

Emilcotoni

ORGANISATION, MANAGEMENT AND CONTROL MODEL LEGISLATIVE DECREE 231/01

GENERAL SECTION

*Adopted by the Board of Directors
of Emilcotoni SpA
by resolution of 19 March 20244*

Emilcotoni S.p.A.

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Società soggetta ad attività di direzione e coordinamento di Accademia S.r.l.

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REVISION STATUS		
Rev. 0	19.03.2024	First adoption

Introduction

The organisational and management system of EMILCOTONI S.P.A., with a view to planning and managing its activities through efficiency, transparency, fairness and quality, is aimed at ensuring that said activities are carried out in compliance with current regulations and the provisions of the Code of Ethics adopted by the company. The desire to improve the corporate and external context drives EMILCOTONI S.P.A. to want to implement an Organisational Model that acts as a driver for the construction and formalisation of the Principles of Transparency and Ethics that have always characterised the work of the Company and its Organisation. Today, by choosing to equip itself with such a Model, EMILCOTONI S.P.A. wishes to make explicit a system of responsibilities and organisational segregation that allows for the full force of an efficient behavioural system.

This initiative was taken in the conviction that the adoption of such a Model - beyond the provisions of the Decree, which indicate the Model itself as an optional and not mandatory element - can be a valid tool to raise awareness among all the Company's employees and all the other parties involved with it (Customers, Suppliers, Partners, Associates in various capacities), so that they, in the performance of their activities, adopt correct and straightforward conduct, such as to prevent the risk of committing the offences laid down in the Decree.

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1. LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

1.2. FRAMEWORK AND DEFINITIONS

Legislative Decree No. 231 on 'Discipline of the administrative liability of legal persons, companies and associations, including those without legal personality', approved on 8 June 2001, aimed to bring domestic legislation on the liability of legal persons into line with a number of international conventions that Italy had long since adhered to.

The Decree represents an absolute innovation in the Italian regulatory framework in that it affirms the principle that not only individuals but also organisations can be prosecuted and sanctioned for offences committed - provided they are committed in the interest or to the advantage of the organisation - by individuals operating within it.

In summary, Legislative Decree 231/2001:

- introduces the general principles and criteria for assigning administrative responsibility;
- identifies the offences in relation to which the administrative liability of companies may arise (so-called predicate offences);
- provides for the penalties that may be imposed on the Institution as a result of the commission of the offence;
- identifies the necessary fulfilments so that, even in the event that one of the predicate offences is committed (and without prejudice to the personal criminal liability of the perpetrator), the Body may be exonerated from such liability.

The main definitions are summarised below.

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- **Code of Ethics:** text containing the rights and moral duties of those acting on behalf of Emilcotoni SpA. The text defines the ethical and social responsibility of all those who participate, in whatever capacity, in the company's activities, also with a view to preventing potential offences.
- **Body:** specifically, Emilcotoni SpA. The provisions of Legislative Decree no. 231/01 'apply to institutions with legal personality and to companies and associations, including those without legal personality. They do not apply to the State, local public bodies, other non-economic public bodies and bodies performing functions of constitutional importance' (art. 1, paragraphs 2 and 3 of Lgs. 231/01).
- **P.A.:** in national, foreign or EU law, this means any administration of the State, of local or EU public bodies, as well as any public body, agency or independent administrative authority and its branches, any person acting in the capacity of Public Official or Person in Charge of a Public Service.
- **Recipients of the Model:** all persons involved in the typical activity of Emilcotoni SpA, including all employees, internal staff, personnel pertaining to the subsidiary, associates, including non-continuous ones, and, in general, stakeholders (business partners, agents and consultants, distributors, etc.);
- **Model or 'MOG':** the Organisational, Management and Control Model required by Legislative Decree no. 231/2001; suitable for preventing the potential commission of offences
- **Supervisory Board or SB:** the body responsible for supervising the operation of and compliance with the model adopted pursuant to Lgs. 231/2001 and the verification of its constant updating;

- **Predicate offences:** the offences and/or administrative violations covered by the legislation, which, if committed by senior and/or subordinate persons, entail the liability of the Company.
- **Manager:** a person, endowed with powers of representation, administration or management, who is entrusted with the operational management of a specific Department/ Unit of the Company.
- **Senior positions:** persons who hold positions of representation, administration or management of the Body or of one of its Departments with financial and functional autonomy, as well as persons who exercise the management and control thereof, including de facto.
- **Whistleblower:** a person who reports a concern, makes a report, or who communicates a violation of this Model, the Code of Ethics or the potential commission of Offences.

1.3. FUNDAMENTAL ELEMENTS OF THE MODEL

The Model consists of a table of contents, a list of annexes, definitions, a General Section and a Special Section.

The General Section of the Model describes the regulatory framework of reference, its purposes, structure and implementation process; as well as the recipients of the Model and its essential components such as the structure and composition of the Supervisory Board, indicating the functions and powers of the Board, the rules governing the updating of the Model, the disciplinary system for violations of the Model, the obligations of communication and dissemination of the Model and those relating to personnel training.

The Special Section identifies the individual offence cases which, at the outcome of the Risk Assessment activity, have been associated with the activities considered potentially “sensitive” with respect to Emilcotoni SpA, and which must therefore be subject to control.

Ultimately, these are those activities where it is theoretically probable that an Offence will be committed, with the consequent identification of safeguards to mitigate the risk.

The annexes to the Model are as follows:

- Updated reference legislation (annex 1)
- Organisational chart of the company (annex 2)
- Code of Ethics (annex 3)
- Risk assessment matrix (annex 4)
- Regulation EN (annex 5)

1.4. OBJECTIVE CRITERIA FOR IMPUTATION OF LIABILITY

There are three objective criteria for imputation of liability under legislative decree 231/2001:

- the commission of one of the offences listed in the Decree;
- the offence must have been committed ‘in the interest or to the advantage of the body’
- the criminal offence must have been committed by one or more qualified persons, i.e. ‘by persons who hold positions of representation, administration or management of the body or of one of its organisational units with financial and functional autonomy’, or by those who ‘exercise, including de facto, the management and control’ of the body (persons in so-called top management positions); or again ‘by persons subject to the management or supervision

of one of the top management positions' (so-called subordinates).

1.5. SUBJECTIVE CRITERIA FOR IMPUTATION OF LIABILITY

From a subjective point of view, the criterion of imputation of liability is realised where the offence expresses a connotative direction of company policy or depends on a fault in organisation.

The provisions of the Decree exclude the liability of the body if - prior to the commission of the offence - it has adopted and effectively implemented an 'organisational and management model' capable of preventing the commission of offences of the kind committed.

The liability of the body, in this respect, is attributed to the "failure to adopt or comply with due standards" relating to the organisation and activity of the institution; failure attributable to company policy or to structural and prescriptive deficits in the company organisation.

1.6. SANCTIONS

The applicable sanctions for administrative offences are:

- financial penalties;
- disqualifying sanctions: suspension or revocation of authorisations, licences or concessions; exclusion from incentives, financing, contributions or subsidies and possible revocation of those already granted; ban on advertising goods or services;
- confiscation of assets, sums of money or other benefits;

- publication of the judgment.

1.7. EXEMPTION FROM LIABILITY

Art. 6 and 7 of Lgs. 231/2001, the legislator envisages as a means of exemption from administrative liability, the adoption of an effective and efficient Organisation and Management Model, the adoption of which predates the commission of the offence.

Specifically, in order to be exempt from administrative liability the Company must:

- adopt a Code of Ethics setting out principles of conduct to be followed by all employees;
- define an organisational structure capable of ensuring a clear and organic allocation of tasks, implementing a segregation of functions, and inspiring and controlling the correctness of the behaviour of all employees;
- formalising manual and computerised company procedures intended to regulate the performance of activities (the control tool represented by the 'segregation of duties' between those who perform crucial phases of a process at risk is particularly effective as a preventive measure);
- assigning authorisation and signature powers in line with the organisational and management responsibilities defined (system of delegation of powers);
- communicate to the personnel in an extensive, effective, clear and detailed manner the Code of Ethics, the company procedures, the sanctions system, the powers of authorisation and signature, as well as all other appropriate instruments to prevent the commission of unlawful acts;

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- lay down an appropriate system of sanctions;
- set up a Supervisory Board characterised by substantial autonomy and independence, whose members have the necessary professionalism to perform the required activity;
- set up a Supervisory Board capable of assessing the adequacy of the model, supervising its operation, ensuring that it is updated, and operating with continuity of action and in close connection with the corporate functions.

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2. THE COMPANY

EMILCOTONI SpA is a company specialising in the creation and production of cotton yarns using the world's finest materials. EMILCOTONI's object is the following activities: wholesale and retail trade, processing, transformation, preparing yarn and textile products in general on its own account and on behalf of third parties, as well as the granting and hiring of representatives with or without warehousing of the aforementioned articles.

2.1. THE MISSION OF EMILCOTONI

To be at the forefront of the fashion world: to produce with common sense and above all with raw materials of guaranteed quality, safety and fully traceable. We appreciate tradition and comfort, reinventing them in a modern and classy way, with an eye on the contemporaneity of the 'here and now', speaking the same language as those who invent tomorrow's 'clothing', reinventing its grammar.

Emilcotoni uses and researches the best raw materials, pays close attention to quality and the relationship with customers and suppliers, constantly monitors the production cycle, uses state-of-the-art machinery and has a warehouse organised according to 'stock service' concepts. The combination of these elements allows Emilcotoni to offer its customers a wide and dynamic range of unique and valuable articles and enables Emilcotoni to be recognised worldwide as a trend-setter in cotton yarns. The daily work of all employees is characterised by attention, flair and ethics.

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2.2. CORPORATE HISTORY

The history of Emilcotoni began to be 'woven' in Piacenza in 1987, when a dyeworks specialised in the finishing of cotton yarns decided to set up Emilcotoni Spa. It then grew, year after year, driven by ever new challenges and pursuing the goal of 'total quality'.

Between the 1990s and the year 2000, the company developed and made a courageous strategic choice, in virtue of its vocation for quality: to the initial specialisation of cotton yarn dyeing, they added the realisation, production and sale of pure cotton yarns and blends for high-quality knitwear.

A further element contributed to the company's growth in those years: the intuition to offer various articles in stock service in a specially created warehouse in the Carpi area. This innovative idea for the time, and later followed by other competitors, offered the possibility for all knitwear factories to purchase small quantities and avoid the long-standing stock.

In 2000, the company's partners chose to launch the world's first 'luxury' cotton in the foreign knitwear market, "GIZA 45 EGYPTIAN COTTON", a rare and very high quality product. After the company moved from Carpi to Piacenza in 2002, an important chapter was marked by the start of sales of its products abroad, and the creation of a sales structure in Europe, the USA and the Orient. The company focused on total quality, through the search for exclusive materials, total control of the production chain and service. Emilcotoni became a pro-customer company capable of designing and producing exclusive articles.

In 2015, the company founded TEXILON SRL in the province of Vicenza. Since 2012, the

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company has been placing increasing emphasis on 'Green Choice' sustainability, through important green choices in products and processes and by obtaining various certifications. Since the installation of the first photovoltaic system back in 2010, all processes have been inspired by principles of sustainability and investments are planned, such as energy efficiency focusing on the production of carbon-free products under the banner of global sustainability with certified GOTS cottons, RWS wools and numerous other products. We also drew up our first sustainability report in the year 2022.

2.3. ORGANISATIONAL STRUCTURE AND GOVERNANCE

The Piacenza site houses the sales and management offices, show room, finished product stock service warehouse and part of the quality control laboratories. As at 19.03.2024 EMILCOTONI SpA had 21 employees, whose roles and functions are detailed in the organisational chart attached (annex 2) to this Model

The company is subject to the management and coordination of ACCADEMIA SRL, with registered office in Piacenza (Pc), Via del Castello no. 65, tax code and VAT no. 01855440333, registered with the Business Register of Piacenza (Pc) registration number 01855440333, REA number PC - 196721. The above-mentioned company exercising management and coordination was incorporated on 15/12/2022 by deed drawn up by Dr. Massimo Toscani, Notary in Piacenza (Pc) repertory number 182090.

2.4. THE ADOPTED SYSTEM OF DELEGATED AND PROXY POWERS

The Company has a Board of Directors.

The following were appointed by the Shareholders' Meeting on 31.05.2021:

- Chairman: Lorenzo Struzzi
- Vice-Chairman: Fabrizio Rozzi

2.5. THE CODE OF ETHICS OF EMILCOTONI SpA

The Model and the Code of Ethics, although complementary, have different scopes. In particular, the Code of Ethics represents an instrument adopted independently and susceptible to general application, with the aim of expressing principles of deontological ethics that EMILCOTONI SpA recognises as its own and that it requires all employees, directors, consultants and partners to observe.

The Model, on the other hand, responds to specific prescriptions contained in the decree, aimed at preventing the commission of particular types of offences, and allows the Body to take advantage of the exemption set forth in art. 6 and 7 of Legislative Decree no. 231 of 2001.

In particular, in addition to what is specifically laid down in the protocols, the rules of conduct require that:

- the Recipients of this Organisational Model behave in a manner that does not harm the reputation of the Company;

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- employees, directors, consultants and partners must not engage in conduct that is even potentially liable to constitute the offences stated in the Decree;
- such persons must avoid engaging in conduct that could generate a situation of conflict of interest with the Public Administration;
- acts of commercial courtesy are permitted as long as they are of modest value or in any case such as not to compromise the integrity or reputation of either party;
- The Company employees may accept or offer gifts provided they are directly connected to the activity performed, lawful, of limited value, offered in a transparent and overt way, occasional or delivered in the usual occasions for exchange of gifts, which do not create any obligation or feeling of obligation to either party;
- direct or indirect financing to political parties, trade unions, cultural or charitable bodies, political personalities/candidates or to events with political aims, made with a view to obtaining material, commercial or personal advantages are not allowed.

Attached to this Model is the Code of Ethics of EMILCOTONI SpA. (annex 3).

3. ADOPTION AND IMPLEMENTATION OF THE MODEL

3.1. THE PHILOSOPHY AND APPROACH OF THE MODEL

The guidelines of the Model are based on the general principles of transparency and publicity of the powers granted within the company.

The organisational chart of EMILCOTONI SpA, with the relative subdivision of tasks, functions, powers and responsibilities, with a view to transparency, is attached to the Model (Annex 2) to ensure a clear, formal and unequivocal identification of roles.

Internal procedures must strive for:

2. separateness, within each process, between the person making the decision, the person authorising it, the person executing it and the person entrusted with the control of said process;
2. traceability of the various steps in the process, including the stages of controls.

3.2. THE PROCESS-BASED APPROACH

The development of the Emilcotoni SpA model was carried out through process analysis, i.e. considering the set of activities that uses resources and is managed to enable the transformation of inputs into outputs. Often the output from one process directly constitutes the input to the next process. This method focuses on the identification, evaluation and improvement

of business processes in order to increase efficiency, identify areas for improvement and implement targeted solutions to optimise business operations.

The process-based approach has therefore been used to identify the activities within the scope of which relevant offences may be committed pursuant to Legislative Decree 231/01, and this is to allow the connection and interaction between the individual processes, (within the system of processes), as well as their combination and interaction, to be continuously monitored. Processes may be intra-functional (completely encompassed in the development of a single function of the organisation), or inter-functional (including activities that, within the existing hierarchical structure, are subject to the authority and control of certain responsibilities of the organisation).

EMILCOTONI SpA has analysed its risk areas taking into account, when drafting this Model, the provisions of Legislative Decree 231/2001 and subsequent amendments and additions and the guidelines so far drawn up by trade associations.

Fig. 3.1 Operational steps for the construction of the Organisational Model



Phase 1: Initiation and first part of the Risk Assessment

- Organisation, planning, communication and initiation of the MOG preparation and development project
- Collection of preliminary documentation/information
- Analysis of the company and identification of areas of risk pursuant to Lgs. 231/01 ("macro-areas" of sensitive activities) and the relevant company officers/roles involved
- Analysis and assessment of EMILCOTONI SpA's control environment to identify any deficiencies with respect to the key components of the MOG.

Phase 2: Specific Risk Assessment

- Detailed analysis of risk areas identified through interviews
- Identification of the specific processes/activities sensitive to the offences provided for in Legislative Decree. 231/01 that emerged from the detailed analysis of areas ('macro areas' of sensitive activities)
- Risk assessment through the mapping of sensitive processes in terms of:
 - I. conceivable and abstractly conceivable crimes that each process is exposed to;
 - II. potential modes of implementation of the offence for each process;
 - III. organisational functions/company roles involved in the process; or level of coverage - through the preparation of preventive protocols - of the processes in terms of: power system, information systems, document procedures, reporting;
 - IV. description of the process flow.

Process mapping supports this 'General Section' and the individual 'Special Sections' of the Organisation, Management and Control Model.

Step 3: Gap Analysis

- Identification of the framework of preventive protocols (systemic and specific) to be applied to each sensitive process ('macro areas' of sensitive activities) in order to prevent the commission of the offences stated in Legislative Decree 231/01 and subsequent supplements
- Evaluation of the mapping of sensitive processes - carried out in Step 2 - in order to identify the shortcomings of sensitive processes with respect to the framework of the identified preventive protocols (Gap Analysis)
- Definition of the plan of actions to be implemented for the development of the MOG within the Company, taking into account the deficiencies that emerged on processes (Risk Assessment Micro) and the recommendations provided in Step 1 of the project with reference to the control environment and the macro components of the model (Risk Assessment Macro).

Step 4: Implementation of the Model

- Formalisation of the Model and validation by the Board of Directors
- Specific training for company employees
- Dissemination of the adoption of the Model and the Code of Ethics to all the company's stakeholders.

3.3. MODALITIES FOR MODIFYING/SUPPLEMENTING THE MODEL

Since this Model is a 'deed issued by the management body' (in accordance with the requirements of art. 6, paragraph 1, letter a) of Lgs.D. 231/2001), subsequent amendments and additions of a substantial nature to the Model itself are left to the competence of the Board of Directors.

3.4. THE FUNCTION OF THE MODEL

The identification of sensitive activities, i.e. exposed to the risk of the commission of predicate offences, and their management through a system of controls, rules and procedures, aims to:

- set up a structured and organic system of prevention and control, aimed at reducing the risk of committing offences related to the company's activities, with particular regard to the reduction of any illegal conduct;
- enable the Company, by monitoring sensitive activities and those at risk of criminal offences, to intervene promptly to prevent or counteract the commission of the predicate offences;
- determine, in all those who work in the name and on behalf of Emilcotoni SpA in the "areas of activities at risk", the awareness that they may incur, in the event of violation of the provisions contained therein, an offence liable to penal and administrative sanctions, not only against themselves but also against the company;
- inform all those who work in any capacity in the name of, on behalf of or in the

interest of Emilcotoni SpA that violating the provisions contained in the Model entails the application of appropriate sanctions or termination of the contractual relationship

- reiterate that Emilcotoni SpA does not tolerate unlawful conduct, of any kind and regardless of any purpose, since such conduct (even if the Company was apparently in a position to benefit from it) is in any case contrary to the ethical principles that the Company intends to adhere to.

3.5. EXTENSION OF THE MODEL WITHIN THE SUBSIDIARY TEXILON SRL

In the performance of its characteristic activities EMILCOTONI SpA operates autonomously or through its subsidiary Texilon Srl, which, with due adaptations and in line with their respective management autonomies, will implement the contents of this Model.

3.6. SENSITIVE ACTIVITIES AT RISK OF VIOLATION

The activities within the scope of which the Offences referred to in Legislative Decree 231/2001, as amended, may be committed have been identified in the risk mapping, which is part of this Document (annex 4). On the basis of each different type of 'predicate' offence, the possible consequences for the organisation were assessed, according to the scheme proposed above. Where the activities examined did not constitute a potential occurrence, the wording N.A. (not applicable) was given to allow the organisation, in the event of substantial organisational revisions, to update the risk mapping.

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The assessment led to the identification of a level of risk that depends on an intrinsic factor (taking into account the specific activity performed, the number and role of those involved, and regardless of the management mode that measures the level of exposure) and a mitigation factor, which takes into account the practices and procedures adopted by the company.

The value associated with risk is qualitative-quantitative and is classified as: low, medium and high. The criterion used, in fact, while excluding the classic relationship between 'likelihood' and 'seriousness' (inasmuch as the incident alone is considered serious in terms of the damage to the company's image, over and above the economic and/or disqualifying consequences), also takes into account a quantitative factor, in terms of the potential frequency and/or repetition of the activity and the number of persons potentially involved.

MATRICE DEL RISCHIO RESIDUO (Probabilità x Magnitudo)

estrema	5	10	15	20	25
molto rilevante	4	8	12	16	20
rilevante	3	6	9	12	15
significativa	2	4	6	8	10
bassa	1	2	3	4	5
	raro	improbabile	moderato	possibile	probabile

The value identified, therefore, expresses the hypothetical risk of occurrence according to the following logic:

Low (green): the risk of the potential commission of the offence is extremely limited and does not entail any particular action by the Supervisory Board or the Organisation; however, there may be findings to be assessed.

Medium (yellow): the risk exists and it is functional to monitor sensitive processes by putting in place specific behavioural protocols and/or identifying precise monitoring actions on existing ones.

High (red): the risk is significant and specific and immediate corrective action is required.

The Supervisory Board, within the scope of its tasks, may identify new activities to be included in the list of sensitive hypotheses, also ensuring that the appropriate operational measures are taken.

The families of offences whose residual risk assessment showed average values will represent the subject matter dealt with in the Special Section of the Model. That is, for these offences, general and specific Protocols are regulated concerning ad hoc obligations and prohibitions in order to mitigate said residual Risk.

For an analytical analysis of each offence case examined in relation to sensitive activities, refer to the attached Risk Assessment (**Annex 4**).

3.7. GENERAL PROTOCOLS FOR THE FORMATION AND IMPLEMENTATION OF DECISIONS

The preliminary investigation carried out ascertained that the company's organisation is such that for the activities mentioned in paragraph 3.5. (Sensitive activities at risk of offence) no one can manage an entire process independently, and the principle of separation of functions is instead guaranteed: i.e. the authorisation to carry out an operation (decision-making) is the responsibility of a different person than the person who operatively executes, accounts for or controls the operation (implementation of the decision).

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In particular:

- no one is granted unlimited powers;
- powers and responsibilities are clearly defined, with no overlap between the various functions, and are known within the organisation;
- the functions and tasks of those involved in the relevant phases of a potentially risky process are separated;
- the powers of authorisation and signature are consistent with the organisational responsibilities assigned;
- expenditure authorisation thresholds are precisely established and disclosed;
- the system of responsibilities of the Company's top management is clearly defined and the proxies are consistent with it;
- the powers of attorney granted externally are consistent with the system of proxies;
- in the power of attorney system, the 'request for money or other benefits from third parties' is excluded;
- powers of attorney are made known to external stakeholders;
- the power to represent the Company towards all third parties is conferred by formal and transcribed deeds.
- the performance of controls, including supervisory controls, is documented (by minutes or in another manner with equivalent efficacy).

3.8. COMMUNICATION DISSEMINATION OF THE MODEL AND STAFF TRAINING

Emilcotoni SpA undertakes to disseminate the principles and provisions contained in its Model even when updates to it are necessary.

The Model is available on the Company's website, the address of which is duly communicated to all Recipients by e-mail.

Training, on the other hand, is carried out taking into account the necessary diversification according to the persons to whom it is provided, their role, responsibilities, tasks assigned and activities performed; to this end, a specific training plan is prepared, managed by the HR Manager, in coordination with the Supervisory Board.

The training activities are articulated in relation to the roles, functions and responsibilities of the individual recipients and take into account, in particular, the risk level of the area of activity that they operate in.

The training contents are adequately updated in relation to the evolution of the regulations in force on the subject and to the amendments to the Model resulting from significant organisational changes at Emilcotoni SpA.

This Model is communicated through an internal information note which, for new recruits, will be handed out at the time of recruitment.

3.9. THE ADOPTION OF THE MODEL

Emilcotoni SpA, in order to guarantee and ensure conditions of compliance with the law, fairness, clarity and transparency in the conduct of all corporate activities, by resolution of the Board of Directors of 19.03.2024 adopted an Organisational, Management and Control Model (the Model) in line with the provisions and contents of Legislative Decree 231/2001.

The company, in fact, despite the fact that the adoption of a Model pursuant to Legislative Decree 231/2001 is considered and indicated as an option and not as an obligation, believes that the choice of adopting such a tool may represent an effective opportunity to guarantee and ensure, as far as reasonably possible, compliance with the general and specific principles of conduct by all those who operate inside and outside the company in order to prevent the risk of committing the predicate offences as identified in the document on the risks of committing predicate offences (Risk Assessment) attached to this General Section (annex 4).

3.10. THE CONTROL SYSTEM

Having identified the areas of risk in the context of the activity carried out, Emilcotoni SpA has envisaged and formalised specific protocols aimed at planning the formation and implementation of the Company's decisions in the areas of activity at risk.

The provisions concerning the implementation, updating and adaptation of the Model are issued by the competent functions subject to the approval of the Administrative Body.

4. THE SUPERVISORY BODY AND INFORMATION FLOWS

Lgs.D. 231/2001 identifies a 'body within the institution', with autonomous powers of initiative and control (art. 6, paragraph 1, letter b), the Body entrusted with the task of supervising the functioning, effectiveness and observance of the Model, as well as ensuring that it is constantly and promptly updated. The entrusting of the aforementioned tasks to a body endowed with autonomous powers of initiative and control, together with the correct and effective performance thereof, are therefore indispensable prerequisites for exemption from liability under the Decree.

4.1. THE CONSTITUTION OF THE SB

For the purposes of an effective and efficient implementation of the Model, the Supervisory Board must be characterised by the following features:

- **autonomy and independence:** these translate into the autonomy of the control initiative with respect to any form of interference or conditioning by any exponent of the legal person and, in particular, the Administrative Body. In order to ensure these requirements, the Supervisory Board reports exclusively to the Board of Directors as a whole. The Supervisory Board must also be given guarantees that it cannot be removed or penalised as a result of the performance of its duties
- **professionalism,** which translates into the capacity of the Supervisory Board to perform its inspection functions, with respect to the actual application of the Model, as well as

the necessary qualities to ensure the dynamism of the Model itself, by means of updating proposals to be submitted to Top Management

- continuity of action; to this end, the Body must:
 - continuously monitor compliance with the Model with the necessary powers of investigation;
 - verify the effective implementation of the Model and ensure that it is constantly updated;
 - be a constant point of contact for all company personnel.

Lgs .D. 231/2001 does not provide specific indications concerning the composition of the Supervisory Board. In the absence of such indications, the Company has opted for a solution that, taking into account the purposes pursued by the law and the guidelines to be drawn from published case law, is capable of ensuring, in relation to its size and organisational complexity, the effectiveness of the controls that the Supervisory Board is in charge of. EMILCOTONI SpA, taking into account its characteristics, its organisation and exposure to crime risks as revealed by the analysis and assessment activities, opted for a collegial appointment of two external professionals and one internal employee, giving them the powers to fulfil their tasks effectively and efficiently.

4.2. PREROGATIVES AND RESOURCES

Taking into account the specific nature of the SB's powers and the specific professional skills required in the performance of its tasks, the SB may be supported by an operational staff,

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hence determining its operating criteria and organisation.

The SB is autonomously given adequate financial resources and may avail of the cooperation of other persons belonging to the Company's management, should their specific knowledge and skills be required for particular analyses and for the assessment of specific operational and decision-making steps of the Company's business. In any case, the SB has the right, where the need arises to avail of individuals with professional skills not present within its own ranks (in the operational staff or, in any case, in the Company's organisational chart), to call upon the services of external professionals.

The SB at the beginning of its term of office submits to the Board of Directors of the Company a request for an annual expenditure budget to be made available to the Company, and in particular:

- submits the request for the disbursement of the amount corresponding to the annual budget, and the Board of Directors cannot reasonably refuse to make this amount available, which may be used autonomously and without prior authorisation by the SB for the purposes set out in this Model;
- the amount must include both the remuneration of the members of the SB who are not employees of the Company and a forecast of the expenses to be incurred independently by the SB for the performance of its functions. Any costs relating to human or material resources made available by the Company are not deemed to be part of the budget.

Should it become necessary to disburse sums in excess of the predetermined amount, the chairman of the SB shall submit a reasoned request to the Board of Directors, stating in reasonable detail the request for the disbursement in excess, the reasons and facts underlying

the request, justifying the insufficiency of the predetermined sum, and indicating the events or extraordinary circumstances making it necessary.

The request for additional funds, if adequately justified, may not be unreasonably rejected by the Board of Directors.

4.3. FUNCTIONS AND POWERS

The main tasks of the Supervisory Board are laid down in Legislative Decree 231/2001 under art. 6, paragraph 1, letter b) as follows:

- A.** to supervise the operation of and compliance with the Model;
 - B.** to ensure that they are kept up to date by submitting them to the Management Body.
- A.** In fulfilment of the first task, the Supervisory Board must perform the following activities:
- ❖ prepare the annual Plan of checks on the adequacy and functioning of the Model, grading the checks according to the seriousness of the risk that emerged as a result of the risk analysis;
 - ❖ carry out audits on an ongoing basis , within the framework of the Annual Plan, on the activities or operations identified in the risk areas in order to assess compliance with and the functioning of the Model;
 - ❖ carry out targeted and random checks on specific transactions or acts carried out within the areas of activity at risk;
 - ❖ collect, process and store information relevant to compliance with the Model; in particular, regulating the flow of information by the Heads of Department;

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- ❖ obtain the setting up of a dedicated mailbox to receive from the corporate structures any requests for clarifications concerning doubtful cases or problematic hypotheses, as well as requests for actions aimed at implementing the Model;
- ❖ promote appropriate initiatives aimed at disseminating knowledge and understanding of the Model;
- ❖ verify the correct design and implementation of the training and dissemination plan of the Organisational Model, the Code of Ethics and their subsequent amendments and/or additions;
- ❖ evaluate reports of possible violations and/or non-compliance with the Model;
- ❖ conduct investigations aimed at ascertaining possible violations of the provisions of the Model;
- ❖ report established violations to the HR Manager for the initiation of disciplinary proceedings;
- ❖ verify that violations of the Model are effectively and adequately sanctioned.
- ❖ With regard to the care of updating the Model, it must be premised that its adoption and any amendments are the responsibility of the Board of Directors, which is directly responsible for the adoption and effective implementation of the Model.
- ❖ Individual amendments or updates to the protocols or operating procedures may be approved and disseminated by the Head of Department with the prior consent of the Board of Directors; the Supervisory Board must always be informed of such amendments, if they are substantial changes, not related, for instance, to simple organisational changes.

B. As for the task of the Supervisory Board to take care of updating the Model, the relevant activities are as follows:

- ❖ to monitor developments in the relevant legislation;
- ❖ to take appropriate measures to keep the mapping of areas at risk up-to-date, in accordance with the methods and principles followed in the adoption of this Model;
- ❖ to supervise the adequacy and updating of the protocols with respect to the requirements of preventing Offences and verify that each party that contributes to the realisation of the Model is and remains responsive and adequate to the purposes of the Model as identified by the law, to this end making use of the information and cooperation of each Function Manager;
- ❖ indicate to the Board of Directors the need to adopt amendments to the Model;
- ❖ verify the effectiveness and functionality of the amendments to the Model adopted by the Board of Directors.
- ❖ supervise the appropriateness of the system of powers of attorney and proxies in order to ensure the constant effectiveness of the Model and, specifically, to supervise the compliance of the powers conferred by proxy with the rules laid down in art. 16 and 30 of Legislative Decree no. 81 of 2008.

The Supervisory Board adopts its own Regulations, which require, and not limited to, the scheduling and conduct of meetings and voting procedures, as well as the procedure for dealing with reports. The Supervisory Board is bound by a duty of confidentiality with regard to all information that it becomes aware of through the performance of its duties. Such information may only be disclosed to the persons and in the manner stated in this Model.

4.4. THE CONTROL METHODS

The Supervisory Board meets at least every four months to perform the following activities:

- activation of control procedures, with the possibility of making use of the appropriate proxies of functions, where these are necessary for the purposes of more specific and detailed monitoring of individual activities. However, even for those areas with a higher risk, primary responsibility for the control of activities will remain with the operational management on the basis of the specific delegations of authority that form part of the company's internal process;
- recognition of the Company's activities for the purpose of the updated mapping of areas of activity at risk within the context of the Company;
- implementation of appropriate initiatives for the dissemination of knowledge and understanding of the Model;
- collaboration in the preparation of internal organisational documentation necessary for the functioning of the Model, including instructions, procedures, clarifications and updates;
- processing and storage of information relating to compliance with the Model, and the indication of a list of information that must be mandatorily sent to the SB, and in any case kept at its immediate disposal;
- ramified coordination with all other functions of the Company for the best monitoring of activities in risk areas;
- control of the actual presence and regular maintenance of the documentation required

in accordance with the provisions of the Special Section of the Model for the different types of offences;

- detection of alleged violations of the provisions of the Model or of Legislative Decree no. 231/2001;
- adoption of the most appropriate measures, including disciplinary measures and sanctions, aimed at avoiding, repressing and reducing conduct contrary to the provisions of the Model;
- notification to the competent bodies of any deficiencies in the Model and proposals for its amendment or improvement;
- effective coordination with the heads of the other functions of the Company, for all the various aspects relating to the implementation of the Model;
- periodic and targeted checks on individual activities and on the concrete ways in which operations and procedures are carried out within the Company.

The indications and directives expressed by the SB, for the areas within its competence, must always be duly taken into account by the Company's top management in the performance of its functions relating to the application of the Model.

4.5. TYPES OF CONTROLS

With regard to the monitoring and updating functions assigned to the SB, the Model will be subject to a series of checks, on acts, procedures and reports.

The results of this verification activity shall be noted in the annual report prepared by the SB

and submitted to the Board of Directors.

4.6. REPORTING OBLIGATIONS TO AND FROM THE SB

In order to guarantee its full autonomy and independence in the performance of its functions, the Supervisory Board reports directly to the Company's Board of Directors. At least once a year, the Supervisory Board submits a written report to the Board of Directors on its activities and the schedule of activities planned for the following year.

The subject of the reporting is:

- the activities carried out by the Supervisory Board;
- any criticalities that have emerged both in terms of conduct or events within the Company and in terms of the effectiveness of the MOG;
- any suggestions for improvement.
- In general, the Supervisory Board consults with the competent Functions in the Company for the various specific profiles, namely for:
 - interpreting the relevant legislation;
 - determining the content of contractual clauses;
 - modifying or integrating the mapping of sensitive processes;
 - staff training and disciplinary proceedings;
 - fulfilments that may be relevant to the commission of corporate offences;
 - controlling financial flows.

Any information concerning the implementation of the Model in the areas of activity at risk

and any violation of its provisions must be brought to the attention of the SB.

The SB may request any information or documentation related to its role as control body, from the Board of Directors, other corporate bodies, managers and employees. They are obliged to comply with every request of the SB with the utmost care, promptness and completeness.

4.7. WHISTLEBLOWING

On 29 December 2017, Law no. 179 concerning 'Provisions for the protection of the authors of reports of offences or irregularities of which they have become aware in the context of a public or private employment relationship'. The law aims to incentivise the cooperation of workers to encourage the emergence of corrupt phenomena within public and private institutions. As far as the private sector is concerned, article 2 of Law 179/17 intervenes on Decree 231 and inserts a new provision in Article 6 ('Persons in top management positions and organisational models of the institution') that frames measures related to the submission and management of reports within the scope of Model 231. Consequently, the law requires companies that adopt the Model to also implement the new measures. In particular, in order to be considered suitable and effective, Model 231 must lay down the following additional measures - one or more channels enabling the persons indicated in article 5, paragraph 1, letters a) and b) to submit, in order to protect the integrity of the institution, circumstantiated reports of unlawful conduct, relevant under this decree and based on precise and concordant factual elements, or of violations of the institution's organisational and management Model, of which they have become aware through the

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performed functions; these channels guarantee the confidentiality of the identity of the reporting party in the management of the report - at least one alternative reporting channel capable of guaranteeing, electronically, the confidentiality of the reporting party's identity;

- The prohibition of retaliatory or discriminatory acts, whether direct or indirect, against the reporting party for reasons directly or indirectly linked to the report;
- in the disciplinary system adopted pursuant to paragraph 2, letter e), sanctions against those who breach the measures for the protection of the reporting party, as well as against those who make reports with malice or gross negligence that prove to be unfounded.

The reporting or whistle-blowing employee may not be sanctioned, demoted, dismissed, transferred, or subjected to any other organisational measure having a direct or indirect negative effect on his/her work conditions as a result of the report.

The purpose of this Whistleblowing Policy (hereinafter the "Policy") is to regulate the process of receiving, analysing and processing reports, whether sent or transmitted by anyone, including anonymously. The recipients of this procedure are:

- persons holding positions of representation, administration or management of the Company or of one of its organisational units with financial and functional autonomy, as well as persons exercising, including de facto, the management and control thereof;
- the Company's employees, at any level and under any type of contractual relationship, including those seconded abroad to carry out the activity;
- persons who, although not belonging to Emilcotoni SpA, are mandated by it;
- external associates, business partners.

Recipients who are aware of facts that are potentially the subject of a report are invited

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to report them promptly through the methods described below, refraining from taking autonomous initiatives of analysis and/or investigation.

Reports must be made in a spirit of responsibility, be of interest to the common good, and fall within the types of non-compliance that the system has been implemented for.

Emilcotoni SpA and the SB shall put in place adequate safeguards to ensure that company computer systems cannot trace and identify such reports.

No retaliation or discrimination, direct or indirect, may result against anyone who has made a report in good faith, and sanctions are provided for those who breach the reporting party protection measures. Sanctions shall be imposed on the reporting party, where possible, in the event of reports made with malice or gross negligence or which prove to be false, unfounded, defamatory or in any case made with the sole purpose of harming the Company, the whistleblower or other persons concerned by the report; the Company may take appropriate action in any competent court.

The mere report is not sufficient to initiate any disciplinary proceedings against the reported party but will allow, following concrete findings concerning the report, to proceed with the investigative activity.

The reported party may be contacted and given the opportunity to provide any necessary clarification.

The methods adopted by Emilcotoni SpA, also in compliance with the recent dictate of Legislative Decree 24/23, include:

a) the definition of channels enabling senior persons and persons subject to the direction of others to submit, in order to protect the integrity of the Company, circumstantiated reports

of unlawful conduct, based on precise and concordant elements of fact, or of breaches of the MOG, that they have become aware of through their duties.

Reports must be in writing and may be submitted, possibly anonymously:

- in hard copy, to the address of Emilcotoni SpA, Viale dell'Industria 12, Piacenza, to the attention of the Supervisory Board;
- by e-mail, to odv@emilcotoni.it made available exclusively to the Supervisory Board. This mode is suitable for guaranteeing the confidentiality of the reporter's identity;
- through the anonymous digital reporting platform provided by Galli Data Service Srl.

5. THE DISCIPLINARY SYSTEM

5.1. GENERAL PRINCIPLES

In order for the Model to be effectively operational, it is necessary to adopt a disciplinary system capable of sanctioning violations of the provisions contained in the Model. Given the seriousness of the offences relevant for the purposes of the administrative liability of Institutions, any failure to comply with the Model damages the relationship of trust established with the employee, requiring the initiation of disciplinary action regardless of the conduct and outcome of any criminal proceedings initiated by the judicial authorities, in the event that the conduct to be censured constitutes an offence or administrative offence relevant for the purposes of the administrative liability of the Institutions.

5.2. THE CRITERIA FOR ASSESSING VIOLATION

The type and amount of each of the following sanctions vary in relation to each other:

- the intentionality of the conduct or the degree of negligence, imprudence or recklessness with regard also to the foreseeability of the event (art. 2086, 2094, 2106 civil code);
- the overall conduct of the employee, with particular regard to the existence or otherwise of disciplinary precedents of said individual, to the extent permitted by law;
- to the worker's duties;
- the functional position of the persons involved in the facts constituting the violation;
- any circumstances accompanying the disciplinary offence.

This is without prejudice to Emilcotoni SpA's prerogative to claim compensation for damages resulting from an employee's breach of the Model.

As regards the investigation of breaches, disciplinary proceedings and the imposition of sanctions, the powers already conferred, within the limits of the respective delegated powers and competences, on the Company's management remain valid.

The Company shall bring the Model to the knowledge of employees, through the most appropriate means, and shall adequately inform and train them on its contents.

5.3. VIOLATION OF THE MODEL

In accordance with the principle of peremptory nature and with the aim of making the prohibited conduct immediately intelligible, the main disciplinary offences are specified below:

- violation of the inspiring principles and behavioural criteria laid down in the Code of Ethics and/or of the prohibitions and obligations specifically indicated in the Code of Ethics;
- failure to cooperate with the Supervisory Board or its operational staff;
- violation or circumvention of procedures and operational protocols;
- failure or inadequate supervision by hierarchical superiors of compliance with the provisions and procedures laid down in the Code of Ethics and/or the Model by employees;
- commission, even in attempted form, of acts considered by law as offences that may give rise to the liability of the Company pursuant to the Decree;
- the performance of actions or conduct that do not comply with the requirements of the Model, or the omission of actions or conduct prescribed by the Model, in the performance of sensitive or instrumental activities that:
 - expose the Company to an objective situation of risk of one of the offences covered by Legislative Decree no. 231/2001;
 - are unequivocally directed to the commission of one or more offences covered by Legislative Decree no. 231/2001;
 - are such as to lead to the application of sanctions against the Company as set forth in Legislative Decree no. 231/2001.

- The performance of actions or conduct that do not comply with the principles contained in the Code of Ethics, or the omission of actions or conduct prescribed therein, in the performance of sensitive processes or activities related to such processes;
- non-participation in the training and placement programmes set up by the Company in connection with the subject matter;
- failure to report violations of the Model to the Supervisory Board.

5.4. APPLICATION PROCEDURES

Notification of a violation of the Model will be followed by the initiation of the internal investigation procedure. More specifically, upon receiving a report of a breach from parties with a coordinating or supervisory role, and having heard the hierarchical superior of the author of the conduct in question, the bodies appointed for this purpose, in compliance with the procedures laid down in art. 7 of Law No. 300/70 and with the National Collective Labour Agreement applied in the company (see paragraph 5.5, indent 3), shall identify, after analysing the employee's reasons, the disciplinary sanction applicable from those considered by the Model and shall provide for its disbursement.

After the application of the disciplinary sanction, the Supervisory Board will be informed. The Supervisory Board and the persons empowered to do so shall monitor the application of disciplinary sanctions and verify compliance with all legal and contractual requirements relating to the imposition of the disciplinary sanction itself.

5.5. THE EMPLOYEE DISCIPLINARY SYSTEM

According to art. 6, paragraph 2, letter e) and art. 7, paragraph 4, letter b) of the Decree, the definition of an adequate disciplinary system that counteracts and is suitable for sanctioning any violation of the Model and of the company procedures that refer to it, by persons in top positions and/or persons subject to the direction and supervision of others, constitutes an indispensable element of the Model itself and is also an essential condition for guaranteeing its effectiveness. In general terms, the provision of sanctions, duly commensurate with the violation committed and endowed with 'deterrence mechanisms', applicable in the event of violation of the Model and of corporate procedures, is intended to contribute, on the one hand, to the efficacy and effectiveness of the Model itself, and, on the other hand, to the effectiveness of the control activity carried out by the Supervisory Board.

Violation of the individual provisions and rules of conduct set out in the Model by EMILCOTONI SpA employees always constitutes a disciplinary offence. It should be noted that these employees are subject to the National Collective Labour Agreement for companies and workers in the Confcommercio service sector (hereinafter referred to simply as 'NCLA'). The measures indicated in the Model, whereby non-compliance is intended to be sanctioned, are communicated by an internal circular to all employees, posted in a place accessible to all and binding on all employees of the Company. Disciplinary measures can be imposed on employees of EMILCOTONI SpA in accordance with art. 7 of law of 20 May 1970, no. 300 (so-called 'Workers' Statute') and any applicable special regulations. For non-managerial employees, these measures are those laid down in the disciplinary rules set out in the NCLA,

namely, depending on the seriousness of the offence:

- ❖ Verbal warning
- ❖ Written warning
- ❖ Fine not exceeding the amount of four hours' pay
- ❖ Suspension from work and pay for up to ten days
- ❖ Dismissal with notice
- ❖ Dismissal without notice.

Whenever a violation of the Model is reported, disciplinary action will be taken to ascertain the violation. In particular, at the assessment stage, the employee will be notified in advance of the charge and will also be granted a reasonable time limit of five days from receipt of the charge in order to defend him/herself. Once the breach has been established, a disciplinary sanction proportionate to the seriousness of the breach committed and any re-offence will be imposed on the perpetrator. It is understood that the procedures, provisions and guarantees set forth in art. 7 of the Workers' Statute and the NCLA, concerning disciplinary measures. As regards the investigation of breaches, disciplinary proceedings and the imposition of sanctions, the powers already conferred, within the limits of the respective delegated powers and competences, on the Emilcotoni SpA.'s management remain valid.

The person responsible for the concrete application of the disciplinary measures described above is the Administrative Body, which shall impose the sanctions upon any report by the Supervisory Board, also after hearing the opinion of the hierarchical superior of the author of the censured conduct. The Supervisory Board must be promptly informed of any act concerning disciplinary proceedings against a worker for breach of this Model, from the

moment of the disciplinary notice, for the assessment under its purview.

5.6. THE DISCIPLINARY SYSTEM AGAINST DIRECTORS AND AUDITORS

In the event of violations of the provisions and rules of conduct of the Model by Directors, the SB and/or the Board of Statutory Auditors may take the appropriate measures in order to adopt the most suitable measures provided for by law.

In the event of violations of the provisions and rules of conduct of the Model by one or more auditors, the Board of Directors, at the request of the Board of Statutory Auditors and/or the Supervisory Board, shall convene the Shareholders' Meeting in order to adopt the most appropriate measures provided for by law.

5.7. THE SANCTIONS REGISTER

The administrative penalties for administrative offences dependent on crime are:

- I. financial penalties;*
- II. disqualifying sanctions;*
- III. confiscation of assets;*
- IV. publication of the judgment.*

I. The judge determines the fine taking into account the seriousness of the fact, the degree of liability of the Company, as well as the activity carried out by it to eliminate or mitigate the consequences of the fact or to prevent the commission of further offences.

The fine is reduced if:

- the offender committed the offence primarily in his/her own interest or in the interest of third parties and the company did not derive any or a minimal advantage from it;
- the pecuniary damage caused is particularly tenuous;
- the company has fully compensated the damage and eliminated the harmful or dangerous consequences of the offence or has in any event taken effective steps to do so;
- the company has adopted and implemented an organisational model capable of preventing offences of the kind that have occurred.

// The disqualifying sanctions (from carrying out activities; suspension or revocation of authorisations, licences or concessions functional to the commission of the offence; prohibition from negotiating with the public administration; exclusion from incentives, financing, contributions and subsidies, as well as the revocation of those already granted; prohibition from advertising goods or services) are applied when at least one of the following conditions is met:

- the company has derived a significant profit from the offence - committed by one of its employees or by a person in a top position - and the commission of the offence was determined or facilitated by serious organisational deficiencies;
- in the event of repeated offences.

If the prerequisites exist for the application of a disqualification sanction causing the interruption of the company's activity, the judge, instead of the application of the sanction, may order the continuation of the company's activity by a commissioner for a period equal to the duration of the disqualification sanction that would have been applied.

III. The judgment shall always order the confiscation of the price or profit of the offence or of goods or other equivalent benefits, except for the part that can be returned to the injured party. The rights acquired by third parties in good faith are not affected.

IV. The publication of the judgment may be ordered when a disqualification sanction is imposed on the Company.

5.8. CHANGES TO THE SYSTEM OF SANCTIONS

All amendments to this sanctions system must be adopted by the Board of Directors after obtaining the opinion of the Supervisory Board.

The amendments shall be brought to the attention of all persons that the provisions contained therein apply to, including through publication on the Company's personnel portal and through posting on the notice board or by any other means deemed appropriate.

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CODE OF ETHICS AND CODE OF CONDUCT

Please consult the following links to the website to access the Code of Ethics and the Code of Conduct of Emilcotoni S.p.A.

CODE OF ETHICS

<https://www.emilcotoni.it/wp-content/uploads/2024/05/Emilcotoni-Code-of-Ethics.pdf>

CODE OF CONDUCT

<https://www.emilcotoni.it/wp-content/uploads/2024/05/Emilcotoni-Code-of-Conduct.pdf>

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