 185, Legislative Decree no. 58/1998 - Consolidated Law on Financial Intermediation);

Administrative offences (Article 187-quinquies of the Consolidated Law on Financial Intermediation)

- Prohibition of insider trading and illegal communication of insider information (Article 14, EU Regulation no. 596/2014);
- Prohibition against market manipulation (Article 15, EU Regulation no. 596/2014);

Manslaughter or grievous bodily harm through negligence, committed in violation of the Occupational Health and Safety regulations (Article 25-septies of the Decree);

- Manslaughter (Article 589 of the Italian Criminal Code);
- Bodily harm through negligence (Article 590 of the Italian Criminal Code);

Receiving, laundering and using money, goods or assets of unlawful origin, as well as self-laundering (Article 25-octies of the Decree);

- Receiving stolen goods (Article 648 of the Italian Criminal Code);
- Money laundering (Article 648-bis of the Italian Criminal Code);
- Use of money, assets or benefits of unlawful origin (Article 648-ter of the Italian Criminal Code);
- Self-laundering (Article 648-ter.1 of the Italian Criminal Code);

Offences relating to breach of copyright (Article 25-novies of the Decree);

- Criminal Protection of economic and moral copyright (Article 171, paragraph 1, letter a] -bis and paragraph 3, Law 633/1941);
- Criminal protection of software and databases (Article 171-bis, paragraph 1 and paragraph 2, Law 633/1941);
- Criminal protection of audio-visual works (Article 171-ter, Law 633/1941);
- Criminal liability relating to media (Article 171-septies, Law 633/1941);
- Criminal liability relating to conditional access to audio-visual transmissions (Article 171-octies, Law 633/1941).

Crime of inducement not to make statements or to make false statements to the judicial authorities (Article 25-decies of the Decree)

- Inducement not to make statements or to make false statements to Judicial Authorities (art. 377-bis of the Italian Criminal Code);

Environmental offences (Article 25-undecies of the Decree)

This concerns offences under the Criminal Code and special laws.

- Environmental pollution (Article 452-bis of the Italian Criminal Code);

- Environmental disaster (Article 452-quater of the Italian Criminal Code);
- Offences against the environment (Article 452-quinquies of the Italian Criminal Code);
- Traffic and abandonment of highly radioactive material (Article 452-sexies of the Italian Criminal Code);
- Aggravating circumstances (Article 452-octies of the Italian Criminal Code);
- Killing, destruction, capture and taking of specimens of protected wild animal or plant species (Article 727-bis of the Italian Criminal Code);
- Destruction or adverse modification of habitats within a protected site (Article 733-bis of the Italian Criminal Code);
- Import, export, holding, use for profit, purchase, sale, display or holding for sale or for commercial purposes of protected species (Law no. 150/1992, Article 1, Article 2, Article 3-bis and Article 6);
- Discharging industrial waste waters containing dangerous substances; discharging onto the soil, into the subsoil and into underground waters; discharging into sea waters by sea vessels or aircraft (Legislative Decree no. 152/2006, Article 137);
- Unauthorised waste management activities (Legislative Decree no. 152/2006, Article 256);
- Pollution of the soil, subsoil, surface water or groundwater (Article 257, Legislative Decree no. 152/2006);
- Violation of reporting requirements, of obligatory record-keeping and forms (Article 258, Legislative Decree no. 152/2006);
- Illicit waste trafficking (Legislative Decree no. 152/2006, Article 259);
- Activities organised for the purpose of illicit waste trafficking (Article 452-quaterdecies of the Italian Criminal Code);
- False information as to the nature, composition and chemical and physical characteristics of waste in a waste analysis certificate; filing a false waste analysis certificate into the SISTRI; omission or fraudulent alteration of the paper copy of the SISTRI form – handling area in waste transportation (Legislative Decree no. 152/2006, Article 260-bis);
- Penalties (Legislative Decree no. 152/2006, Article 279);
- Fraudulent pollution caused by ships (Legislative Decree no. 202/2007, Article 8);
- Accidental pollution caused by ships (Legislative Decree no. 202/2007, Article 9);
- Termination and reduction of the use of harmful substances (Law no. 549/1993, Article 3).

Employment of citizens of other countries without a legal resident permit (Article 25-duodecies of the Decree)

- Provisions against clandestine immigrations (Article 12, paragraph 3, 3-a, 3-ter and paragraph 5, Legislative Decree no. 286/1998);

- Employment of third-country nationals without a legal residence permit (Article 22, paragraph 12-bis, Legislative Decree no. 286/1998).

Racism and xenophobia offences (Article 25-terdecies of the Decree)

- Propaganda or incitement to commit a crime of discrimination or violence for reasons of race, ethnicity or religion (Article 604-bis of the Italian Criminal Code);

Fraud in sporting competitions, illicit gambling or wagering and games of chance exercised by means of prohibited apparatus (Article 25-quaterdecies of the Decree);

- Fraud in sporting competitions (Article 1, Law no. 40/1989);
- Unlawful exercising of gaming or wagering activities (Article 4, Law no. 401/1989).

Responsibility of institutions for criminal administrative wrongdoings [constituting a prerequisite for entities operating within the virgin olive oil supply chain] (Article 12, Law no. 9/2013)

- Adulteration and counterfeiting of food substances (Article 440 of the Italian Criminal Code);
- Trade in adulterated or counterfeit food substances (Article 442 of the Italian Criminal Code);
- Trade in harmful food substances (Article 444 of the Italian Criminal Code);
- Counterfeiting, alteration or use of distinctive marks of intellectual property or industrial products (Article 473 of the Italian Criminal Code);
- Importation and marketing of products with false markings (Article 474 of the Italian Criminal Code);
- Fraudulent trading (Article 515 of the Italian Criminal Code);
- Sale of non-genuine food substances sold as genuine (Article 516 of the Italian Criminal Code);
- Sale of industrial products with misleading signs (Article 517 of the Italian Criminal Code);
- Counterfeiting geographical indications or appellations of origin of agricultural food products (Article 517-quater of the Italian Criminal Code).

Transnational offences (Article 10, Law 146/2006)

The following offences are prerequisites for the administrative responsibility of institutions whereby committed in a transnational manner:

- Criminal association (Article 416 of the Italian Criminal Code);
- Mafia-type associations, including foreign associations (Article 416-bis of the Italian Criminal Code);

- Criminal association aimed at the smuggling of foreign processed tobacco (Article 291-quater of the Consolidated Text referred to in Presidential Decree no. 43 dated 23rd January 1973);
- Association aimed at illicit trafficking of narcotic or psychotropic substances (Article 74 of the Consolidated Text referred to in the Presidential Decree no. 309 dated 9th October 1990);
- Provisions against illegal immigration (Article 12, paragraphs 3, 3-bis, 3-ter and 5, of the Consolidated Text referred to in Legislative Decree no. 286/1998);
- Incitement not to make statements or to make false statements to the judicial authority (Article 377-bis of the Italian Criminal Code);
- Aiding and abetting (Article 378 of the Italian Criminal Code).

The offences and administrative wrongdoing referred above may also entail the administrative responsibility of the Entity that, despite having its main office in the Italian territory, have been committed abroad.

Tax offences (Article 25-quinquiesdecies of the Decree)

- Fraudulent declaration by use of invoices or other documents for non-existent transactions (Legislative Decree no. 74/2000 Article 2);
- Fraudulent declaration via other means (Legislative Decree 74/2000 Article 3);
- False declaration (Legislative Decree no. 74/2000 Article 4);
- Omission of tax return statements (Legislative Decree no. 74/2000 Article 5);
- Issue of invoices or other documents for non-existent transactions (Legislative Decree no. 74/2000 Article 8);
- Concealment or destruction of accounting documentation (Legislative Decree 74/2000 Article 10);
- Unlawful compensation (Legislative Decree no. 74/2000 art. 10-quater);
- Fraudulent evasion of taxes (Legislative Decree 74/2000 Article 11).

Customs offences (Article 25-sexiesdecies of the Decree)

- Smuggling and movement of goods across land borders and customs areas (art. 282 Presidential Decree 43/1973)
- Smuggling and movement of goods in border lakes (art. 283 Presidential Decree 43/1973)
- Smuggling and movement of goods at sea (art. 284 Presidential Decree 43/1973)
- Smuggling and movement of goods by air (art. 285 Presidential Decree 43/1973)
- Smuggling in non-customs areas (art. 286 Presidential Decree 43/1973)
- Smuggling for illicit use of imported goods with customs facilities (art. 287 Presidential Decree 43/1973)
- Smuggling in customs warehouses (art. 288 Presidential Decree 43/1973)

- Smuggling and cabotage and circulation (art. 289 Presidential Decree 43/1973)
- Smuggling in the export of goods entitled to refund of rights (art. 290 Presidential Decree 43/1973)
- Smuggling in temporary import or export (art. 291 Presidential Decree 43/1973);
- Smuggling of tobacco processed abroad (art. 291-quarter of Presidential Decree 43/1973);
- Aggravating circumstances for offences related to the smuggling of tobacco processed abroad (art. 291-quarter of Presidential Decree 43/1973);
- Criminal association for the purposes of smuggling tobacco manufactured abroad (Art. 291-quate of Presidential Decree 43/1973);
- Other types of smuggling (art. 292 Presidential Decree 43/1973);
- Aggravating circumstances for smuggling (art. 295 PD 43/1973).

1.3 The sanctioning system established by the Decree

The penalties established in the Decree against the Institutions are: (i) financial penalties; (ii) interdictive penalties; (iii) confiscation of the price or profit of the offence; (iv) publication of the ruling on sentencing.

Financial penalties apply whenever liability of the legal entity is established and determined by the criminal judge through a quota-based system. In the commensurate financial penalty, the court determines the number of quotas, taking into account the seriousness of the deed, the degree of responsibility of the Entity and the activity carried out to eliminate or mitigate the consequences of the deed and to prevent the commission of further wrongdoings. The amount of the quota is determined, rather, on the basis of the economic and capital conditions of the Entity.

Interdictive penalties may be applied in addition to financial sanctions but only if expressly established for the offence to which the proceedings refer and only in the event that at least one of the following conditions is met:

- the Entity gained significant profit from the crime and the offence was committed by a person in a senior or subordinate position but only whereby the commission of the offence was rendered possible by serious organisational deficiencies;
- in the event of repeated wrongdoings.

Such results in the interdiction from the exercise of corporate activity; the suspension and revocation of authorisations, licenses or concessions functional to the commission of the tort; in the prohibition of contracting with the public administration (except in order to obtain the benefits of a public service); in exclusion from concessions, financing, contributions or

subsidies and in the possible withdrawal of those granted; in the prohibition of advertising goods or services.

Interdictive sanctions shall not apply (or shall be revoked, if already applied on a precautionary basis) if the Entity, prior to having declared the initiation of the first instance hearing, has:

- compensated for or repaired the damage;
- eliminated the harmful or dangerous consequences of the crime (or has, at least, undertaken to do so);
- has made available to the Judicial Authority, for confiscation, the profit from the crime;
- has eliminated the organisational deficiencies that determined the crime, adopting organisational models able to prevent the commission of new crimes.

Confiscation consists in the State's acquisition of the price of or profit from the crime or the acquisition of sums of money, property or other benefits of value equivalent to the price or profit of the Offence. It does not, however, assign any portion of the price of or profit from the Offence that may be issued to the injured party. Confiscation is always established along with the sentencing.

Publication of the ruling may be imposed when an interdictive penalty is applied to the Entity. It is carried out by posting signs in the municipality where the Entity has its head office and by publication on the Ministry of Justice's website.

1.4 The Organisation, Management and Control Model as exempt from responsibility established by the Decree

If the crime is committed by subjects who have the functions of representation, administration or management of the Entity or of its Organisational Unit equipped with financial and functional autonomy, as well as persons who exercise, even de facto, the management or control of the same, the Authority shall not respond if it is proven that:

- the governing body has adopted and effectively implemented, before the commission of the deed, a Model able to prevent crimes such as that which has occurred;
- the task of supervising the operation and compliance of the Model and its updating has been entrusted to a body of the Entity with autonomous powers of initiative and control;

- the subjects committed the crime by fraudulently circumventing the Model;
- there has been no lacking or insufficient supervision by the Control Body in respect of the Model.

In the event that, rather, the crime is committed by subjects under the direction or supervision of one of the aforementioned subjects, the legal entity shall be liable if the commission of the crime was rendered possible by the failure to comply with the management and supervision obligations. Such non-compliance is, in any case, excluded whereby the Entity, prior to the crime being committed, has adopted and effectively implemented a Model suitable for preventing crimes such as that to have occurred.

The Decree thus establishes that the company is not subject to sanctions if it can prove having adopted and effectively implemented **Organisation, Management and Control Models able to prevent the commission of crimes such as that to have occurred**, without prejudice to the personal responsibility of those committing the deed.

Therefore, the legislator has placed an exacting value on the company's Organisation, Management and Control Models in the event that they are capable of risk prevention, as well as adopted and implemented effectively. The Decree also specifies the needs to which the Models must respond.

Namely:

- identify the activities in which the offences laid out in the Decree may be committed;
- establish specific protocols aimed at scheduling the training and implementation of the Entity's decisions in relation to the offences to be prevented;
- identify ways to manage the financial resources that are suitable for preventing the commission of such offences;
- set information obligations to the Member Body to monitor the operation and compliance of the Models;
- introduce a system able to sanction any failure to comply with the measures indicated in the Model;
- in relation to the nature and dimension of the organisation, as well as the type of activity carried out, establish appropriate measures to ensure the activity is conducted in accordance with the law and to reveal and eliminate situations of risk in a timely manner.

2. *Cotonificio Albini S.p.A.*

Cotonificio Albini, a company belonging to Albini Group, is a family company with over 140 years' experience in the textile industry. It has established itself as an undisputed leader – in both the domestic and international markets – in the development, production and sale of high-quality shirt fabrics.

Through a careful selection of raw materials combined with a spirit of research and experimentation that have resulted in yarn-making know-how and a simultaneously unique creative vision, Cotonificio Albini is now able to create and produce over 20,000 fabrics per year and to satisfy customers from all market segments in over 80 countries around the world.

2.1 *Corporate Governance*

The Company has adopted a system of collegial multi-personnel administration.

Composed of 5 members, the **Board of Directors** is the strategic Supervisory Body pursuant to the regulations currently in force and vested with the broadest powers regarding the ordinary and extraordinary management of the Company. It has the right to carry out all acts deemed appropriate for the implementation and achievement of the corporate purposes, without prejudice to the need for specific authorisation in cases required by law.

The Board of Statutory Auditors consists of 3 actual members and 2 alternates, being tasked with monitoring compliance with the law and statute, respecting the principles of proper administration and the adequacy of the organisational structure of the Company, the internal control system and the accounting administrative system.

Accounting checks are entrusted to an Auditing Company, in accordance with the regulations and principles of reference.

2.2 *The internal control system*

In the constructing the Model, Cotonificio Albini took into consideration the organisation's governance instruments for the Company that guarantee its operation and, in particular, the:

- **Statute:** which includes several forecasts relating to corporate governance aimed at ensuring the proper performance of the management activity;
- **Organisational system:** consisting in administrative structures/positions and areas of responsibility, included in the Organisation Chart and forming an integral part of this Model;

- **Code of Ethics:** comprised of a set of rules of conduct and principles of a general nature to which all internal and external entities with a direct or indirect relationship with Cotonificio Albini must comply and whose infringement involves the application of the sanctioning measures laid out in the sanctioning system of this Model;
- **Procedural system:** composed of *policies* and procedures aimed at regulating the relevant processes and providing operational means and supervisory controls for carrying out corporate activities. The Company also observes the legislation of reference for the sector.

3. Cotonificio Albini's Organisation, Management and Control Model

The Company adopted this version of the Organisation, Management and Control Model *by resolution of the Board of Directors on 17 December 2021.*

Subsequent modifications and additions to this Organisational Model are made by the Board of Directors, also on the policy of the Supervisory Body that takes care of any updates.

The Company's Board of Directors makes decisions regarding the implementation of the Model, by evaluating and approving the actions necessary for implementing the constitutive elements of the same.

3.1 The objectives and purposes pursued with the adoption of the Organisation Model

With the adoption of the Organisation, Management and Control Model, the Company aims to:

- make everyone working in the name and on behalf of the Company, with particular reference to those who operate in so-termed "sensitive areas", aware of the risk of encountering violations of the provisions set out in the Model upon the commission of wrongdoings subject to criminal penalties against them and "administrative" penalties imposed by the Company;
- make such entities aware that unlawful conduct is strongly condemned by the Company, given that such are always and in any case contrary to the provisions of the law, corporate culture and ethical principles adopted as the guidelines in all corporate activities;
- allow the Company to intervene in a timely manner to prevent or counter the commission of crimes or at least to substantially reduce the damage caused by them;
- improve corporate governance and the image of the Company.

The drafting of this Model is inspired by the Guidelines issued by **Confindustria** as updated over time.

3.2 The "Recipients" of the Organisational Model

The principles and provisions of this document must be respected by:

- The Members of the Board of Directors and, where appointed, Statutory Auditors and alternate Auditors;
- Employees;
- Consultants, collaborators, suppliers and other third parties operating on behalf of the Company, including IT companies responsible for the development of management and banking systems, to the extent that the same may be involved in the conduct of activities in which the commission of one of the assumed crimes referred to in the Decree is conceivable;
- those acting under the direction or supervision of business leaders within the assigned tasks and functions.

The subjects thus identified are hereinafter referred to as the “Recipients”.

3.3 Drawing up the Organisational Model

The work aimed at drafting the Model has been determined:

- in the identification of sensitive sectors/activities/areas, with reference to the crimes cited by the Decree through the analysis of the most relevant corporate documents (but not limited to the statute, certificate of incorporation, and the like);
- in the analytical examination of sensitive areas, foreshadowing the methods and instruments through which it would be possible for the company, its administrative bodies, employees and the figures covered by Article 5 of the Decree generally (including through meetings and talks with interested parties) to commit the offences listed in the Decree;
- the identification of existing internal rules and protocols — whether formalised or not — only in reference to areas identified as being at risk of crime;
- the definition of standards of conduct and control or of activities which, in agreement with the Company, have been deemed as appropriate to regulate;
- in the framework of how the financial resources are managed to prevent the commission of crimes;
- in the identification of the subject(s) responsible for monitoring the concrete application of this Model (hereinafter referred to as the “Supervisory Body”) with the simultaneous preparation of the report to and from the Supervisory Body itself;

- in the provision of a system able to sanction both the failure to comply with the measures indicated in the Model and violations of the Code of Ethics.

3.4 Map of the “sensitive” activities of Cotonificio Albini

In accordance with the provisions of the Decree and with the procedures outlined above, the Company’s “sensitive” activities have been determined, taking into account Cotonificio Albini’s current operations and the existing organisational structure.

The main business activities and processes that could constitute an occasion for or method of carrying out the crime referred to in the Decree are:

- *Management of commercial activities;*
- *Management of production activities;*
- *Management of relations with the PA;*
- *Management of public funding and contributions;*
- *Handling disputes and dealings with the Judicial Authority;*
- *Management of certifications and accreditations;*
- *Management of purchasing goods and services;*
- *Selection and management of personnel;*
- *Management of relationships with third parties (agents and contractors);*
- *Management of expense reports and entertainment expenses;*
- *Management of cash flows;*
- *Management of intercompany relationships;*
- *Handling of freebies, donations and sponsorships;*
- *Management of accounting and drafting of financial statements;*
- *Management of tax aspects*
- *Management of shareholder activities;*
- *Management of cyber security;*
- *Management of worker health and safety;*
- *Management of environmental impact activities;*
- *Management of customs activities.*

3.5 The structure of Cotonificio Albini’s Organisational Model

The Model consists in a General Section and the following Special Sections aimed at presiding over the previously-identified risk activities:

- **Special Section A:** Offences against the Public Administration and its assets, offences of corruption between private individuals and incitement to corruption between private individuals and the crime of induction not to submit statements or to make misleading statements to the Judicial Authority;
- **Special Section B:** Computer crimes, unlawful processing of data and offences relating to copyright infringement;
- **Special Section C:** Crime against industry and trade;
- **Special Section D:** Corporate and tax offences;
- **Special Section E:** Crimes against the person and crimes of employing third-country nationals without a legal residence permit;
- **Special Section F:** Crimes of manslaughter or grievous bodily harm through negligence, committed in violation of the rules on health and safety at work;
- **Special Section G:** Receiving, laundering and using money, goods or assets of unlawful origin, as well as self-laundering, organised crime and smuggling offences;
- **Special Section H:** Environmental offences.

Based on the analyses carried out, there does not appear to be risk profiles compared to the “families” of crime shown below:

- crimes carried out for terrorism, even international, or the subversion of the democratic order (Article 25-quater of Legislative Decree no. 231/2001);
- female genital mutilation (Article 25-quater 1 of Legislative Decree no. 231/2001);
- market abuse (Article 25-sexies of Legislative Decree no. 231/2001);
- counterfeit currency, legal tender, revenue stamps or signs of recognition (Article 25-bis of Legislative Decree no. 231/2001);
- racism and xenophobia (Article 25-terdecies of Legislative Decree no. 231/2001);
- fraud in sporting competitions, illicit gambling or wagering and games of chance exercised by means of prohibited apparatus (Article 25-quaterdecies of Legislative Decree no. 231/2001).

Nonetheless, such wrongdoings are considered overall to be presided over by the provisions of this Organisation, Management and Control Model and by the general principals of the Code of Ethics.

4. *Cotonificio Albini's Supervisory Body*

The Company assigned the task of supervising the operation and compliance of the same to the **Supervisory Body** (also "SB"), having the following requirements and aimed at ensuring the effective and efficient implementation of the Model.

4.1 *The requirements of the Supervisory Body*

The members of the Supervisory Body must have all the prerequisites set out in the Confindustria Guidelines. Specifically:

AUTONOMY AND INDEPENDENCE: the Body must remain extraneous to any form of interference and pressure by top management and not be involved in the exercise of operational activities and management decisions in any way. The Supervisory Body must not be in a situation of conflict of interest whilst operational tasks that may undermine autonomy should not be assigned to the Body as a whole but also to the individual components.

The requirement for autonomy and independence must also be understood as the absence of family ties and hierarchical constraints with the top management of the Company or with entities holding operational powers within the same.

The Supervisory Body must report to the company's top management and in doing so, must be able to dialogue "as equals".

PROFESSIONALISM: possessing the necessary tools and techniques for the concrete and effective performance of the assigned activity. The professionalism and authority of the Body are then connected to its professional experiences. In this sense, the Company considers the careful examination of the curricula of possible candidates and their prior experience of particular pertinence, prioritising profiles that have accrued a specific professionalism in the matter.

Continuity of action: the Supervisory Body continuously carries out the activities necessary for overseeing the Model with the due commitment and necessary powers of investigation, meeting at least quarterly.

Honourability: in relation to the anticipation of cases of ineligibility, revocation, suspension or forfeiture from the function of Supervisory Body, as specified below.

The requirements described above must be verified as part of the appointment by the Board of Directors.

In accordance with the regulatory requirements contained in the Decree, the Company is geared towards the selection of a collegiate body composed of **3 members**, being subjects particularly qualified and experienced in the relevant matters for the purposes of Legislative

Decree 231/2001, so as to provide the Body with adequate competence in the field of internal control, legal, accounting, risk assessment systems and the possession of the necessary requirements regarding honourability.

At the time of appointment, the Board of Directors shall determine the remuneration for the Body for the entire term of office.

Once appointed, the Body shall establish the Rules of Procedure to govern its operating means, reporting activities before corporate and control bodies (both internal and external), as well as formal and substantive requirements to which it is held pursuant to its office. This Regulation, once approved by the Supervisory Body, must be submitted to the Board of Directors for the necessary viewing.

4.2 Causes of ineligibility, revocation, suspension and forfeiture

In appointing the members of the Supervisory Body, the Company's Board of Directors expressly established the following causes of ineligibility for the same members of the Supervisory Body.

Hence, a person cannot be elected whereby they have:

- been convicted – even if not yet defined – or sentenced with the application of a punishment through plea bargaining or with a conditionally suspended sentence, save the effects of rehabilitation:
 1. been imprisoned for a time not less than one year for one of the crimes listed in Royal Decree 267/1942;
 2. spent time in prison for a period of time not less than one year for one of the offences set out in the rules governing banking, financial, securities, insurance and market regulations and securities, or payment instruments;
 3. been imprisoned for a time not less than one year for a crime against the Public Administration, against public faith, against patrimony, against the public economy, for a crime pertaining to taxation;
 4. been imprisoned for any unintentional crime for a period not less than two years;
 5. committed one of the offences under Title XI of Book V of the Civil Code as reformulated under Legislative Decree 61/2002;
 6. committed an offence which amounts to and has resulted in the issuing of a penalty resulting from the interdiction – even temporary – from public office, or

temporary interdiction from the executive office of legal persons and corporations;

7. committed one or more crimes between those strictly established by the Decree, even if with sentences less than those indicated in the above points;
- been subject to one of the preventive measures – applied definitively – as established under Article 10 (3) of Law 575/1965, replaced by Article 3 of Law 55/1990 and subsequent modifications;
 - been issued ancillary administrative penalties as set out under Article 187-quater of Legislative Decree 58/1998.

The members of the Supervisory Body must self-certify through a self-declaration affidavit that they are not subject to any of the above conditions, expressly undertaking to communicate any changes in relation to the content of such statements.

Any revocation of the members of the Body shall be decided by the Company's Board of Directors and may only be disposed for reasons relative to serious breaches with respect of the mandate undertaken, including breaches of the confidentiality obligations set out below, as well as for the following grounds for revocation.

Following their appointment, the members of the Supervisory Body shall also be excluded from office upon:

- being convicted with a final ruling or plea bargain of one of the offences referred to in numbers 1, 2, 3, 4, 5, 6 and 7 of the conditions of ineligibility indicated above;
- breaching confidentiality obligations closely connected to the performance of their duties.

The members of the Supervisory Body shall also be suspended from performing their functions in the case whereby:

- they receive a non-final sentence for one of the offences indicated in numbers 1 to 7 of the conditions of ineligibility indicated above;
- at the request of the parties, application of one of the penalties referred to in numbers 1 to 7 of the conditions of ineligibility indicated above occurs;
- there is application of a personal protective measure;
- there is a provisional application of the preventive measures provided for in Article 10(3) of Law 575/1965, as replaced by Article 3 of Law 55/1990 and subsequent modifications.

Being re-eligible, the Supervisory Body is appointed for a period of three years, with their mandate lapsing on the date on which the budget for the third financial year is approved. At the time of appointment, the Board of Directors shall determine the remuneration for the Body for the entire term of office.

4.3 The tasks of the Supervisory Body

In order to carry out its tasks, the Board of Directors shall allocate a budget for annual expenditure to the Supervisory Body. However, the Supervisory Body may independently commit resources that exceed its powers of expenditure, in compliance with corporate procedures, whereby the use of the same is necessary in facing exceptional and urgent situations. In such cases, the Body must inform the Board of Directors without delay.

For the fulfilment of the tasks entrusted to it, the Supervisory Body shall avail of all corporate functions.

The Supervisory Body carries out the activities of:

- monitoring the effectiveness of the Model, in particular ensuring consistency between the Model and the concrete regulations adopted in the areas of risk;
- periodically verifying compliance with the Model by all individual corporate units/divisions at risk, in order to ensure that the regulations defined and the principals drawn up are followed to the great extent possible and are solidly able to prevent the risk of crimes highlighted being committed;
- vigilance to ensure that the Code of Ethics and all the provisions contained therein are complied with by all entities operating in any capacity within the Company;
- reporting any updates and adjustments to the Model to the Board of Directors, in accordance with changes to the law and case law, or as a consequence of changes arising in the corporate organisation;
- monitoring the proper functioning of control activities for each area at risk, promptly reporting any anomalies and dysfunctions regarding the Model, after discussions with the areas/functions concerned;
- evaluating and proposing the imposition of any disciplinary sanctions, subject to the necessary coordination with the managers of the relevant corporate functions/areas.

4.4 The Supervisory Body's reporting activity

In order to ensure its full autonomy and independence in the performance of its duties, the Supervisory Body reports directly to the Company's Board of Directors and, to this end, refers to the implementation of the Model and the emergence of possible critical matters through two lines of reporting:

- I. firstly, on an **ongoing basis**;
- II. secondly, on a **half-yearly basis**, with respect to the Board of Directors and the Board of Statutory Auditors, through a written report that must promptly indicate the activity carried out throughout the year, both in terms of the checks conducted and the results obtained and in relation to any need for updating the Model.

The Supervisory Body must also prepare an annual plan of activities foreseen for the following year, identifying the activities to be carried out and the areas to be reviewed, in addition to the timelines and the priority of operations.

Within the context of sensitive business activities and whereby such is considered as necessary for carrying out its functions, the Supervisory Body may conduct checks not foreseen in the plan of operation (so-called "surprise checks").

The Body may request to be heard by the Board of Directors whenever liaising with that body is considered appropriate; likewise, the Supervisory Body has the option of asking the Board of Directors for clarifications and information.

On the other hand, the Supervisory Body may be convened at any time by the Board of Directors to report on particular events or situations relating to the operation of and compliance with the Model.

The aforementioned meetings must be recorded in the minutes and a copy of such minutes must be retained by the Supervisory Body (as well as by the bodies involved on each occasion).

4.5 Obligations for disclosure to the Supervisory Body

The Supervisory Body is to receive any information, documentation and/or communication, also originating from third parties relating to compliance with the Model.

All Recipients of this Model shall be required to inform the Supervisory Body as a result of:

- i) **reports;**
- ii) **information.**

The Supervisory Body shall ensure the utmost confidentiality regarding any news, information or reporting, subject **to revocation of the mandate and disciplinary measures hereinafter defined**, without prejudice to the requirements inherent in the conduct of investigations in the event that the support of consultants outside the Supervisory Body or other corporate structures is necessary.

Any information and reporting referred to in this Model shall be retained by the Supervisory Body in a dedicated soft-copy and hard-copy archive, in accordance with the personal data protection provisions.

i) Reports

All Recipients are required to promptly report to Cotonificio Albini's Supervisory Body regarding any derogation, violation or suspicion of infringement of which they become aware regarding the standards of conduct referred to in the Company's Code of Ethics, as well as the principles of conduct and the execution of the activities identified as being "at risk" and regulated in the Model.

Such reports, if addressed to Cotonificio Albini's Supervisory Body, may be made using any of the options below:

Cotonificio Albini S.p.A. Supervisory Body
Via Dottore Silvio Albini no. 1
- 24021 Albino (BG)

odv.cotonificioalbinispa@albinigroup.com

<https://digitalroom.bdo.it/albini/home.aspx>

The Supervisory Body's email box and the whistleblowing reporting platform guarantee the confidentiality of the identity of the reporting subject.

The Supervisory Body evaluates all the reports received and undertakes the consequent initiatives at its reasonable discretion and responsibility within its competence, possibly speaking with the author of the report and the person responsible for the alleged breach. Any resulting decision must be reasoned; any consequential measures shall be applied in accordance with the Chapter on the Sanctioning System.

The Body shall act in such a way as to safeguard the reporting party from any form of retaliation, discrimination, penalisation or any other consequence arising therefrom, assuring their confidentiality, without prejudice to any legal obligations and the protection of the rights of Cotonificio Albini or persons accused wrongly or in bad faith.

ii) Information

In its monitoring activity, the Supervisory Body shall establish the documentation which must be subject to its attention on a periodic basis.

The Supervisory Body must be forwarded:

- measures and/or news coming from judicial police bodies or any other authority, from which it is demonstrated the conduct of investigations, including against unknown persons for crimes established in the Decree, with regards to the Company;
- visits, inspections and investigations initiated by the competent authorities (regions, regional or local authorities) and, upon their conclusion, any findings and penalties imposed;
- requests for legal assistance made by the parties internal to the Company, in the event of initiation of a court proceeding for one of the offences outlined in the Decree;
- reports drawn up by the corporate structures in the context of their control activities, from which emerge elements of a critical nature with respect to the regulations of the Decree;
- periodically, details about the actual implementation of the Model with regards to all corporate areas/functions at risk;
- periodically, information pertaining to the effective compliance with the Code of Ethics across all corporate levels;
- information on the evolution of activities regarding the areas at risk;
- the system of delegations and proxies adopted by the Company.

Each person must immediately contact the Supervisory Body upon receiving information and/or news – including from official sources – regarding the commission of the crimes referred to in the Decree or in any case concerning possible violations of the Model and Code of Ethics.

All information must be sent to the Body by means of the modalities and addresses indicated above.

4.6 Whistleblowing — being the protection of any employee and/or collaborator who reports a wrongdoing — per Article 6, paragraph 2-bis of Legislative Decree no. 231/2001

The reports referred to in the above point and, in general, the detailed reports outlining illicit conduct, pertain to that contained in Legislative Decree 231/2001 and based on specific de facto and agreed upon elements, or violations (including alleged) of the Organisation, Management and Control Model, of which the recipients of this Model have become aware due to the functions carried out, taking place within the framework of the provisions established in regards to whistleblowing, with particular reference to the protection of the reporting party from any form of retaliation and/or discrimination.

In particular, direct or indirect acts of retaliation or discrimination against the reporting agent (or whistleblower) for reasons directly or indirectly related to the reporting, in accordance with the regulations referred to in Article 6, paragraph 2-bis, of Legislative Decree no. 231/2001.

The National Labour Inspectorate may be informed regarding the adoption of discriminatory measures against persons reporting in order to adopt the measures within its competence, as well as by the signalling from the union organisation.

It is clarified, in accordance with current provisions, that the retaliatory or discriminatory dismissal of the reporting agent is to be deemed void, as are any changes of duties or any other retaliatory or discriminatory measures taken against them.

The burden of proof is on the employer, who must demonstrate that – in the event of disputes related to the imposition of disciplinary penalties or to any claims, dismissals, transfers or subjection of the reporting party to another organisational measure having negative, direct or indirect, effects on working conditions following the submission of the report – such measures are based on reasons unrelated to the reporting itself.

Any breaches of whistleblower protection or unsubstantiated reports made with wilful misconduct or gross negligence shall be sanctioned in accordance with the provisions of the subsequent Chapter 6 - “Sanctioning System”.

5. Training and information

5.1 General provisions

The Company intends to ensure proper and complete knowledge of the Model, that contained in the Decree and the obligations arising from such, amongst all persons operating on behalf of the Company.

Training sessions will be organised over time by the Company, according to the recurrence and mandatory criteria, eventually as well as that of diversification.

Upon conclusion of the training activities, a verification of the degree of learning and the level of satisfaction of the participants shall be carried out.

Training and information are handled by the Company, in close coordination with the Supervisory Body.

5.2 Initial communication

The CEO communicates this Model to all corporate resources.

All Employees, along with the Senior Management, must sign a special form through which they certify knowledge and acceptance of the Model, a hard or soft copy of which they have at their disposal.

New recruits are given a dossier set containing the Model and Code of Ethics, with the declaration that understanding the contents thereof is considered to be of primary importance.

All subsequent modifications and information regarding the Model will be communicated to the corporate resources through official information channels.

5.3 Personnel training

Participation in training activities aimed at disseminating awareness of the legislation referred to in the Decree, the Organisation, Management and Control Model and the Code of Ethics is to be considered as **mandatory**.

In terms of the contents and methods of providing the relevant courses, such training shall take into account the qualification of the recipients, the level of risk in the area in which they operate and the allocation or not of functions of representation.

Non-justified absence from the training sessions is considered as a disciplinary wrongdoing, in accordance with the provisions of the Sanctioning System clarified hereinafter.

Cotonificio Albini will arrange for the implementation of training courses that will illustrate, with a modular approach:

- the regulatory context;
- the Organisation, Management and Control Model adopted by the Company, including Special Parts;
- the Company’s Code of Ethics;
- the role of the Supervisory Body and the tasks it is assigned by the Company.

The Supervisory Body ensures that training programmes are qualitatively adequate and effectively implemented.

The Company will establish a specific section of the corporate intranet, dedicated to the matter and updated periodically, in order to allow the interested parties to be informed in real time about any changes, integrations or implementations of the Code of Ethics and the Model.

5.4 Disclosure to “Third-party Recipients”

The Company mandates knowledge and observance of the Model and Code of Ethics amongst the so-called “Third-party Recipients”, such as consultants, collaborators, suppliers and other external entities operating on behalf of the Company.

Disclosure is ensured through the circularisation of an official communication or via explicit reference in the contracts regarding the existence of the Model and the Code of Ethics.

Cotonificio Albini shall arrange for inclusion of special clauses in the contracts entered into with third parties with which it operates, providing for the termination of obligations regarding negotiation in the event of non-compliance with the established ethical principles.

6. *The Sanctioning System*

6.1 *General Profiles*

The provision of a sanctioning system suitable to discipline any failure to comply with the regulations indicated in the Model is a condition required by Legislative Decree no. 231/2001 for the exemption of administrative responsibility of the institutions and to ensure the effectiveness of the Model.

The Company and its members are forbidden from engaging in retaliatory or discriminatory deeds, be they direct or indirect, against the reporting party for reasons directly or indirectly relative to the reporting. In this respect, it is clarified that disciplinary sanctions are envisaged:

- in the event of failure to comply with the measures and principles set out in the Model;
- against those who violate the protection measures of the reporting party;
- for anyone who, with wilful misconduct or gross negligence, submits reports that prove to be unfounded.

The National Labour Inspectorate may be informed regarding the adoption of discriminatory measures against persons reporting in order to adopt the measures within its competence, as well as by the signalling from the union organisation.

In accordance with current provisions, it is clarified that any retaliatory or discriminatory dismissal of the reporting party is void.

Any change in duties or any other retaliatory or discriminatory measures taken against the reporting party are also void. The burden of proof is on the employer to ensure that – in the event of disputes related to the imposition of disciplinary penalties or to any claims, dismissals, transfers or subjection of the reporting party to another organisational measure having negative, direct or indirect, effects on working conditions following the submission of the report – such measures are based on reasons unrelated to the reporting itself.

The imposition of disciplinary penalties for violation of the principles and rules of conduct indicated in the Organisational Model shall be without the possible introduction of criminal proceedings and the outcome of the resulting ruling for the commission of any form of illicit conduct outlined in the Decree.

Following communication from the Supervisory Body regarding breach of the Model, a verification procedure shall be initiated in accordance with the requirements of the employee's collective bargaining agreement of reference. This procedure shall be carried out by the corporate bodies responsible for imposing disciplinary sanctions, taking into account the seriousness of the conduct, the possible recurrence of the failure or degree of fault.

Through the bodies and functions specially appointed thereto, Cotonificio Albini thus undertakes to consistently, impartially and uniformly impose penalties proportionate to the

respective violations of the Model and to comply with the applicable provisions on the regulation of employment relations. The sanctioning measures for the various professional figures are illustrated below.

6.2 Penalties against Employees

Employee conduct that results in:

- violation of the rules on individual conduct inferred in this Model, the corporate regulations and protocols adopted by the Company and the Parent Company's Code of Ethics;
- infringement of measures to protect whistleblowers;
- the submission of unsubstantiated reports with wilful misconduct or gross negligence;

constitute disciplinary wrongdoing.

Any penalties imposed against employees shall be adopted in accordance with the procedures established in the applicable legislation.

Reference is made to the categories of sanctionable deeds established under the existing disciplinary apparatus, namely the regulations established in the collective bargaining agreement of reference, being the National Collective Bargaining Agreement for Textiles, Clothing and Fashion.

Pursuant to the principle of proportionality and depending on the seriousness of the infringement committed, the following disciplinary penalties are established:

Verbal warning: may be critical or reproaching in nature and applies in case of minor non-compliance with the principles and rules of conduct established in this Model, correlating such behaviour to a **slight non-compliance** with contractual regulations or directives and instructions issued by management or superiors.

Written warning: applies in cases of recidivism of infringements referred to in the paragraph above.

Fine or suspension from service: applies in the event of non-compliance with the principles and rules of conduct established in this Model, with respect to **lacking or inadequate compliance with the conduct** with the provisions of the Model to an extent that it is considered to be of a certain severity, even if dependent on recidivism. Such conduct includes the breach of obligations regarding information to the Supervisory Body in relation to the commission of crimes, even whereby attempted, as well as any breach of the Model.

The same penalty shall be applied upon repeated and unjustified failure to participate (physically or in any way required by the Company) in the training sessions that will be periodically provided by the Company in regards to the Decree and the Organisation, Management and Control Model adopted by the Company or in relation to issues connected thereto.

The fine may not exceed the amount equivalent to two hours of the national pay component. Suspension from service cannot be set for more than three days and is applied for major failings.

Dismissal for disciplinary reasons: applies upon the adoption of **conscious behaviour contrary to the requirements** of this Model that, **even if only likely to constitute one of the offences sanctioned by the Decree, affects the element of trust** that characterises the employment relationship or proves to be so serious that its continuation is no longer possible, not even provisionally. Violations of the aforementioned sanction include the following intentional behaviours:

- compiling incomplete or untruthful documentation (for example, documents addressed to the Public Administration, accounting documents, and so on);
- failure to draft the documentation set out in the Model;
- violation or circumvention of the control system established by the Model in any way conducted, including the removal, destruction or alteration of the documentation relating to the procedure, impeding controls, preventing access to information and documentation by the control or decision-making entities;
- violation of the measures indicated in the Model or the measures established in that Model and the legal regulations to protect the reporting party regarding unlawful conduct pursuant to Law no. 179/2017;
- filing, with wilful misconduct or gross negligence, reports of unlawful conduct that prove to be unfounded;
- adopting discriminatory measures against persons submitting reports of illegal conduct pursuant to Law no. 179/2017.

6.3 Sanctions against members of the Board of Directors and, whereby appointed, the Board of Statutory Auditors and Alternate Auditors

In respect of any Directors who have:

- committed a violation of this Model;
- infringed the measures to protect whistleblowers;

- submitted unsubstantiated reports with wilful misconduct or gross negligence;

the Board of Directors, promptly informed by the Supervisory Body, together with the Board of Statutory Auditors, whereby appointed, may apply any appropriate measures permitted by law, including the following sanctions, determined on the basis of severity of the deed and the fault, as well as the resulting consequences:

- a formal written warning;
- a financial penalty, taking into account the seriousness of the deed, equal to the amount of two to five times the emoluments calculated on a monthly basis;
- total or partial revocation of any proxy.

In the event of infringements such as to consist in just cause for revocation, the Board of Directors proposes that the Assembly adopt the measures within its competence and fulfil any further obligations envisaged under the law.

In the event of a breach by the Statutory Auditors or Alternate Auditors, the Supervisory Body must immediately notify the Chair of the Board of Directors via a written report. The Chair of the Board of Directors, in the event of violations such as to supplement just cause of revocation, shall convene the Meeting by informing the members in advance of the report from the Supervisory Body. The adoption of the measure resulting from the aforementioned breach is nonetheless determined in the Board Meeting.

6.4 Sanctions against “Third-party Recipients”

Any breach of the requirements of the Model by consultants, collaborators, suppliers or those considered as “Recipients” of the Model shall be sanctioned by the competent bodies according to internal corporate regulations, as established in the contractual clauses included in the specific contracts, and in any case with the application of conventional penalties, which may also include the automatic termination of the contract (pursuant to Article 1456 of the Italian Civil Code), without prejudice to compensation for damages.