

Loro Piana

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

PURSUANT TO LEGISLATIVE DECREE 231/2001

ADOPTED BY

Loro Piana S.P.A.

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

PURSUANT TO LEGISLATIVE DECREE NO. 231 DATED 8 JUNE 2001

ADOPTED BY

LORO PIANA S.P.A.

VERSION	DATE	SCOPE OF THE MEASURE
0	24 March 2017	Approval and adoption of the Model by the Board of Directors
1	28 March 2019	Update to the Model: - Law 199/2016 date 29 October 2016 ("*anti-caporalato*") – Provisions on combating illegal labour-undeclared work - Legislative Decree No. 38/2017 dated 15 March 2017 – Amendment to the legislation on combating private sector corruption - Legislative Decree 90/2017 dated 25 May 2017 – Removal of the anti-money laundering reporting obligation for the Supervisory Board - Law 103/2017 dated 23 June 2017 – Amendments to the rules on the limitation period for a series of Violations against the public administration under Legislative Decree 231/2001 - Act No. 161/2017 dated 17 October 2017 (new Anti-Mafia Code) – Introduction of two new Violations related to the facilitation of illegal immigration under Article 25-*quodecies* , Legislative Decree 231/2001 ("Employment of third-country nationals whose stay is irregular") - Law No. 167 dated 20 November 2017 – Introduction of the new Article 25-*terdecies* to Legislative Decree No. 231 dated 2001 "Racism and xenophobia" - Act No. 179 dated 30 November 2017 ("Whistleblowing") – Provisions for the protection of persons reporting Violations or irregularities of which they have become aware in the course of their employment - Legislative Decree 21/2018 dated 1 March 2018 – Repeal of Article 260 , Legislative Decree 152/2006 and its replacement with the new Article 452-*quaterdecies* of the Criminal Code "Organised activities for the illicit trafficking of waste"; Repeal of Article 3 of Law 654/1975 and its replacement with the new Article 604-bis of the Criminal Code: "Propaganda and incitement to commit Violations on grounds of racial, ethnic or religious discrimination" - Law 3/2019 dated 9 January 2019 – Introduction of Article 346-*bis* of the Criminal Code "Trafficking in unlawful influence" into Article 25 , Legislative Decree 231/2001 - Adoption of a new Code of Ethics
2	28 February 2022	Update to the Model: - Law No. 157/2019 dated 19 November 2019 – Introduction of the new Article 25-*quinquiesdecies* to Legislative Decree No. 231/2001 "Tax Offenses" - Legislative Decree 75/2020 dated 14 July 2020 – Transposition of the "PIF Directive" (EU Directive 2017/1371), resulting in the extension of the Violations covered by Article 25-*quinquiesdecies* and the introduction of the new Article 25-*sexiesdecies* to Legislative Decree 231/2001 "Smuggling"

3	3 February 2026	Update of the General Section of Model 231 governing the following: - Legislative Decree 184/2021 dated 8 November 2021 – Introduction of the new Article 25-octies.1 to Legislative Decree 231/2001 "Violations related to non-cash payment instruments" - Legislative Decree No. 195/2021 dated 8 November 2021 – Transposition of Directive (EU) 2018/1673 on combating money laundering through criminal law, which amended the Violations envisaged in Article 25-*octies,* Legislative Decree No. 231/2001 - Act No. 238/2021 dated 23 December 2021 – Amendments to certain Violations envisaged in Articles 24-bis, 25-*quinquies* and 25-*sexies*, Legislative Decree No. 231/2001 - Law 22/2022 dated 9 March 2022 – Introduction of new Articles 25-*septiesdecies* and 25-d*uodevicies* to Legislative Decree 231/2001 "Violations against cultural assets" and "Laundering of cultural property, the devastation and looting of cultural and landscape assets" - Law No. 25 dated 28 March 2022 – Amendments to Violations envisaged in Article 24 , Legislative Decree No. 231, year 2001 - Legislative Decree 156/2022 dated 4 October 2022, which provided (under Article 5(1)) for the amendment of Article 25-*quinquiesdecies* (1-*bis*) - Legislative Decree 19/2023 dated 2 March 2023 – Introduction into Article 25-*ter*, Legislative Decree 231/2001 governing false or omitted declarations related to the issue of the preliminary certificate - Act No. 93/2023 dated 14 July 2023 – Amendment to Article 171-*ter* of Act No. 633/1941, envisaged in Article 25-*novies* , Legislative Decree No. 231/2001 - Law 137/2023 dated 9 October 2023 – Reformulation and tightening of the penalty regime for environmental Violations envisaged in Article 25-*undecies* , Legislative Decree 231/2001 - Law 137/2023 dated 9 October 2023 – Introduction into Article 25 , Legislative Decree 231/2001 of the Violations envisaged in Articles 353 of the Criminal Code ("Interference with the freedom of public auctions") and 353-*bis* of the Criminal Code ("Interference with the freedom of the contractor selection procedure") - Law No. 137 dated 9 October 2023 – Amendment to Article 25-*octies*.1 , Legislative Decree 231/2001 "Violations related to non-cash payment instruments and fraudulent transfer of funds" with the introduction, in paragraph 2-*bis*, related to such offense of "Fraudulent transfer of funds" envisaged in Article 512-*bis* of the Italian Criminal Code - Law 6/2024 dated 22 January 2024 – Amendment to Article 25-*septiesdecies*, Legislative Decree 231/2001 "Violations against cultural assets", which narrowed the degree of punishing such offense of "Destruction, dispersal, deterioration, defacement, soiling and illegal use of cultural or landscape assets" envisaged in Article 518-*duodecies* of the Criminal Code, previously a predicate offense - Law 90/2024 dated 28 June 2024 – Amendment to Article 24-bis , Legislative Decree 231/2001 "Cybercrimes and unlawful data processing" with the introduction, in paragraph 1-*bis*, of such offense of "Cyber-extortion" envisaged in Article 629, paragraph 3, of the Criminal Code

		- Law No. 112 dated 8 August 2024 – Amendment to Article 25 , Legislative Decree No. 231--2001 governing "Embezzlement, misappropriation of money or movable property, extortion, undue inducement to give or promise benefits, and corruption" through the introduction of such offense of "Misappropriation of money or movable property" envisaged in Article 314-*bis* of the Criminal Code and the repeal of such offense of "Abuse of office" envisaged in Article 323 of the Criminal Code. - Legislative Decree 141/2024 dated 26 September 2025 – Amendment to Article 25-sexiesdecies , Legislative Decree 231/2001 "Smuggling" through the rationalisation of predicate Violations related to smuggling, the revision of the relevant system of penalties, and the extension of the list of predicate offenses related to excise duties - Law 82/2025 dated 6 June 2025 – Introduction of Article 25 *undeviecies,* Legislative Decree 231/2001 "Cruelty to Animals", which refers to the "Killing of animals" envisaged in Article 544-*bis* of the Criminal Code, "Cruelty to animals" envisaged in Article 544-*ter* of the Criminal Code, "Prohibited shows or events" as envisaged in Article 544-*quater* of the Criminal Code, "Prohibition of animal fighting" as envisaged in Article 544-*quinquies*, and "Killing of animals or causing harm to others" as envisaged in Article 638 of the Criminal Code. - Law 147/2025 dated 3 October 2025 – Amendment to Article 25-*undecies* , Legislative Decree 231/2001 "Environmental Offenses" with the revision of the relevant system of penalties and the introduction of the "Obstruction of inspection" offenses envisaged in Article 452-*septies* of the Italian Criminal Code, "Failure to Remediate" as envisaged in Article 452-*terdecies* of the Criminal Code, "Illegal disposal of non-hazardous waste in specific cases" as envisaged in Article 255-*bis* , Legislative Decree 152/2006, "Illegal disposal of hazardous waste", as envisaged in Article 255-*te* , Legislative Decree 152/2006, "Illegal incineration of waste", as envisaged in Article 256-*bis* , Legislative Decree 152/2006 - Legislative Decree No. 211 dated 30 December 2025, governing Violations of European Union restrictive measures and the introduction of "Offenses against the European Union's Common Foreign and Security Policy" (CFSP) and related Article 25-*octies*.2, Legislative Decree No. 231/2001 Drafting of a new Special Section for the proceedings: Special Section "U" – Direct Purchases of Non-Fibre Raw Materials, Commercialised Products and External Processing Services Alignment of the Special Sections previously drawn up for specific Offenses with the new Special Section "U": Direct Purchases of Non-Fibre Raw Materials, Commercialised Products and External Processing Services

4	13 March 2026	Update of Special Section “U”: Direct Purchases of Non-Fibre Raw Materials, Commercialised Products and External Processing Services Alignment of the General Section and the Special Sections previously drawn up for the relevant offense with Special Section “U”: Direct Procurement of Non-Fibre Raw Materials, Commercialised Products and External Processing Services

CONTENTS

DEFINITIONS 17

GENERAL SECTION ..... Errore. Il segnalibro non è definito.

1 THE RELEVANTFRAMEWORK: LEGISLATIVE DECREE NO. 231/2001 AND ITS EVOLUTION 19

1.1 Administrative liability for Violations under Legislative Decree No. 231 dated 8 June 2001 19

1.2 The criteria for attributing liability to the Company 19

1.3 Offenses committed abroad 20

1.4 Sanctions 20

1.5 Changes affecting the Company 23

1.6 The defense of the Company 23

1.7 Guidance in the Decree about the characteristics of the Model 24

1.8 The Guidelines drawn up by trade associations 24

2 THE ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF LORO PIANA 24

2.1 The structure of the Model 24

2.2 Objectives pursued by Loro Piana through the adoption of the Model 26

2.3 The Intended Recipients of the Model 26

2.4 The Model and Suppliers 26

2.5 Function and nature of the Model 27

2.6 The Development of the Code 28

2.7 Amendments and additions to the Code 28

2.8 Violations of the Code 29

3 THE ORGANISATIONAL SYSTEM AND GOVERNANCE MODEL OF LORO PIANA 29

3.1 A Brief History of Loro Piana 29

3.2 Loro Piana's Organisational Structure 29

3.3 Loro Piana's *Governance* Model 32

3.4 Intra-group transactions 32

3.5 Loro Piana's management control system 33

4 THE CODE OF ETHICS 33

5 THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM OF LORO PIANA 34

5.1 The objectives 34

5.2 The key players involved in the Internal Control System 34
5.3 The main internal control systems 35
6 THE PROCEDURES 37
7 AUTHORISATION AND SIGNATURE POWERS 38
7.1 General principles 38
7.2 The structure of the system of delegation and powers of attorney in Loro Piana 38
8 LORO PIANA'S SUPERVISORY BODY 39
8.1 Requirements for the Supervisory Board and its composition 39
8.2 Appointment of the Supervisory Board – grounds for termination and duration of the appointment 40
8.3 The duties and powers of the Supervisory Board 41
8.4 The Supervisory Board's Regulations 43
8.5 Information flows related to the Supervisory Board 43
9 COMMUNICATION OF THE MODEL, INFORMATION AND TRAINING FOR RECIPIENTS 46
9.1 Communication of the Code 46
9.2 Training on the Code 47
10 WHISTLEBLOWING 47
10.1 The Whistleblowing Procedure 499
10.2 Disciplinary measures against those responsible for Offenses 49
11 THE DISCIPLINARY AND SANCTIONING SYSTEM 50
11.1 Role of the Disciplinary System 50
11.2 Relevant Conduct 50
11.3 Corporate Bodies 51
11.4 Employees 51
11.5 Suppliers 51
11.6 Sanctions 51
11.7 Sanctions against members of the Corporate Bodies 52
11.8 Sanctions against Employees 52
11.9 Sanctions against Suppliers 53
11.10 Procedure for imposing sanctions on members of the corporate bodies 53
11.11 Procedure for imposing sanctions on employees 53
11.12 Disciplinary measures against the recipients of whistleblowing allegations 54
SPECIAL SECTIONS – PREAMBLE ..... Errore. Il segnalibro non è definito.
1 Sensitive Activities ..... Errore. Il segnalibro non è definito.

2 General principles of conduct and general prevention protocols Errore. Il segnalibro non è definito.

SPECIAL SECTION "A" – CRIMES AGAINST THE PUBLIC ADMINISTRATION..... Errore. Il segnalibro non è definito.

1 The Crimes envisaged in Articles 24 and 25 of the Decree ..... Errore. Il segnalibro non è definito.

1.1 Misappropriation of public funds (Article 316-bis of the Criminal Code).....**Errore. Il segnalibro non è definito.**

1.2 Misappropriation of public funds (Article 316-ter of the Criminal Code).....**Errore. Il segnalibro non è definito.**

1.3 Interference with the freedom of tendering procedures (Article 353 of the Italian Criminal Code) .....**Errore. Il segnalibro non è definito.**

1.4 Interference with the freedom of the contractor selection process (Article 353-bis of the Criminal Code) .....**Errore. Il segnalibro non è definito.**

1.5 Fraud to the detriment of the State or another public body (Article 640, paragraph 2, point 1, of the Italian Criminal Code) .....**Errore. Il segnalibro non è definito.**

1.6 Aggravated fraud to obtain public funds (Article 640-bis of the Italian Criminal Code).....**Errore. Il segnalibro non è definito.**

1.7 Computer fraud (Article 640-ter of the Criminal Code).....**Errore. Il segnalibro non è definito.**

1.8 Corruption .....**Errore. Il segnalibro non è definito.**

1.9 Inciting corruption (Article 322 of the Criminal Code) .....**Errore. Il segnalibro non è definito.**

1.10 Undue inducement to give or promise a benefit (Article 319-quater of the Criminal Code).....**Errore. Il segnalibro non è definito.**

1.11 Trafficking in unlawful influence (Article 346-bis) .....**Errore. Il segnalibro non è definito.**

2 The concepts of Public Administration, Public Official and Public Service Employee Errore. Il segnalibro non è definito.

3 The penalties envisaged in the Decree for Crimes against the Public Administration Errore. Il segnalibro non è definito.

4 Sensitive Activities and Crimes against the Public Administration Errore. Il segnalibro non è definito.

5 Principles of conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

5.1 Principles of conduct .....**Errore. Il segnalibro non è definito.**

5.2 Prevention protocols .....**Errore. Il segnalibro non è definito.**

SPECIAL SECTION "B" – CYBERCRIMES AND UNLAWFUL DATA PROCESSING. Errore. Il segnalibro non è definito.

1 Crimes envisaged in Article *24-bis* of the Decree ..... Errore. Il segnalibro non è definito.

1.1 Unauthorised access to a computer or telecommunications system (Article 615-ter of the Criminal Code) ..... **Errore. Il segnalibro non è definito.**

1.2 Unauthorised possession, dissemination and installation of access codes to computer or telecommunications systems (Article 615-quater of the Italian Criminal Code) ..... **Errore. Il segnalibro non è definito.**

1.3 Unlawful interception, obstruction or interruption of computer or telecommunications communications (Article *617-quater* of the Italian Criminal Code) . **Errore. Il segnalibro non è definito.**

1.4 Unauthorised possession, distribution and installation of equipment and other means designed to intercept, obstruct or interrupt computer or telecommunications communications (Article *617-quinquies* of the Italian Criminal Code) ..... **Errore. Il segnalibro non è definito.**

1.5 Damage to information, data and computer programmes (Article *635-bis* of the Italian Criminal Code) ..... **Errore. Il segnalibro non è definito.**

1.6 Electronic documents (Article *491-bis* of the Italian Criminal Code) ..... **Errore. Il segnalibro non è definito.**

2 The penalties envisaged in the Decree applicable to the Company for computer-related Crimes and unlawful data processing ..... Errore. Il segnalibro non è definito.

3 Sensitive Activities: Computer-related Crimes and unlawful data processing..... Errore. Il segnalibro non è definito.

4 Principles of conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 Principles of conduct ..... **Errore. Il segnalibro non è definito.**

4.2 Prevention protocols ..... **Errore. Il segnalibro non è definito.**

SPECIAL SECTION "C" – CORPORATE CRIMES ..... Errore. Il segnalibro non è definito.

1 Crimes envisaged in Article *25-ter* of the Decree ..... Errore. Il segnalibro non è definito.

1.1 False corporate disclosures (Articles 2621 and 2621-*bis* of the Civil Code).... **Errore. Il segnalibro non è definito.**

1.2 Obstruction of audit (Article 2625, second paragraph, of the Civil Code) ..... **Errore. Il segnalibro non è definito.**

1.3 Unlawful transactions involving shares or equity interests in the company or its parent company (Article 2628 of the Civil Code) ..... **Errore. Il segnalibro non è definito.**

1.4 Unlawful distribution of profits and reserves (Article 2627 of the Civil Code) .. **Errore. Il segnalibro non è definito.**

1.5 Transactions to the detriment of creditors (Article 2629 of the Civil Code) ... **Errore. Il segnalibro non è definito.**

1.6 Fictitious formation of capital (Article 2632 of the Civil Code) ..... **Errore. Il segnalibro non è definito.**

1.7 Obstruction of the exercise of the functions of public supervisory authorities (Article 2638 of the Civil Code) ..... **Errore. Il segnalibro non è definito.**

1.8 Corruption between private individuals (Article 2635, third paragraph, of the Civil Code) ..... **Errore. Il segnalibro non è definito.**

1.9 Inciting corruption between private individuals (Article 2635-bis of the Civil Code) **Errore. Il segnalibro non è definito.**

2 The penalties envisaged in the Decree to be imposed on the Company for corporate Crimes ..... Errore. Il segnalibro non è definito.

3 Sensitive Activities ..... Errore. Il segnalibro non è definito.

4 Principles of conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 Principles of conduct .....**Errore. Il segnalibro non è definito.**

4.2 Prevention protocols .....**Errore. Il segnalibro non è definito.**

SPECIAL SECTION "D" – MANSUEL HOMICIDE AND SERIOUS OR VERY SERIOUS INJURIES COMMITTED IN BREACH OF THE REGULATIONS ON HEALTH AND SAFETY AT WORK ..... Errore. Il segnalibro non è definito.

1 Crimes against the person ..... Errore. Il segnalibro non è definito.

1.1 Manslaughter (Article 589 of the Criminal Code).....**Errore. Il segnalibro non è definito.**

1.2 Negligent causing of bodily harm (Article 590 of the Criminal Code) .....**Errore. Il segnalibro non è definito.**

2 Penalties envisaged in the Decree to be imposed on the Company for Crimes against the Person ..... Errore. Il segnalibro non è definito.

3 Sensitive Activities Crimes against the person..... Errore. Il segnalibro non è definito.

4 Guidelines on conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 General principles of conduct.....**Errore. Il segnalibro non è definito.**

4.2 Prevention Protocols .....**Errore. Il segnalibro non è definito.**

SPECIAL SECTION "E" – CRIMES RELATING TO RECEIVING STOLEN GOODS, MONEY LAUNDERING AND THE USE OF MONEY, AND SELF-LAUNDERING ..... Errore. Il segnalibro non è definito.

1 The Crimes envisaged in Article *25-octies* of the Decree ..... Errore. Il segnalibro non è definito.

1.1 Receiving stolen goods (Article 648 of the Criminal Code).....**Errore. Il segnalibro non è definito.**

1.2 Money laundering (Article *648-bis* of the Italian Criminal Code) ....**Errore. Il segnalibro non è definito.**

1.3 Use of money, property or other benefits of unlawful origin (Article *648-ter* of the Criminal Code) .....**Errore. Il segnalibro non è definito.**

1.4 Self-laundering (Article *648-ter*.1 of the Italian Criminal Code) .....**Errore. Il segnalibro non è definito.**

2 The penalties envisaged in the Decree to be imposed on the Company for the Crimes of receiving stolen goods and money laundering ..... Errore. Il segnalibro non è definito.

3 Sensitive activities relating to handling stolen goods, money laundering, the use of money, and self-laundering ..... Errore. Il segnalibro non è definito.

3.1 Introduction.....**Errore. Il segnalibro non è definito.**

3.2 Sensitive Activities .....**Errore. Il segnalibro non è definito.**

4 Principles of conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 Principles of conduct ..... **Errore. Il segnalibro non è definito.**

4.2 Prevention protocols ..... **Errore. Il segnalibro non è definito.**

SPECIAL SECTION "F" – TRANSNATIONAL CRIMES; ORGANISED CRIME CRIMES ..... Errore. Il segnalibro non è definito.

1 The categories of Transnational Crimes (pursuant to Article 10 of Law No. 146 of 16 March 2006) and Organised Crime Crimes (pursuant to Article *24-ter* of the Decree) ... Errore. Il segnalibro non è definito.

1.1 Criminal association (Article 416 of the Criminal Code) ..... **Errore. Il segnalibro non è definito.**

1.2 Mafia-type organisations, including foreign ones (Article *416-bis* of the Criminal Code) ..... **Errore. Il segnalibro non è definito.**

1.3 Aiding and abetting (Article 378 of the Italian Criminal Code) ..... **Errore. Il segnalibro non è definito.**

2 The sanctions envisaged in the Decree against the Company for transnational Crimes and organised crime Crimes. ..... Errore. Il segnalibro non è definito.

3 Sensitive Activities, Transnational Crimes and Organised Crime. Errore. Il segnalibro non è definito.

3.1 Introduction ..... **Errore. Il segnalibro non è definito.**

3.2 Sensitive Activities ..... **Errore. Il segnalibro non è definito.**

4 General principles of conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 General Principles of Conduct ..... **Errore. Il segnalibro non è definito.**

4.2 Prevention protocols ..... **Errore. Il segnalibro non è definito.**

SPECIAL SECTION "G" – ENVIRONMENTAL CRIMES..... Errore. Il segnalibro non è definito.

1 Crimes envisaged in Article *25-undecies* of the Decree Errore. Il segnalibro non è definito.

1.1 Crimes relating to water protection under Legislative Decree No. 152 of 3 April 2006 ("Environmental Code") ..... **Errore. Il segnalibro non è definito.**

1.2 Crimes envisaged in the Environment Code relating to waste and remediation..... **Errore. Il segnalibro non è definito.**

1.3 Crimes relating to the protection of air and the ozone layer ..... **Errore. Il segnalibro non è definito.**

1.4 Crimes envisaged in the Criminal Code ..... **Errore. Il segnalibro non è definito.**

2 Penalties envisaged in the Decree for environmental Crimes .... Errore. Il segnalibro non è definito.

3 Sensitive Activities and Environmental Crimes..... Errore. Il segnalibro non è definito.

4 Principles of conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 Principles of conduct ..... **Errore. Il segnalibro non è definito.**

4.2 Prevention Protocols ..... **Errore. Il segnalibro non è definito.**

Special SECTION "G" ENVIRONMENTAL CRIMES – Annex "A" Errore. Il segnalibro non è definito.

SPECIAL SECTION "H" – CRIMES AGAINST THE INDIVIDUAL .. Errore. Il segnalibro non è definito.

1 Crimes envisaged in Article *25-quinquies* of the Decree ..... Errore. Il segnalibro non è definito.

1.1 Enslavement or servitude (Article 600 of the Criminal Code) ..... **Errore. Il segnalibro non è definito.**

1.2 Illegal recruitment and labour exploitation (Article 603-bis of the Italian Criminal Code)..... **Errore. Il segnalibro non è definito.**

2 The penalties envisaged in the Decree to be imposed on the Company for Crimes against the individual ..... Errore. Il segnalibro non è definito.

3 Sensitive Activities Crimes against the individual ..... Errore. Il segnalibro non è definito.

4 Guidelines on conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 Guidelines for behaviour ..... **Errore. Il segnalibro non è definito.**

4.2 Prevention protocols ..... **Errore. Il segnalibro non è definito.**

SPECIAL SECTION "I" – EMPLOYMENT OF THIRD-COUNTRY NATIONALS RESIDING ILLEGALLY ..... Errore. Il segnalibro non è definito.

1 The crime envisaged in Article *25-duodecies* of the Decree ..... Errore. Il segnalibro non è definito.

2 The penalties envisaged in the Decree to be imposed on the Company for such offense of employing third-country irregular residents ..... Errore. Il segnalibro non è definito.

3 Sensitive Activities: Offense of Employing Third-Country Nationals Residing Irregularly Errore. Il segnalibro non è definito.

4 Principles of conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 Principles of conduct ..... **Errore. Il segnalibro non è definito.**

4.2 Prevention protocols ..... **Errore. Il segnalibro non è definito.**

SPECIAL SECTION "L" – CRIMES RELATING TO COPYRIGHT INFRINGEMENT .. Errore. Il segnalibro non è definito.

1 Crimes envisaged in Article *25-novies* of the Decree ... Errore. Il segnalibro non è definito.

1.1 Article 171(1)(*a-bis* ..... **Errore. Il segnalibro non è definito.**

1.2 Article *171-bis* of the Copyright Act..... **Errore. Il segnalibro non è definito.**

1.3 Article *171-ter* of the Copyright Act..... **Errore. Il segnalibro non è definito.**

2 The penalties envisaged in the Decree to be imposed on the Company for Crimes relating to copyright infringement..... Errore. Il segnalibro non è definito.

3 Sensitive Activities: Crimes relating to copyright infringement .. Errore. Il segnalibro non è definito.

4 Principles of conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 Principles of conduct ..... **Errore. Il segnalibro non è definito.**

4.2 Prevention protocols ..... **Errore. Il segnalibro non è definito.**

SPECIAL SECTION "M" – CRIMES AGAINST INDUSTRY AND COMMERCE Errore. Il segnalibro non è definito.

1 Crimes envisaged in Article 25-bis1 of the Decree ..... Errore. Il segnalibro non è definito.

1.1 Sale of industrial products bearing false markings (Article 517 of the Criminal Code) ..... **Errore. Il segnalibro non è definito.**

1.2 Fraud in the course of trade (Article 515 of the Criminal Code)..... **Errore. Il segnalibro non è definito.**

1.3 Manufacture and trade in goods by misappropriating industrial property rights (Article 517-ter of the Italian Criminal Code) ..... **Errore. Il segnalibro non è definito.**

2 The penalties envisaged in the Decree to be imposed on the Company for Crimes against Industry and Trade ..... Errore. Il segnalibro non è definito.

3 Sensitive Activities: Crimes against Industry and Trade Errore. Il segnalibro non è definito.

4 Principles of conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 Principles of conduct ..... **Errore. Il segnalibro non è definito.**

4.2 Prevention protocols ..... **Errore. Il segnalibro non è definito.**

SPECIAL SECTION "N" – CRIMES OF FALSIFICATION ..... Errore. Il segnalibro non è definito.

1 The Crimes envisaged in Article *25-bis* of the Decree. . Errore. Il segnalibro non è definito.

1.1 The circulation and importation into the country, without collusion, of counterfeit coins (Article 455 of the Criminal Code)..... **Errore. Il segnalibro non è definito.**

2Penalties envisaged in the Decreeimposed on the Company for Crimes of forgery ..... Errore. Il segnalibro non è definito.

3 Sensitive Activities: Crimes of Forgery ..... Errore. Il segnalibro non è definito.

4 Principles of conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 Principles of conduct ..... **Errore. Il segnalibro non è definito.**

4.2 Prevention protocols ..... **Errore. Il segnalibro non è definito.**

SPECIAL SECTION "O" – CRIMES OF INDUCING A PERSON NOT TO MAKE STATEMENTS OR TO MAKE FALSE STATEMENTS TO THE JUDICIAL AUTHORITIES ... Errore. Il segnalibro non è definito.

1 Crimes envisaged in Article *25-decies* of the Decree .... Errore. Il segnalibro non è definito.

1.1 Inducement not to make statements or to make false statements to the judicial authorities (Article 377-bis of the Criminal Code) ..... **Errore. Il segnalibro non è definito.**

2 The penalties envisaged in the Decree against the Company for such offense of incitement. ..... Errore. Il segnalibro non è definito.

3 Sensitive activities: Crimes of Inducement ..... Errore. Il segnalibro non è definito.

SPECIAL SECTION "P" – RACISM AND XENOPHOBIA ..... Errore. Il segnalibro non è definito.

1 Crimes envisaged in Article *25-terdecies* of the Decree Errore. Il segnalibro non è definito.

1.1 Racism and Xenophobia (Article 5(2) of Law 167/2017) .....**Errore. Il segnalibro non è definito.**

2 The penalties envisaged in the Decree to be imposed on the Company for such offense of racism and xenophobia. ..... Errore. Il segnalibro non è definito.

3 Sensitive Activities: Crimes of Racism and Xenophobia Errore. Il segnalibro non è definito.

SPECIAL SECTION "Q" – TAX CRIMES ..... Errore. Il segnalibro non è definito.

1 Crimes envisaged in Article *25-quinquiesdecies* of the Decree ... Errore. Il segnalibro non è definito.

1.1 Fraudulent declarations using invoices or other documents relating to non-existent transactions (Article 2, paragraph 1 and paragraph 2-bis , Legislative Decree 74/2000)....**Errore. Il segnalibro non è definito.**

1.2 Fraudulent declaration by other means (Article 3 , Legislative Decree 74/2000) ....**Errore. Il segnalibro non è definito.**

1.3 Untruthful declaration (Article 4 , Legislative Decree 74/2000).....**Errore. Il segnalibro non è definito.**

1.4 Failure to make a declaration (Article 5 , Legislative Decree 74/2000) .....**Errore. Il segnalibro non è definito.**

1.5 Issuing invoices or other documents for non-existent transactions (Article 8, paragraph 1 and paragraph 2-bis , Legislative Decree 74/2000) .....**Errore. Il segnalibro non è definito.**

1.6 Concealment or destruction of accounting documents (Article 10 , Legislative Decree 74/2000)**Errore. Il segnalibro non è definito.**

1.7 Unlawful offsetting (Article 10-quater , Legislative Decree 74/2000) .....**Errore. Il segnalibro non è definito.**

1.8 Fraudulent evasion of tax payments (Article 11, paragraphs 1 and 2 , Legislative Decree 74/2000) .....**Errore. Il segnalibro non è definito.**

2 The penalties envisaged in the Decree to be imposed on the Company for tax Crimes Errore. Il segnalibro non è definito.

3 Sensitive Activities and Tax Crimes ..... Errore. Il segnalibro non è definito.

4 Principles of conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 Principles of conduct .....**Errore. Il segnalibro non è definito.**

4.2 Prevention protocols .....**Errore. Il segnalibro non è definito.**

SPECIAL SECTION "R" – SMUGGLING CRIMES ..... Errore. Il segnalibro non è definito.

1 Crimes envisaged in Article 25-sexiesdecies of the Decree ..... Errore. Il segnalibro non è definito.

1.1 Smuggling in the movement of goods across land borders and through customs areas (Article 282 of Presidential Decree No. 43/1973) ..... **Errore. Il segnalibro non è definito.**

1.2 Smuggling of goods across border lakes (Article 283 of Presidential Decree No. 43/1973)..... **Errore. Il segnalibro non è definito.**

1.3 Smuggling in the maritime movement of goods (Article 284 of Presidential Decree No. 43/1973) ..... **Errore. Il segnalibro non è definito.**

1.4 Smuggling in the movement of goods by air (Article 285 of Presidential Decree No. 43/1973) **Errore. Il segnalibro non è definito.**

1.5 Smuggling through the unauthorised use of goods imported under customs concessions (Article 287 of Presidential Decree No. 43/1973) ..... **Errore. Il segnalibro non è definito.**

1.6 Smuggling in customs warehouses (Article 288 of Presidential Decree No. 43/1973)..... **Errore. Il segnalibro non è definito.**

1.7 Smuggling in the export of goods eligible for duty drawback (Article 290 of Presidential Decree No. 43/1973) ..... **Errore. Il segnalibro non è definito.**

1.8 Smuggling in connection with temporary importation or exportation (Article 291 of Presidential Decree No. 43/1973) ..... **Errore. Il segnalibro non è definito.**

1.9 Other cases of smuggling (Article 292 of Presidential Decree No. 43/1973) .**Errore. Il segnalibro non è definito.**

1.10 Aggravating circumstances in smuggling (Article 295 of Presidential Decree No. 43/1973)..... **Errore. Il segnalibro non è definito.**

2 Penalties envisaged in the Decree to be imposed on the Company for Crimes of smuggling ..... Errore. Il segnalibro non è definito.

3 Sensitive Activities: Crimes of smuggling ..... Errore. Il segnalibro non è definito.

4 Principles of conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 Principles of conduct ..... **Errore. Il segnalibro non è definito.**

4.2 Prevention protocols ..... **Errore. Il segnalibro non è definito.**

SPECIAL SECTION "S" – CRIMES RELATING TO NON-CASH PAYMENT INSTRUMENTS AND FRAUDULENT TRANSFER OF ASSETS ..... Errore. Il segnalibro non è definito.

1 Crimes envisaged in Article *25-octies*.1 of the Decree . Errore. Il segnalibro non è definito.

1.1 Unauthorised use and forgery of non-cash payment instruments (Article 493-ter of the Criminal Code) ..... **Errore. Il segnalibro non è definito.**

1.2 Possession and distribution of equipment, devices or computer programmes intended for the commission of Crimes relating to non-cash payment instruments (Article 493-quater of the Criminal Code) ..... **Errore. Il segnalibro non è definito.**

1.3 Fraudulent transfer of funds (Article 512-bis of the Italian Criminal Code) ...**Errore. Il segnalibro non è definito.**

1.4 Computer fraud aggravated by the transfer of money, monetary value or virtual currency (Article *640-ter*, paragraph 2 of the Italian Criminal Code) .....**Errore. Il segnalibro non è definito.**

1.5 Any other offense against public trust, against property or which in any way infringes upon property as envisaged in the Criminal Code, involving payment instruments other than cash, unless the act constitutes another administrative offense subject to more severe penalties under Legislative Decree 231/2001 (Article *25-octies.*1, paragraph 2 , Legislative Decree 231/2001) ..**Errore. Il segnalibro non è definito.**

2 The penalties envisaged in the Decree to be imposed on the Company for Crimes relating to payment instruments other than cash and the fraudulent transfer of funds Errore. Il segnalibro non è definito.

3 Sensitive Activities: Crimes relating to non-cash payment instruments and the fraudulent transfer of funds ..... Errore. Il segnalibro non è definito.

4 Guidelines on conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 Guidelines for behaviour .....**Errore. Il segnalibro non è definito.**

4.2 Prevention protocols .....**Errore. Il segnalibro non è definito.**

SPECIAL SECTION "T" – CRIMES AGAINST CULTURAL ASSETS Errore. Il segnalibro non è definito.

1 The Crimes envisaged in Articles 25-septiesdecies and 25-duodevicies of the Decree Errore. Il segnalibro non è definito.

1.1 Destruction, dispersal, deterioration, defacement, soiling and unlawful use of cultural or landscape assets (Article *518-duodecies* of the Criminal Code) .....**Errore. Il segnalibro non è definito.**

1.2 Devastation and looting of cultural and landscape assets (Article 518-terdecies of the Criminal Code) .....**Errore. Il segnalibro non è definito.**

2 The penalties envisaged in the Decree applicable to the Company for Crimes against cultural assets..... Errore. Il segnalibro non è definito.

3 Sensitive Activities Crimes against cultural assets ..... Errore. Il segnalibro non è definito.

4 Principles of conduct and prevention protocols ..... Errore. Il segnalibro non è definito.

4.1 Principles of conduct .....**Errore. Il segnalibro non è definito.**

4.2 Prevention protocols .....**Errore. Il segnalibro non è definito.**

SPECIAL SECTION "U" – DIRECT PURCHASES OF NON-FIBRE RAW MATERIALS, COMMERCIAL PRODUCTS AND OUTSOURCED MANUFACTURING SERVICES Errore. Il segnalibro non è definito.

1. Purpose ..... Errore. Il segnalibro non è definito.

2. Definitions ..... Errore. Il segnalibro non è definito.

3. Processes and Activities Sensitive to Potential '231 Risk' ..... Errore. Il segnalibro non è definito.

4. Potentially Relevant Criminal Crimes and Administrative Crimes.. Errore. Il segnalibro non è definito.

5. Scope of application..... Errore. Il segnalibro non è definito.

6. Principles of conduct ..... Errore. Il segnalibro non è definito.

7. Control measures ..... Errore. Il segnalibro non è definito.

7.1 Qualification, Contractual Arrangements and Monitoring of Supply Chain ..... Errore. Il segnalibro non è definito.

7.1.1 Issuing of Purchase Requests ..... Errore. Il segnalibro non è definito.

7.1.2 Sourcing ..... Errore. Il segnalibro non è definito.

7.1.3 Supplier Qualification and Master Data Management ..... Errore. Il segnalibro non è definito.

7.1.4 Contractualisation ..... Errore. Il segnalibro non è definito.

7.1.5 Setting the price list ..... Errore. Il segnalibro non è definito.

7.1.6 Monitoring of qualified supply chain ..... Errore. Il segnalibro non è definito.

7.2 Management of accounts payable obligations ..... Errore. Il segnalibro non è definito.

7.2.1 Order placement ..... Errore. Il segnalibro non è definito.

7.2.2 Receipt of goods ..... Errore. Il segnalibro non è definito.

7.2.3 Accounting ..... Errore. Il segnalibro non è definito.

7.2.4 Payment ..... Errore. Il segnalibro non è definito.

8. Information flows to the Supervisory Board ..... Errore. Il segnalibro non è definito.

ANNEX 1 – Types of Crimes governed by the Decree ..... Errore. Il segnalibro non è definito.

ANNEX 2 – Code of Ethics of Loro Piana S.p.A. ..... Errore. Il segnalibro non è definito.

ANNEX 3 – List of relevant procedures under Model 231 ..... Errore. Il segnalibro non è definito.

DEFINITIONS

Sensitive Activities: operations that may entail even a potential risk of committing Offenses;

Anti-Corruption Charter : the document herein envisages a set of rules of conduct applicable to all employees and therefore represents the framework for the prevention of corruption. The Anti-Corruption Charter is based on the mapping of corruption and influence-peddling risks relating to the entire LVMH Group; it provides tangible examples to describe and illustrate the various types of behaviour to be avoided, as well as guidance on the actions employees should take. The document also outlines the Group's governance system, designed to foster a strong ethical culture and implement a robust anti-corruption compliance programme;

Code of Ethics/Code: a document envisages the values, principles of conduct and ethical standards that guide the actions of all LVMH Group employees and partners, which Loro Piana has adopted in full, as stated in Annex 2;

Code of Conduct for Suppliers and Business Partners : the Code of Conduct/Ethics specifically designed for all Business Partners of the LVMH Group (as way of example service providers, distributors, manufacturers, lessors or any other third party bound by a commercial relationship with any company within the Group, as well as their subcontractors), who are required to sign and comply with it for the duration of the supply relationship or contract, as stated in paragraph 2.4 below;

Board of Directors / Board of Directors : the members of the Board of Directors of Loro Piana;

Decree : Legislative Decree No. 231 dated 8 June 2001;

Recipients : the persons required to apply and comply with the Model, as defined in paragraph 2.3;

Employees: the managers and other employees of Loro Piana, including those on secondment abroad;

Company / Companies : all companies with legal personality, organisations and associations, including those without legal personality;

Group / LVMH Group : the multinational LVMH Group which Loro Piana is part of;

Administrative offense under Decree **231 (or " Offense** under Decree **231 ")**: a breach envisaged and punishable under the Decree, which gives rise to criminal liability on part of the legal persons in cases where a representative of the Company, in the course of business activities, commits a "predicate offense" (see definition) in the interest or for the benefit of the Company (and where the objective and subjective criteria for attribution envisaged in Articles 5, 6 and 7 of the Decree, as stated in this Special Section, are met).

Guidelines: the "Guidelines for the establishment of organisational, management and control models pursuant to Legislative Decree No. 231 dated 8 June 2001" issued by the Association of Italian Industrial Employers (Confindustria), approved on 7 March 2002 and updated in 2014 and, most recently, in June 2021;

Loro Piana/Company : Loro Piana S.p.A.;

Model : organisational, management and control model pursuant to the Decree;

Supervisory Board (Organismo di Vigilanza): the body of the Company as envisaged in Article 6 of the Decree, endowed with autonomous powers of initiative and control, entrusted with the task of supervising the functioning of and compliance with the Model, as well as ensuring its updates;

Corporate Body/Bodies : the Board of Directors and the Board of Statutory Auditors;

General Section : the section of the Model that describes the set of principles, rules and safeguards adopted by Loro Piana to prevent the commission of Offenses envisaged in the Decree. It includes, amongst other things, a description of the Company's governance model, the identification of the Recipients and the rules governing the flow of information to and from the Supervisory Board, the Whistleblowing System and the Disciplinary System, as well as the procedures for disseminating, updating and providing training on the Model itself;

Special Section(s): the documents that form an integral part of the Model, aimed at (i) documenting the analysis of potential risks, (ii) describing the preventive control system and (iii) listing the codes of conduct, as stated in paragraph 2.1;

Procedures: these are designed to regulate conduct in the various operational activities and to enable both preventive and subsequent checks on the correctness of operations, in order to ensure consistent conduct within the Company, in compliance with the regulatory provisions governing its activities;

231 Protocols: codes of conduct which every Recipient of the Model must apply to ensure that the activities governed by the individual Special Section are managed safely with regard to Model 231 Offenses to which they are potentially exposed;

Offense/ Breach: Violations envisaged by the Decree and by the laws to which it refers (so-called "Predicate Offense") which may lead to the Company's liability;

Internal Officer(s) : the person responsible for the corporate function competent in the management of operations relating to Sensitive Activities, as envisaged in paragraph 2 of the Preamble specified within the Special Sections;

SCIGR : the Internal Control and Risk Management System, known by its Italian acronym, is designed to ensure the effective and efficient identification, measurement, management and monitoring of key risks, with a view to contributing to the Company's sustainable success.

Reports to the Supervisory Board : information submitted to the Supervisory Board regarding relevant facts within the remit of the Decree, as defined in paragraph 8.5;

Whistleblowing Allegation(s): this refers to reports made via the secure Alert Line reporting channel for the events envisaged in the LVMH Group's "LVMH Group Alert Policy", fully adopted by the Company

Disciplinary System: as envisaged in Chapter 11;

Whistleblowing System: It manages reports/allegations pursuant to Directive (EU) 2019/1937 and Legislative Decree 24/2023, envisaged in Chapter 10;

Senior Manager(s) : persons holding representative, administrative or managerial positions within the Company, or within one of its units endowed with financial and functional autonomy, as well as natural persons who exercise, even de facto, the management and control of the Companies themselves, and also those delegated to perform management or directorial activities for the Company or its branch offices, such as general managers and plant managers;

Subordinate Person(s) : Subordinate Persons typically include not only employees as defined in Articles 2094 and 2095 of the Civil Code, but also persons outside of the Company who have been entrusted with a task implemented under the direction and supervision of Senior Persons. The definition of Subordinate Persons therefore also includes collaborators, promoters, agents, business brokers and all those who, on the basis of a mandate binding them to the Company, represent it and perform activities in its interest;

Violation(s): any conduct, by one or more Recipients of the Model, which represents a breach of the Model, the Code of Ethics, the rules governing the flow of information to the Supervisory Board and the Whistleblowing System, and the Procedures, as envisaged and governed by the provisions of paragraph 2.8.

The above without prejudice to any further definitions stated in the body of the document herein.

GENERAL SECTION

1 THE REGULATORY FRAMEWORK: LEGISLATIVE DECREE NO. 231/2001 AND ITS EVOLUTION

1.1 Administrative liability for Violations under Legislative Decree No. 231 dated 8 June 2001

On 8 June 2001, the Italian legislature enacted Legislative Decree No. 231 governing the "Regulation of the administrative liability of legal persons, companies and associations, including those devoid of legal personality". The Decree introduced a system of administrative liability for legal entities into the Italian law. However, the State, local authorities, non-economic public bodies and those performing functions of constitutional importance – such as, for example, political parties and trade unions – are excluded from the scope of the Decree.

The liability of the Company is in addition to that of the natural person who actually committed such offense. This liability is, in fact, independent, with the consequence that the Company may be held liable even if the natural person who committed the offense cannot be held responsible or has not been identified.

1.2 The criteria for attributing liability to the Company

Where one of such offenses envisaged in the Decree is committed, the Company may be held liable if certain conditions are met, which may be stated as "criteria for attributing liability to the Company". The criteria for attributing liability to the Company are "objective" and "subjective".

The first objective criterion is that the offense must have been committed by a person linked to the Company by a qualifying relationship.

The Company is, in fact, held liable if, provided the other conditions listed below are met, the offense is committed by:

- Senior Management;
- Subordinates.

A further objective criterion is that the offense must be committed in the interest or for the benefit of the Company.

The Company's interest is deemed to exist when the perpetrator of such offense acted with the intention of benefiting it, regardless of whether that objective was actually achieved. The interest is therefore subjective in nature; it relates to the perpetrator's intent and is assessed at the time the conduct took place. An advantage exists when the Company has had, or could have, a positive result – whether financial or of another nature – from such offense; it is characterised as the totality of benefits – of whatever nature – derived from such offense, which may be assessed after such offense has been committed. The Company's interest and advantage are two alternative criteria, and for the Company held liable, it is sufficient for at least one of the two to be present. The law does not require that the benefit obtained or expected by the Company be necessarily of an economic nature: liability arises not only when the unlawful conduct has resulted in a financial advantage, but also in the absence of such a tangible result, the offense is intended to further the Company's interests, even indirectly.

Such an interest may also arise within a group of companies, as the parent company may be held liable for an offense committed in the course of the subsidiary's business if an interest or benefit to the parent company can also be identified.

However, for the parent company held liable, it is necessary that:

- the parent company's interest or benefit is immediate and direct, even if not of a financial nature;
- the person who contributed to the commission of the offense (with a causally relevant contribution that has been proven in tangible terms) be functionally linked to the parent company.

With regard to Offenses of negligence, such as manslaughter or serious or very serious personal injury committed in breach of the regulations on health and safety at work (pursuant to Article *25-septies* of the Decree) and certain environmental Offenses (pursuant to Article *25-undecies* of the Decree), the interest and/or advantage of the Company shall not relate to the event itself (such as, for example, the death of a worker), but to the conduct giving rise to that event.

Therefore, the interest and/or benefit may be identified, for example, in savings on safety costs, or in the acceleration of service delivery, or in increased productivity resulting from the failure to adopt the necessary accident prevention or environmental safeguards envisaged by law.

The Company, however, is not liable if such offense took place independently of or contrary to its interests, or in the exclusive interest of the perpetrator of such offense or of third parties.
Articles 6 and 7 of the Decree envisaged the criteria for attributing liability to the Company, which vary depending on whether the Offense was committed by a senior officer or a subordinate.
In the event of Offenses committed by senior officers, Article 6 of the Decree envisages a specific form of exemption from the Company's liability, if it is proved by the Company;

- the Company's Board of Directors had adopted and effectively implemented, prior to the commission of such offense, a Model suitable for preventing Offenses of the type that have occurred;
- the task of monitoring the functioning of and compliance with the Model, as well as ensuring it is kept up to date, was entrusted to the Supervisory Board;
- there was no omission or failure on part of the Supervisory Board;
- the persons who committed the offense acted by fraudulently circumventing the measures envisaged in the Model[1] .

The conditions listed above must all be met in order for the Company's liability to be excluded; the exemption from liability therefore depends on it proving it has adopted and effectively implemented a Criminal Behaviour Prevention Model and set up a Supervisory Board.
In the event of Offenses committed by a subordinate, Article 7 of the Decree envisages that the Company will be held liable only if the offense was made possible by a failure to comply with management and supervisory obligations; such failure is deemed not to have occurred if the Company, prior to the commission of such offense, had adopted and effectively implemented a model suitable for preventing Offenses.

1.3 Offenses committed abroad

Pursuant to Article 4 of the Decree, the Company may be held liable in Italy for Offenses committed abroad, provided:

- the Company has its principal place of business within the territory of the Italian State;
- the general conditions for prosecution envisaged in Articles 7, 8, 9 and 10 of the Criminal Code are met, enabling an offense committed abroad to be prosecuted in Italy;
- such offense is committed abroad by a person functionally linked to the Company;
- the State in which such offense took place does not file any proceedings.[2]

1.4 Penalties

Should the Company's liability be established, the penalties envisaged in Articles 9 *et seq.* of the Decree shall apply, namely:

- financial penalties;
- disqualification measures, where envisaged for individual Offenses under Article 231;
- confiscation;
- publication of the judgement.

[1] The fraud envisaged in the Decree does not necessarily involve deception or trickery, but presupposes that the breach of the Model is caused by a circumvention of the control mechanisms provided for therein, which is such as to 'undermine' their effectiveness.

[2] Likewise, any entity established abroad pursuant to the provisions of its own legislation, which has its administrative headquarters or principal business in Italy, is subject to the Decree.

It shall be the responsibility of the criminal court, once the Company's liability has been established, to determine the nature and extent of the penalties.

The Company is also held liable where such offense took place in the form of an attempt[3] ; in such cases, the financial and disqualification penalties shall be reduced by between one-third and one-half (Article 26 of the Decree).

Pursuant to Article 26 of the Decree, the Company shall not be held liable where it voluntarily prevents the act from being implemented or the event from occurring.

(i) Financial penalties

Financial penalties are always imposed in cases where the Company's liability is established (Articles 10, 11 and 12 of the Decree).

Specifically, pursuant to Article 10 of the Decree, financial penalties are imposed in 'units', with the number of units being at least 100 and no more than 1,000. The amount of each unit ranges from a minimum of Euro 258.00 to a maximum of Euro 1,549.00[4] . Reduced payments are not permitted.

When determining the applicable financial penalty, the judge sets the number of instalments, taking into account the seriousness of such offense, the extent of the Company's liability, and the measures taken to eliminate or mitigate the consequences of such offense and to prevent further Offenses from being committed. Furthermore, in order to ensure the sanction is effective, the amount of each instalment is determined by the judge on the basis of the Company's financial and asset situation.

The financial penalty shall be reduced: (i) by half[5] , where (a) the perpetrator of such offense committed the act primarily in their own interest or in the interest of third parties, and the Company derived no benefit or only a minimal benefit therefrom, and (b) the financial loss caused is particularly minor; (ii) by one-third to one-half, if the Company, prior to the opening of the trial at first instance, has a) fully compensated for the damage and eliminated the harmful or dangerous consequences of such Offense, or has taken steps to that end, or b) adopted and implemented a model suitable for preventing Offenses of the type that occurred; (iii) by between one half and two-thirds, where both conditions envisaged in points (a) and (b) of paragraph (ii) above are met.

(ii) Disqualification orders

Disqualification measures shall apply in addition to financial penalties solely in relation to Offenses for which they are specifically provided, where at least one of the following conditions is met:

- the Company has derived a substantial profit from such offense and the offense took place was committed by a Senior Manager, or by a Subordinate where, in the latter case, the commission of such offense was caused or facilitated by serious organisational failings;
- in the event of repeated Offenses.

The disqualification measures envisaged in the Decree are:

- disqualification from carrying out the activity: it applies only where the other measures are deemed inadequate for the specific case and entails the suspension or revocation of licences or concessions necessary for the carrying out of the activity;
- the suspension or revocation of authorisations, licences or concessions necessary for the commission of such offense;
- a ban on contracting with the public administration, except for the provision of a public service. The ban may be limited to certain types of contract or to certain sectors of the administration;
- exclusion from benefits, funding, grants or subsidies, and the possible revocation of those already granted;
- a ban on advertising goods or services.

Where necessary, disqualification measures may be applied concurrently.

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[3] An offense is deemed to have been attempted when, in the presence of acts clearly and unambiguously intended to commit it, the act is not implemented or the event does not occur (Article 56 of the Criminal Code).

[4] However, for certain Offenses (such as, for example, those envisaged in Articles *25-sexies* and *25-duodecies*), the financial penalties differ from those envisaged in Article 10 of the Decree.

[5] In any event, it may not exceed Euro 103,291.00.

The Offenses in respect of which disqualification measures apply are those envisaged in Articles 24, 24-*bis*, 24-*ter*, 25, 25-*bis*, 25-*ter,* 25-*bis.1*, 25-*quater,* 25-*quater.1*, 25-*quinquies*, 25-*septies*, 25-*octies*, *25-octies*.1, 25-*octies.*2, 25-*novies*, 25-*undecies, 25-duodecies,* 25-*terdecies,* 25-*quaterdecies,* 25-*quinquiesdecies,* 25-*sexiesdecies,* 25 *septiesdecies,* 25-*duodevicies*, 25-*undevicies*, of the Decree and the transnational Offenses envisaged in Law No. 146/2006.

Without prejudice to the imposition of financial penalties, disqualification orders shall not apply where the Company, prior to the commencement of the trial at first instance:

- has fully compensated for the damage and has remedied the harmful or dangerous consequences of such offense, or has in any event taken effective steps to that end;
- has remedied the organisational shortcomings that led to the offense by adopting and implementing models suitable for preventing Offenses of the type that have occurred;
- has made the profits obtained available for the purposes of confiscation.

Disqualification orders may be imposed on the Company both once its guilt has been established and as a precautionary measure.

Disqualification measures are applied as a precautionary measure only where the following conditions are met jointly:

- tangible indications that the Company is liable for an administrative offense arising from a criminal offense;
- well-founded and specific evidence suggesting a real risk that Offenses of the same nature as the one under investigation will be committed.

As with financial penalties, the type and duration of disqualification orders are determined by the competent criminal court, taking into account the provisions of Article 14 of the Decree.

Disqualification measures have a duration ranging from a minimum of three months to a maximum of two years. However, for corruption Offenses, Article 25(5) of the Decree provides that the duration of disqualification measures shall be between four and seven years where such offense is attributable to senior management, and between two and four years where such offense took place by employees or persons acting on behalf of the Company.

Disqualification measures must relate to the Company's specific sector of activity and must comply with the principles of adequacy, proportionality and subsidiarity, particularly where applied as a precautionary measure.

Pursuant to Article 15 of the Decree, if the conditions for the application of a disqualification sanction resulting in the suspension of the Company's activities are met, the judge, instead of imposing the sanction, shall order that the Company's activities be continued by a commissioner for a period equal to the duration of the disqualification sanction that would have been imposed, subject to certain conditions envisaged in the same Article 15, to which reference is made.

(iii) Confiscation

The confiscation of the proceeds or profits of such offense is always ordered by the criminal court in the conviction judgement, except for the portion that may be returned to the injured party. This is without prejudice to rights acquired by third parties acting in good faith.[6]

Where it is not possible to confiscate the proceeds or profits of such offense, the confiscation may instead relate to sums of money, property or other assets of equivalent value to the proceeds or profits of such offense.

(iv) Publication of the conviction

The criminal court may order the publication of the conviction where a disqualification order is imposed on the Company.

The judgement shall be published pursuant to Article 36 of the Criminal Code, as well as by posting a notice in the municipality where the Company has its principal place of business.

[6] For the purposes of confiscation, reference must be made to the time such offense took place and not to the time the profit was received; consequently, the profit derived from an offense which, at the time the conduct took place, was not included in the list of predicate Crimes envisaged in the Decree (but was so at the time the profit was obtained) shall not be subject to confiscation.

1.5 Events leading to changes in the Company

The Decree regulates the impact of changes affecting the Company – such as transformation, merger, demerger and transfer of business – on administrative liability arising from criminal violations.

The Decree has sought to strike a balance between the need to prevent the aforementioned transactions from being used to circumvent liability and the need to avoid excessively punitive consequences, which could act as a deterrent to any reorganisation initiatives which have no intentions to evade liability.

A general principle was therefore adopted whereby the fate of financial penalties imposed on the Company is determined pursuant to the principles of the Civil Code regarding the liability of the modified Company for the debts of the original Company, whilst maintaining the link between disqualification measures and the branch of activity within which such offense took place.

In the event of:

- the reorganisation of the Company, liability for Offenses committed prior to the date on which the reorganisation took effect remains unaffected;
- a merger, the final entity arising from the merger, including by incorporation, is liable for such offenses for which the Companies participating in the merger were liable;
- a partial demerger, the liability of the demerged Company for Offenses committed prior to the date on which the demerger took effect remains unaffected. The Companies benefiting from the demerger, whether partial or total, are jointly and severally liable for the payment of the financial penalties owed by the demerged Company for Offenses committed prior to the date on which the demerger took effect. Said obligation is limited to the actual value of the net assets transferred to the individual Company, unless the Company involved is one to which the branch of activity within which such offense took place has been transferred, even partially. As regards disqualification measures, these shall be applied to the business branch within which they took place;
- in the event of sale or transfer of a business within which such offense took place, the transferee is jointly and severally liable for payment of the financial penalty, subject to the right to seek prior enforcement against the transferring Company, and within the limits of the value of the business. The transferee's liability is limited to the financial penalties recorded in the statutory accounts, or those due in respect of administrative Offenses of which the transferee was aware.

1.6 The Company's Defense

In the event the Company is under investigation or charged in proceedings relating to a material administrative offense within the remit of the Decree, it "shall participate in the criminal proceedings through its legal representative, unless the latter is charged for the violation on which the administrative offense is based" (Article 39 of the Decree).

In the latter case (where the legal representative is under investigation or charged with the predicate offense on which the alleged breach is based, the Company has therefore determined that, where the articles of association do not confer legal representation on another previously identified person, the appointment of the Company's defense counsel must be resolved by the Board of Directors, which – with the aforementioned legal representative involved in the proceedings as a suspect or defendant abstaining – shall delegate a specifically identified person (whether or not a member of the Board) to perform the formalities relating to the defense mandate and the related dealings with the defense counsel, granting them the necessary powers to act.

Once news of the investigation against the Company has been received, the Chairman/President of the Board of Directors or another Director who is not a suspect or defendant must therefore urgently convene a meeting to comply with the obligations envisaged above.

With regard to the appointment of the legal counsel, the 231 Protocols governing the appointment of consultants also apply, as envisaged in the dedicated Special Section, to which reference should be made.

1.7 Guidance in the Decree about the characteristics of the Model

The Decree does not envisage in detail the nature and characteristics of the Model, but merely lays down certain general principles, stipulating that – in relation to the scope of delegated powers and the risk of Offenses committed – the Models must have the following characteristics:

- identify the business activities within which there is a possibility that Offenses may be committed;
- envisaged specific protocols designed to plan the formulation and implementation of the Company's decisions in relation to such offenses being prevented;
- identify methods for managing financial resources that are suitable for preventing the commission of Offenses;
- envisaged reporting obligations to the Supervisory Board;
- introduce a disciplinary system designed to sanction non-compliance with the provisions of the Model.

From a formal point of view, the adoption and effective implementation of a Model is not an obligation for companies but merely an option. Therefore, failure to adopt a Model pursuant to the Decree does not, in itself, result in any penalty for the Company. However, the adoption and effective implementation of a suitable Model represents not only a fundamental tool for the implementation of corporate ethical standards and integrated compliance (see paragraph 2.5), also an indispensable sine-qua-non for the Company to be able to benefit from the exemption envisaged in the Decree in the event that Offenses are committed by Senior Officers and/or Subordinates.

The Model therefore represents the set of rules, principles, procedures and controls governing the organisation and management of the Company with the aim of preventing the commission of Offenses.

The Model varies and takes into account the nature and size of the Company and the type of activity it carries out. Consequently, it is not a static tool, but rather a dynamic framework which enables the Company to mitigate, through its proper and effective implementation over time, the risk of Offenses committed.

1.8 The Guidelines drawn up by trade associations

Pursuant to Article 6 of the Decree, the Models may be adopted on the basis of codes of conduct drawn up by trade associations representing the Companies.

In March 2002, Confindustria issued the Guidelines for the development of Models (hereinafter the "Guidelines"), which provide associations and companies with methodological guidance on how to develop a Model capable of preventing the commission of Offenses and thus serving as a defense against the liability and sanctions envisaged in the Decree.

The Guidelines were updated and finally approved by the Ministry in June 2004[7] and subsequently updated, most recently in June 2021. Loro Piana is a member of Confindustria, and this Model has been drawn up taking into account the recommendations contained in the aforementioned Guidelines, as well as the 2019 CNDCEC-ABI-CNF-Confindustria Guidelines, the 2020 Guidelines of the Agence Française Anticorruption (AFA), the CNDCEC 2025 Guidelines for the Performance of the Functions of the Supervisory Board, Position Papers and circulars issued by AODV and Assonime, and insights drawn from the case law involved.

2 THE ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF LORO PIANA

2.1 The structure of the Model

The Model consists of a General Section and individual Special Sections, drawn up for the various types of Offenses that could in theory be applicable to Loro Piana, as envisaged in more detail in Annex 1 to the Model.

The General Section, in addition to providing a summary of the provisions envisaged in the Decree and of such offenses relevant to the Company, sets out the operational mechanisms of the Loro Piana Model and, more generally, of its "System 231", including:

- the organisational structure and governance model;

[7] Ministerial Decree No. 201 dated 26 June 2003 envisaged the procedure for the notification, examination and validity of the codes.

- the Code of Ethics;
- the internal control and risk management system;
- the Procedures;
- authorisation and signing powers;
- the Supervisory Board;
- the definition of the "recipients" of the Model;
- the definition of a "Breach" of the Model;
- information flows to and from the Supervisory Board;
- communication of the Model and information and training activities for Recipients;
- the Whistleblowing Scheme;
- the disciplinary and sanctions system in the event of Breach of the Code.

Each Special Section, on the other hand, is intended to: (i) identify the Offense risks to which Loro Piana's business processes are potentially exposed, taking into account the activities implemented by Loro Piana; (ii) describe the various components of the preventive control system put in place by Loro Piana governing teach Sensitive Activity; (iii) list the 231 Protocols that every Recipient of the Model must apply to ensure that the activities governed by the individual Special Section are managed safely with regard to the 231 criminal offense risks to which they are potentially exposed.

The Special Sections of the Model are as follows:

- Special Section "A" – Offenses against the Public Administration;
- Special Section "B" – Cybercrime and unlawful processing of data;
- Special Section "C" – Corporate Offenses;
- Special Section "D" – Manslaughter and causing serious or very serious bodily harm in breach of health and safety at work regulations;
- Special Section "E" – Offenses relating to handling stolen goods, money laundering and the use of money, and self-laundering;
- Special Section "F" – Transnational Offenses; criminal enterprises;
- Special Section "G" – Environmental Offenses;
- Special Section "H" – Offenses against the individual;
- Special Section "I" – Employment of third-country nationals whose stay is irregular;
- Special Section "L" – Offenses relating to copyright infringement;
- Special Section "M" – Offenses against industry and trade;
- Special Section "N" – Forgery Offenses;
- Special Section "O" – Offenses of inducing a person not to make statements or to make false statements to the judicial authorities;
- Special Section "P" – Racism and Xenophobia;
- Special Section "Q" – Tax Offenses;
- Special Section "R" – Offenses relating to smuggling;
- Special Section "S" – Offenses relating to non-cash payment instruments and the fraudulent transfer of assets;
- Special Section "T" – Offenses against cultural assets;
- Special Section "U" – Direct Purchases of Non-Fibre Raw Materials, Commercialised Products and External Processing Services[8] .

[8] The first Special Section has been drafted 'by process'; this will be followed by the gradual updating of all the Special Sections, which will be aligned with the 'by process' methodology.

2.2 Objectives pursued by Loro Piana through the adoption of the Model

In accordance with the policies of the LVMH Group, Loro Piana has structured its business around ethical criteria that encompass both production methods and the company's internal management, as well as its relationships with suppliers and customers.

With this in mind, Loro Piana, which has always based its operations on the values of transparency, integrity and fairness, has decided to summarise and formalise its control system within the Model, partly with a view to further improving its control and governance framework, thereby complementing the system of rules, principles, procedures and controls already implemented by the company to meet the requirements and best standards of the sector. Loro Piana has therefore expressed its intention to perform an in-depth review of its corporate organisation in the light of the provisions of the Decree, through a project aimed at adopting a Code and formalising existing internal practices in specific Procedures, or at adopting new Procedures in certain areas identified following the analysis of the existing control system. This process of formalising, monitoring and adapting the existing system of controls took shape within the framework of the LVMH Group's compliance policies, also in light of the recent amendments to the Decree.

Following the completion of the project herein to adapt and update the Model, the Board of Directors of Loro Piana, at its meeting held on 24 March 2017, resolved (i) to adopt this Model – including the Code of Ethics, which forms an integral section thereof – with effect from 1 April 2017, and (ii) the appointment of a Supervisory Board tasked with overseeing the functioning, effectiveness and compliance with the Model, as well as ensuring its updating. By adopting this Model, Loro Piana has sought to provide all those working within its corporate structure – across all production and *business* units – or who come into contact with the company in any capacity, a tool designed to ensure that the conduct of the Recipients is characterised by integrity, in line with the Code itself, with Loro Piana's ethical and behavioural principles envisaged in the Code of Ethics, and with the Procedures adopted by Loro Piana (see Annex 3) to prevent the risk of committing the Offenses listed in Annex 1.

2.3 Recipients of the Model

This Model applies to all Recipients.

The term 'Recipients' refers to the following categories of persons:

- those holding senior positions (members of the Board of Directors, Statutory Auditors, heads of departments, senior managers, heads of control functions);
- all Employees of the Company;
- all those individuals who work with the Company under a quasi-subordinate employment relationship, such as project-based workers, temporary workers and agency staff;
- Authorised Representatives, namely those who have powers to represent the Company or who otherwise act on its specific mandate, such as agents, business brokers and representatives;
- suppliers of goods and services.

The Code represents Loro Piana's internal regulations, which are binding on all Recipients, regardless of the level of the organisation at which they operate. Specifically, compliance with the provisions of the Code forms an essential section of Employees' contractual obligations pursuant to and for the purposes of the provisions envisaged in Article 2104 *et seq.* of the Italian Civil Code.

With regard to the application of the Model to suppliers of goods and services (hereinafter collectively referred to as "Suppliers"), please consult paragraph 2.4 below.

The Special Parties to the Code, in light of the outcome of the risk assessment on the specific process, may identify further third parties (for example, B2B customers, other companies within the LVMH Group, etc.) from whom Loro Piana requires – through the signing of specific Article 231 clauses – compliance with certain codes of conduct and/or ethical standards.

2.4 The Code and Suppliers

As Loro Piana may engage external parties as suppliers of raw materials (including, but not limited to, cotton, wool, cashmere, vicuña, leather, etc.) or suppliers of other goods and services, whether direct or indirect, it is

appropriate that such relationships be governed in such a way as to ensure control, to the extent practicable by the Company, over any risks associated with the outsourcing of certain activities. To this end, with regard to the external parties mentioned above, Loro Piana promotes awareness of and compliance with the principles of conduct and control adopted by the Company to safeguard against the risks of criminal actions associated with the performance of the relevant activities. Failure by the external parties involved to comply with the provisions envisaged therein is sanctioned pursuant to the provisions of the Disciplinary System envisaged in Chapter 11.

Furthermore, it should be noted that, pursuant to the relevant best practices and current guidelines, Loro Piana has established a framework for managing the risk of Offenses specifically relating to its dealings with Suppliers of Non-Fibre Raw Materials, Marketed Products and External Processing Services (hereinafter collectively referred to as 'Supply Chain Suppliers'), as defined in Special Section 'U', by adopting specific provisions contained within that Special Section 'U' - Direct Purchases of Non-Fibre Raw Materials, Products Marketed Goods and External Processing Services, to which reference should be made for further details. In relation to other categories of Suppliers, please consult the relevant Specific Section.

In general, the management of criminal behaviour associated with the relationship with Suppliers is governed by the following essential control measures and organisational safeguards adopted by Loro Piana in the Special Sections above: (i) prior qualification of the Supplier pursuant to predefined quality standards and, where applicable, through the conduct of specific audits as a condition for their inclusion and/or continued listing in the Supplier Register; (ii) formalisation and traceability of the contractual relationship with the qualified Supplier; (iii) the inclusion, within the relevant contract (e.g. works contract, supply contract, general terms and conditions of purchase), of specific 'Article 231 clauses'; (iv) a contractual provision requiring the Supplier – on its own behalf and on behalf of any sub-suppliers – to comply with the Code of Conduct for Suppliers and Business Partners as a fundamental safeguard defining the compliance standards that the Supplier is required to meet when managing its relationship with Loro Piana; (v) ongoing monitoring (e.g. depending on the type of Supplier, through audits with and without prior notice, as well as through document checks) of Suppliers' compliance with compliance standards throughout the duration of the relationship, as well as the provision for specific 'penal' consequences resulting from non-compliance with contractual clauses, as well as in the event of breach of the qualification requirements and compliance standards to which the Supplier has declared adherence; (vi) oversight activities by the Supervisory Board in relation to Sensitive Activities involving Suppliers.

2.5 Function and nature of the ' ' Model

The primary objective of the Code is to establish a structured and comprehensive system of principles and procedures designed to prevent the commission of Offenses, which complements the system of controls and corporate governance already in place within Loro Piana and further contributes to fostering a corporate culture characterised by integrity, transparency and compliance with the law, as embodied by Loro Piana and the LVMH Group.

The Model adopted also aims to enable all Recipients to develop the necessary awareness to perceive and recognise situations that could lead them to commit Offenses in the implementation of their duties and responsibilities.

By adopting the Code, the Company therefore intends to promote and encourage, and, where possible, further improve:

- the promotion of a corporate culture based on legality and control, which condemns any conduct contrary to the law or internal regulations, and specifically, to the provisions contained in this Code and its protocols;
- the promotion, amongst the Recipients – particularly those involved in Sensitive Activities – of an awareness that, in the event of a breach of the provisions of the Code, they may be liable for an offense punishable by sanctions imposed both on the perpetrator of such offense and on Loro Piana;
- the efficient and balanced organisation of the company, with particular regard to the decision-making process and its transparency, the provision of controls—both preventive and subsequent—as well as the management of internal and external information;

- appropriate measures to promptly eliminate any situations posing a risk of Offenses being committed;
- the provision of adequate information to the Recipients regarding activities that entail a risk of Offenses being committed;
- the provision of adequate information to Suppliers regarding the system of controls adopted by Loro Piana and the 231 Protocols applied to the activities implemented by Suppliers, which they are therefore required to comply with and apply.

2.6 The Construction of the Model

In order to adopt this Model, Loro Piana has implemented the preparatory work required for its development (namely risk mapping and risk self-assessment), taking into account the Guidelines, academic and case-law principles, as well as national and international best practices (including, amongst others, the UNI-INAIL Guidelines for an occupational health and safety management system and ISO 45001:2023; the ISO/IEC 27001:2005 standard; UNI EN ISO 14001:2015; Regulation (EC) No 1221/2009 (EMAS); UNI EN ISO 19011:2003*;* the US "Foreign Corrupt Practices Act"; the UK "Bribery Act;" and Anti-Corruption Law No. 190 dated 6 November 2012) and the Guidelines envisaged in paragraph 1.8 (drawn up by trade associations).

The self-assessment risks involves the various company departments and enables the identification of specific Sensitive Activities.

The risk self-assessment and gap analysis are updated whenever organisational changes occur or new Offenses under Law 231 are introduced, or in any other instance – including at the initiative of the Supervisory Board – where the need arises (for example, should some Law 231 Protocols be found to be inadequate).

At the same time, an analysis of the existing internal control system for the prevention of Offenses is implemented on an ongoing basis, in conjunction with the relevant company departments, to identify any necessary enhancements.

Based on an analysis of the output from the activities stated above, the Model was drawn up and is continually updated, including the Code of Ethics and the Disciplinary System, submitted to the Loro Piana Board of Directors for review and approval.

2.7 Amendments and additions to the Model

In accordance with the provisions of the Decree, the Board of Directors of Loro Piana is responsible for amending and/or supplementing this Model.

Specifically, the Board of Directors, whilst also taking into account the recommendations of the Supervisory Board, shall update the Model should there be:

- significant changes in the relevant regulatory framework, in Loro Piana's organisation or in its activities, including in relation to scientific and technological progress;
- Offenses or circumventions of the provisions contained therein, specifically where these have demonstrated the Model's ineffectiveness or inconsistency for the purposes of preventing Offenses;
- and in all other events where it becomes necessary or useful to amend the Model[9] .

The Supervisory Board must promptly report in writing to the Board of Directors any facts and/or reasons that make it necessary to amend or update the Model, so that the Board of Directors may adopt the resolutions falling within its remit.

The implementation of the principles and requirements contained in the Model is also the responsibility of all Recipients and, specifically, of managers and/or heads of corporate functions and/or Internal Officers.

The Supervisory Board must be kept constantly informed of any updates to and the implementation of Procedures relevant to the Sensitive Activities governed by the Model, as well as of any suggestions submitted for their amendment.

[9] Paragraph 4, Article 30 , Legislative Decree 81/2008 envisaged that "the review and any amendment of the organisational model must be implemented when significant Crimes of the regulations relating to the prevention of accidents and health and safety at work are discovered, or in the event of changes to the organisation and activities in relation to scientific and technological progress".

With regard to the amendments to the Procedures required for the implementation of the Model, please consult Paragraph 6.

"Formal amendments" to the Model may be subject to a simplified review procedure and are approved by the Chief Executive Officer, again, where appropriate, at the instigation of the Supervisory Board. "Formal amendments" refer to those revisions and/or additions that do not have a substantial impact on the 231 Protocols (e.g. corrections of typographical errors and material errors, clarifications or precisions of the text, updates or corrections to references to articles of law, and the mere naming of corporate functions).

2.8 Violations related to the Model

Compliance with the Code by all Recipients effectively prevents conduct that may represent an offense and, more generally, behaviour that contravenes the ethical principles adopted by Loro Piana.

Any conduct that does not comply with the following therefore represents a Breach of the Code:

- Code of Ethics;
- Code of Conduct for Suppliers and Business Partners;
- Anti-Corruption Charter;
- the rules governing the flow of information to the Supervisory Board (paragraph 8.5) and the Whistleblowing Scheme (Chapter 10);
- the General Section and Special Sections of the Model;
- Procedures relevant for the purposes of Decree 231, as summarised in Annex 3 – an integral section of this Model – and stated in more detail in Chapter 6.

In the event of a breach of the Model, Loro Piana shall apply its Disciplinary System to sanction the person responsible for the breach, pursuant to the provisions of Chapter 11. Any breach of the Model must also be reported to the Supervisory Board without delay pursuant to the procedures envisaged in paragraph 8.5 of this General Section.

3 ORGANISATIONAL STRUCTURE AND GOVERNANCE MODEL

3.1 A brief history of Loro Piana

Loro Piana currently operates through two main business lines: the Textile division, which handles the procurement of fibres, as well as the development, production and sale of fabrics, yarns and soft accessories; and a finished goods division, which handles the development, production and distribution of high-end Loro Piana-branded garments, comprising clothing, footwear and leather goods for women, men and children, as well as textile accessories and home décor items.

Fabrics and yarns are sold to third parties, including tailors and other companies active in the manufacture and distribution of clothing, whilst Loro Piana-branded finished products are sold through approximately 180 single-brand retail outlets, as well as via selected retail partners and the e-commerce channel.

3.2 Loro Piana's organisational structure

Loro Piana's organisational structure is designed to ensure, on the one hand, the separation of tasks, roles and responsibilities between operational and control functions and, on the other, maximum efficiency.

Specifically, the company's organisational structure is based on a precise definition of the tasks and competences of each corporate function and the associated responsibilities.

Below is a brief description of the business functions involved in the business, which have been identified as the most significant for the purposes of the Model.

Headquarters Functions

- **Finance**: is responsible for the development and implementation of the financial and risk management strategy, as well as for analysing the company's economic and financial performance and implementing management control and planning processes. It is also responsible for carrying out administrative, accounting, tax and legal activities, handles centralised (indirect) procurement and oversees internal control. Finally, it supports senior management in the implementation of strategic planning, including extraordinary transactions, as well as in economic and financial communications and business reviews with the LVMH Group. It comprises the following functions: Tax (management of tax compliance), Legal

(management of contracts and litigation – excluding employment law – intellectual property, and ethics & compliance), Internal Control (assessments of the effectiveness of the Internal Control and Risk Management System (SCIGR), Company Procurement (indirect procurement and investment-related assets), Vendor Management (supplier qualification, including supply chain suppliers), Management Controlling, Accounting & Reporting (monitoring of business performance through the ongoing comparison of forecasts with actual figures, and the definition of guidelines for setting annual budget targets. Furthermore, this role involves maintaining the accounts and preparing the reporting package and statutory financial statements, as well as the valuation of investments and appropriate communication to LVMH), Financing & Credit (management of cash flow, currency hedging and trade receivables), Strategy and Business Development (development and execution of strategic projects and initiatives, including cross-functional ones) and Finance Development (management of M&A transactions);

- **Sustainability**: is responsible for the development and execution of environmental projects and initiatives, with a view to implementing and promoting the Company's sustainability strategy. The sustainability team is responsible for the KPIs and objectives of LVMH's environmental programme;
- **Human Resources**: handles all activities related to organisational design and development, as well as global human resources management strategies and policies. It comprises the following functions: Talent and Organisation Development (projects related to organisational development and HR systems, management of talent development pathways, and staff training), Internal Communication, DEI & CSR (internal communication, management of the corporate intranet and projects related to diversity, equity, inclusion and corporate social responsibility), HR Cost Controlling & Reporting (remuneration policy, welfare and benefits, and monitoring of labour costs), HR Administration & Payroll Italy & EMEA (personnel administration for the processing of payslips, management of employees' time cards, coordination of moving and relocation activities, and preparation of HR Reports for LVMH and local authorities), Legal Human Resources (management of employment contracts and labour law disputes), HR Management Product & Image (management of staff in the Brand & Product Development, Image & Communication, Digital and HR functions), HR Management Operations (management of staff in the Textile, RTW & Knitwear Operations and Shoes & Leather Goods Divisions, as well as Planning and Logistics and the Sustainability function), HR Management IT & Finance (management of staff in the IT, Finance and Shared Services functions) and HR Management Retail & Wholesale (management of staff in the Retail & Wholesale and Retail Merchandising functions, as well as coordination with local HR teams);
- **Brand & Product Development**: this department is responsible for developing a product vision that reflects the Loro Piana brand and for defining the structure and scope of the product range in terms of quality and quantity, as well as for the design and development of prototypes and collection samples for the men's, women's, children's, accessories, home & lifestyle, furniture, shoes & bags ranges. It is also responsible for the prototyping and sampling of new products. Finally, it provides personalisation services to customers who request them;
- **Image & Communication**: oversees the definition and implementation of all communication activities (press office and institutional relations, events, development of advertising and media campaigns, social media management) on a global scale, ensuring a consistent image in line with the Loro Piana brand's DNA;
- **Retail Merchandising**: coordinates buying activities in collaboration with retail merchandising teams in the relevant markets. It is also responsible for determining the range of finished products in stores, for the purposes of planning production volumes and allocating products across the various markets;
- **Company IT**: is responsible for the development and management of all IT assets, such as infrastructure, applications and all IT systems. It is also responsible for Loro Piana's technological development and innovation, as well as *cybersecurity;*
- ***Shared Services**:* comprises the HSE functions (definition and implementation of Health, Safety & Environment procedures), Security Services (implementation of security systems and oversight of

corporate security), Hospitality (hospitality at the Company's premises or at events organised by the Company), Facilities (management of business support services, including maintenance of the Company's premises) and Insurance & Risk Management (management of insurance risks) and Business Continuity;

- **Digital:** is responsible for defining and implementing all activities related to the research and development of digital innovations, managing the website to ensure an effective digital customer experience, managing activities related to the e-commerce channel and EMEA customer service, as well as coordinating e-commerce activities with local teams;
- **Retail & Wholesale**: is responsible for defining and implementing a business development strategy aimed at expanding the various sales channels and building customer loyalty, in line with Loro Piana's global strategy. It is also responsible for coordinating and supervising the related processes as well as the retail sale of Loro Piana's finished products through the network of shops managed directly. It also operates the Wholesale and Franchising channel, coordinating and supervising processes related to the sale of finished products through multi-brand shops and partner shops. It comprises the following functions: Go To Market (managing the launch of new finished products onto the market and in-store activation activities), Store Planning (developing strategies related to shop layout), Retail Planning (planning sales demand and product allocation across markets), Retail Operations, Performance & Excellence (management of operational and training activities in stores, monitoring of sales performance and optimisation of the customer experience), After-Sales (management of after-sales services), Private Client Relations (management of experiences for VIC clients) and CRM (management of customer strategy based on the analysis of data and purchasing behaviour).

Operations Functions

The Operations Function is responsible for ensuring, through a "one company" approach, maximum coordination across the Company's production operations, fostering cross-divisional synergies. It is also responsible for ensuring, through the guidance and active support of the Health & Safety department, the consistent application of appropriate health and safety standards in production facilities.

The Textile, RTW & Knitwear, and Leather Goods & Shoes Divisions, as well as the Raw Material Purchases function, also report to the Chief Operations Officer.

It comprises the following functions:

- **Manufacturing RTW & Knitwear and Leather Goods & Shoes**: responsible for defining and implementing a strategy for the procurement and production of finished goods for the RTW & Knitwear and Leather Goods & Shoes Divisions. It handles the procurement of raw materials for production, planning of in-house and outsourced production, costing, industrialisation, in-house and outsourced production processes, and the carrying out of quality controls;
- **Supply Chain**: responsible for production planning, the movement of goods and the distribution of finished products (including the management of import and export procedures), as well as the management of raw material and finished product warehouses and product *compliance*;
- **Global Quality**: is responsible for defining quality standards and KPIs for the various product categories, ensuring their implementation across the Divisions. It is also responsible for conducting production capacity audits at suppliers of marketed products and external processing service providers;
- **Raw Materials Purchases**: is responsible for the procurement of textile raw materials (e.g., wool, cashmere, vicuña, etc.), including the management of related import formalities and logistics, whilst complying with international conventions;
- **Textile Division**: is responsible for the production and marketing of yarns, fabrics, soft accessories and interior fabrics. It comprises the following functions: Innovation (innovation and product development projects for the Textile Division), Collection Design & Development (design, structuring and sizing of the product range, in terms of both quality and quantity, for fabrics, yarns, soft accessories and interiors), Supply Chain (management of the procurement and production of fabrics, yarns, soft accessories and

interiors) and Fabrics, Yarns and Soft Accessories (management of logistics and distribution for the Textile Division's products, as well as the marketing and sale of fabrics, yarns, soft accessories and interiors).

3.3 Loro Piana's *governance* model

In view of its organisational structure and the activities it carries out, Loro Piana has adopted a system of administration and control which is currently organised as follows:

– Shareholders' Meeting:

The ordinary and extraordinary general meetings, whether in first or second call, pass resolutions with the favourable vote of more than half of the share capital, except for the approval of the financial statements and for the appointment, r removal of corporate officers, in which case the general meeting in second call passes resolutions with the majorities envisaged by law.

The Company is subject to the management and coordination of LVMH SE, pursuant to Article 2497 of the Italian Civil Code.

– Board of Directors:

Loro Piana is governed by a Board of Directors comprising between 5 (five) and 9 (nine) members. The Board of Directors is vested with the broadest powers to perform the Company's ordinary and extraordinary management, except where the law or the Articles of Association specifically reserve such issues for the Shareholders' Meeting.

The Board of Directors may appoint agents, general managers, general or special attorneys-in-fact and authorised representatives in general, for specific acts or categories of acts, setting out their powers, duties and remuneration, within the limits permitted by law and by these Articles of Association.

The right to sign on behalf of the Company and to act as its legal, contractual and judicial representative, whether as plaintiff or defendant, in any country, at any level and before any judicial or administrative authority, rests with the Chairman/President of the Board of Directors.

Each managing director shall also have the power to represent the Company within the scope and limits of the powers delegated to him or her, unless otherwise specified in the instrument conferring such powers.

Where specifically envisaged in the terms of the delegation to the managing director, the managing director may appoint agents and general and special attorneys-in-fact, as well as general managers and authorised representatives, pursuant to the relevant legal provisions, and may grant such representatives the authority to appoint further agents for the conduct of specific transactions or specific categories of transactions, as broadly outlined by the managing director when conferring the aforementioned power of appointment.

– Board of Statutory Auditors:

Loro Piana has appointed a Board of Statutory Auditors comprising three standing members and two alternate members, who hold office for three financial years, expiring on the date of the general meeting convened to approve the financial statements related to the final financial year of their term of office, and who may be re-elected indefinitely. The appointment, term of office, professional qualifications, functions and duties of the auditors are governed by law. Members of the Board of Statutory Auditors attend, pursuant to the law, meetings of the Board of Directors, general meetings of shareholders and meetings of the Executive Committee, where one has been appointed.

– Audit firm:

Loro Piana has entrusted the statutory audit of its accounts, pursuant to Article 2409-bis of the Italian Civil Code, to a statutory audit firm registered in the relevant register.

3.4 Intra-group relations

Loro Piana is subject to the management and coordination of LVMH SE and, in turn, controls various companies located throughout the world, which are responsible for the marketing of Loro Piana-branded products, the sourcing and initial processing of cashmere, and the sourcing of vicuña fibres.

Such relationships are formalised in intercompany contracts, which are necessary to regulate the purchase and import of raw materials and the distribution of Loro Piana products, as well as the provision of corporate services (e.g. Human Resources Operations and Administration, Store Planning, Management, etc.) to subsidiaries. The Loro Piana departments involved in product distribution or in the provision of corporate services to

subsidiaries are required to comply with the principles of conduct and control measures envisaged in the Special Sections of the Code applicable to such activities.

In addition, Loro Piana holds shareholdings in a number of companies based in Italy and involved in manufacturing activities.

In this context, Loro Piana encourages all companies incorporated under Italian law that are directly or indirectly controlled by Loro Piana itself to adopt their own Code of Conduct, drawing inspiration from the principles of conduct and control mechanisms envisaged in the Loro Piana Code of Conduct. In any event, Loro Piana respects the autonomy of all its subsidiaries in identifying and implementing different and additional control measures, taking into account their specific exposure to 'Risk 231', as well as the particular characteristics of their organisation and business activities.

Furthermore, with regard to the LVMH Group, Loro Piana benefits from services provided to it by LVMH itself, which are also governed by a specific intercompany agreement related to the provision of corporate services (e.g. General Management, Communication & Press). Such services are provided pursuant to the principles of conduct envisaged in the compliance policies issued at LVMH Group level, which are in turn consistent with the provisions of the Model adopted by the Company.

Furthermore, the Company has envisaged in the Special Section of the Model the specific principles of conduct and control mechanisms for the management of intra-group relationships and transactions, governed by Special Sections "E" – Offenses related to stolen goods, money laundering and the use of money, and self-laundering – and "Q" – Tax Offenses, to which reference should be made.

3.5 Loro Piana's management control system

To support decision-making processes – particularly where these involve investments – and the formulation of the Company's strategic plan, the Finance department has a function known as Management Controlling, Accounting & Reporting which, together with its sub-units, ensures management control by directing and coordinating the budgeting process, analysing and evaluating reporting data, and measuring performance.

4 THE CODE OF ETHICS

The LVMH Group, which considers a rigorous commitment to strong ethical values deemed essential to its success, has adopted a Code of Conduct ("Code of Conduct") which sets out the principles and standards of behaviour that inspire and guide the LVMH Group's actions in the conduct of its business.

Within the context of the Decree, as provided for, amongst other things, by the Guidelines, the Code of Ethics represents one of the fundamental protocols for the establishment of an organisational, management and control framework designed to prevent Offenses relevant for the purposes of the Decree.

Loro Piana has also adopted the Code of Conduct as its Code of Ethics (hereinafter the "Code of Ethics" or "Code"), which is envisaged in Annex 2, which forms an integral section of the Model, and which sets out the ethical principles to which Loro Piana adheres, to which it attaches ethical value, and with which anyone employed by Loro Piana, or who collaborates with or has dealings with the company, must comply; Loro Piana intends to observe such principles in the conduct of its business, in addition to the laws and, more generally, the provisions in force in all the countries in which it operates.

The Recipients are required to comply with, and, to the extent within their remit, to ensure compliance with, the principles contained in the Code of Ethics.

Offenses related to the provisions of the Code of Ethics represent conduct that may be sanctioned by the Company pursuant to the Disciplinary System and applicable regulations.

The Supervisory Board must be promptly informed by the Recipients of any information related to failure to implement the Code or any breach thereof, even if only potential, as further specified in paragraph 8.5 below, it being understood that failure to report to the Supervisory Board any fact and/or circumstance likely to lead to the risk of a breach of the Code also represents a breach of the Model, which is subject to sanctions.

Furthermore, the Code of Ethics complements the Loro Piana Code of Conduct for Suppliers and Business Partners, which is a separate and supplementary document to the Code of Ethics, applicable to suppliers and other third parties of the LVMH Group, and featuring further ethical and behavioural principles related in detail to the activities implemented by the partners and suppliers with whom Loro Piana works.

5 THE INTERNAL CONTROL AND MANAGEMENT SYSTEM FOR RISKS AT LORO PIANA

5.1 Objectives

Loro Piana has adopted the integrated Internal Control and Risk Management System (SCIGR) and implemented it at various levels of its organisational and corporate structure.

An effective integrated internal control and risk management system contributes to the management of the company in line with the corporate objectives defined by the Board of Directors, facilitating informed decision-making and helping to ensure:

- the safeguarding of the company's assets;
- the efficiency and effectiveness of business processes, including through the adoption of specific procedures and operational instructions;
- the reliability and accuracy of the information provided to the corporate bodies and the market;
- compliance with applicable laws and regulations, the Articles of Association and internal regulatory instruments, including the Code of Conduct.

Specifically, the Internal Control and Risk Management System (SCIGR):

- involves corporate bodies and functions at all levels of the organisation, from the Board of Directors down to management, each within the scope of their own responsibilities and areas of competence;
- promotes the achievement of the company's objectives;
- is defined on the basis of the Company's characteristics, in relation to the applicable regulatory framework, its size, sector, complexity and risk profile.

A wide range of stakeholders therefore operate within the Internal Control and Risk Management System (SCIGR) framework: supervisory bodies (Board of Statutory Auditors, external auditors, Supervisory Board), control functions (Internal Control Function, Vendor Management Function, Supply Chain Function, Management Controlling, Accounting & Reporting Function, Legal Function, Tax Function, HSE Function) and company management, each pursuant to the responsibilities assigned to them on the basis of the provisions of applicable laws and regulations, internal policies and regulations, and industry best practices.

Loro Piana has also adopted and implemented further specific systems for the management and monitoring of risks that form part of the Company's broader Internal Control and Risk Management System (SCIGR), designed to strengthen its effectiveness, including with regard to the control measures envisaged in the Model.

In this context, it is essential that the Supervisory Board operates in constant synergy and coordination with all parties involved in the Internal Control and Risk Management System (SCIGR), in order to ensure integrated and effective management of corporate risks. This cooperation takes the form of a systematic and structured exchange of relevant information, regular alignment on key risk profiles and the outcomes of control activities, as well as participation in meetings aimed at coordinating their respective activities (see paragraph 8.5).

5.2 The key players involved in the Internal Control System

The Internal Control Function

The Internal Control Function, working in synergy with the other stakeholders, verifies compliance with and the effectiveness of control measures related to corporate processes and activities of greatest significance in terms of financial and economic impact or overall risk exposure.

Each year, the Internal Control Function supports the LVMH Group in rolling out the audit plan defined by the Group. Furthermore, the Internal Control Function provides half-yearly updates to the heads of the company functions affected by the audits implemented by the LVMH Group regarding the results of the checks performed, as well as the corrective actions implemented, the prioritisation and timing of which are agreed with the Chief Financial Officer of Loro Piana, and subsequently updates the LVMH Group accordingly.

The Vendor Management Function

The Vendor Management Function is responsible for carrying out and supervising the checks during the supplier qualification process, with a view to their subsequent inclusion in the supplier register of Loro Piana.
Specifically, the Vendor Management Function verifies that Suppliers meet the requirements set by Loro Piana, both in terms of production capacity and the expected quality standards of goods and services, and with regard to legal, ethical and reputational standards. Furthermore, the Vendor Management Function is responsible for periodically monitoring whether Suppliers already included in the supplier register of Loro Piana continue to meet the above requirements.

The Supply Chain Function

The control functions within the Supply Chain oversee all the Company's product categories; they are responsible for compliance issues (CITES regulations, customs and product compliance) and for checks related to the production capacity of suppliers of manufacturing services.

The Management Controlling, Accounting & Reporting Department

To support decision-making processes – particularly where these involve investments – and the formulation of the Company's strategic plan, the Finance Department has a unit known as Management Controlling, Accounting & Reporting which, together with its sub-units, ensures management control by directing and coordinating the *budgeting* process, analysing and evaluating reporting data, and measuring performance.
Management control activities are therefore essential for overseeing the proper conduct of administrative and accounting processes, thereby ensuring the suitability of the Model also from the perspective of financial resource management.

The Legal Department

The Legal Department acts as a key player within the internal control system pursuant to the Decree, specifically by providing legal opinions and regulatory interpretations governing the application of the Decree and the regulations related to predicate Offenses, and by collaborating with the relevant corporate functions in the drafting, implementation and review of procedures and operational protocols aimed at preventing the commission of predicate Offenses, ensuring their legal consistency and practical effectiveness. It also assists in the preparation and delivery of training and awareness programmes for staff on the principles of the Decree, the Code of Ethics and the Procedures, promoting a corporate culture focused on legality, ethics and transparency, and ensures that internal documentation related to the Model is clear, accessible and properly communicated. Finally, it verifies the completeness and adequacy of contractual clauses and commercial agreements from the perspective of preventing risks under Decree 231.

The Head of the Health and Safety Prevention and Protection Service

The Head of the Prevention and Protection Service (RSPP) is the person appointed by the Employer who possesses the professional skills and qualifications required under Article 32 , Legislative Decree 81/2008, with the task of coordinating the Prevention and Protection Service and providing technical and specialist support in risk assessment, in identifying prevention and protection measures, and in defining procedures aimed at safeguarding the health and safety of workers.

The LVMH Group's Internal Audit Function

Furthermore, it should be noted that Loro Piana is part of the LVMH Group, which in turn has other independent control functions, including the LVMH Group Internal Audit Function, whose objective is to verify the effectiveness of controls, risk management and compliance with the internal control procedures established by the Group. This function operates at all levels of the Group – from both individual to central organisations – pursuant to global control and risk policies.

5.3 Internal Control Systems

The anti-corruption control system

Loro Piana, in line with the principle of "zero tolerance" towards corruption, as enshrined in the LVMH Group's Anti-Corruption Charter, has adopted an appropriate anti-corruption control system, based on the LVMH Group's corruption risk methodology for the implementation of the Loi Sapin II Law, a legislative framework aimed at transparency, fighting corruption, and modernizing economic life, hereinafter Loi Sapin.

In this regard, it should be noted that Loro Piana, by virtue of its membership of the LVMH Group, is subject to the obligations imposed by Loi Sapin, which requires companies to have full awareness of and to effectively mitigate the risk of corruption to which they are exposed.

The anti-corruption control system adopted by Loro Piana, in line with the guidelines issued by the LVMH Group[10] , envisages:

- the precise identification of the Company's processes and activities that are most exposed to the risk of corruption;
- an assessment of the level of risk inherent in each activity at risk, taking into account the potential impact and the likelihood of a corrupt practice occurring, and the level of residual risk, in light of the anti-corruption safeguards already in place at the Company;
- the identification of control measures adopted to mitigate the risk of corruption and the methods for monitoring the Company's exposure to the commission of corrupt practices.

The effectiveness of the safeguards envisaged by the internal anti-corruption control system helps to strengthen the value of the Model in terms of preventing and combating corrupt practices, with particular reference to the predicate Offenses also envisaged in Articles 25 and 25-*ter* of the Decree.

The Loi Sapin and the Model are based on similar structural principles: both require a prior *risk assessment* aimed at identifying areas exposed to corrupt conduct, the establishment of appropriate operational protocols to monitor such areas, the traceability of decisions, and the implementation of effective control and oversight mechanisms. The integration of the two systems enables the Company to adopt a coherent and unified prevention framework, which makes the identification and neutralisation of corruption risk factors more effective, thereby strengthening the internal control system as a whole and contributing to the maintenance of governance pursuant to the principles of legality and sound management.

The health and safety at work and environmental management system

With specific reference to health and safety at work, Article 30 , Legislative Decree No. 81 of 9 April 2008 No. 81, stipulates that the Model capable of exempting the Companies envisaged in the Decree from administrative liability must be adopted and effectively implemented, ensuring a corporate system for the fulfilment of all the relevant legal obligations listed in the same Article 30, to which reference is made.

In this context, the health and safety of workers and the creation and maintenance of a healthy working environment are primary objectives for Loro Piana. To systematically verify the achievement of such objectives, Loro Piana has established an appropriate control system based on an understanding – including through specific and regular training courses – of the risks present within the company, as well as on prevention and monitoring, and which meets the structural requirements envisaged in the aforementioned Article 30.

The control system adopted by Loro Piana is, specifically, based on the requirements envisaged in ISO 45001:2023 and provides, amongst other things, for:

- an organisational structure with formally defined roles and responsibilities consistent with the Company's organisational and functional framework;
- a division of functions that ensures the appropriate technical expertise and the necessary powers to assess, manage and control risks to workers' health and safety;
- the introduction of an integrated system for the organisation and management of health and safety at work;
- continuous analysis of the risks and critical aspects of the processes and resources to be protected;
- the adoption of the best available technologies;
- the monitoring and updating of working methods;

[10] Reference is made to the LVMH Group's methodology for carrying out anti-corruption risk mapping. Specifically, the Group's methodology comprises four stages: risk identification, through the identification of hypothetical corruption risk scenarios for each business process or activity and the conduct of interviews with the relevant company contacts; risk assessment and classification, understood as the determination of the level of inherent risk and residual risk in relation to each corruption risk scenario; development of an action plan, by defining the control measures updated and/or implemented, with a corresponding timeline; presentation of risk mapping, for sharing and validating the findings.

- the provision of training and communication initiatives;
- Procedures have been drawn up pursuant to current legislation on health and safety at work.

Loro Piana also recognises and promotes environmental protection and contributes to the sustainable development of the local area and to the identification of industrial solutions with the lowest environmental impact, as also envisaged in the Code of Ethics, drawing inspiration from the principles envisaged in the international standard ISO 14001:2015.

To this end, and to ensure compliance with applicable environmental laws and regulations, with particular reference to Legislative Decree No. 152 of 9 April 2006, the Company adopts effective procedures aimed, amongst other things, at:

- formalise and monitor the processes and activities most sensitive to environmental issues and the associated risks;
- formalise appropriate organisational arrangements to identify those responsible for compliance with environmental legislation and those with operational responsibility for managing environmental issues in the light of risk assessments;
- standardise and monitor the planning and final accounting of expenditure related to environmental issues.

6 PROCEDURES

As part of its organisational system and pursuant to the Model, the Company has a set of Procedures and operational instructions, which are monitored by the Internal Control Function to ensure their consistency.

The Procedures are designed to regulate conduct in the various operational activities and to enable both preventive and subsequent checks on the correctness of transactions, thereby ensuring consistent conduct throughout the Company, in compliance with the regulatory provisions governing its activities.

The Procedures relevant for the purposes of "231" are summarised in Annex 3 and envisaged in the relevant Special Sections; regarded as an integral section of this Model, further elaborating and implementing the 231 Protocols envisaged therein.

The addition and/or amendment of the Procedures, as an integral section of the Model, falls within the remit of the Board of Directors of Loro Piana.

Specifically, the Board of Directors, taking into account the recommendations of the Supervisory Board, shall update the Procedures – as an integral section of the Model – should there be:

- significant changes to the relevant regulatory framework, or to Loro Piana's organisation or activities, including in relation to scientific and technological progress;
- Offenses or circumventions of the provisions contained therein, specifically where these have demonstrated the ineffectiveness or inconsistency of the Procedures for the purposes of preventing Offenses;
- and in all other events where it becomes necessary or useful to amend the Procedures.

The Supervisory Board must promptly report in writing to the Board of Directors any facts and/or reasons that make it necessary to amend or update the Procedures, as an integral section of the Model, so that the Board of Directors may adopt the resolutions falling within its remit.

Such Procedures are drawn up by the Company pursuant to the following principles:

- to adopt measures designed to ensure that every transaction is verifiable, documented, consistent and appropriate, transparent, verifiable and relevant to the Company's business;
- to regulate the conduct of activities by establishing appropriate control points and clearly defined objectives and measures;
- to encourage the involvement of multiple parties in order to allow for an adequate separation of duties amongst those carrying out the various stages of a process and the separation of functions, particularly with regard to Sensitive Activities;
- to enable the documentation of the controls implemented;
- ensure that procedures are constantly updated in line with changes in business processes and the organisational structure.

"Formal amendments" to the Procedures may be subject to a simplified review procedure and are approved by the Chief Executive Officer, again possibly at the instigation of the Supervisory Board. 'Formal amendments' refer to those revisions and/or additions that do not have a substantial impact on the 231 Protocols (e.g. corrections of typographical errors and material errors, clarifications or precisions of the text, updates or corrections to references to articles of law, and changes to the mere names of company departments and functions).

The Procedures are disseminated by the *Internal Control* Function and the relevant Function through specific communication activities and are made available to all relevant Employees via publication on the company intranet. The relevant training is provided by the head of the relevant Function.

All employees are required to familiarise themselves with the Procedures and to comply with them when carrying out their assigned duties.

7 AUTHORISATION AND SIGNATURE POWERS

7.1 General Principles

The Board of Directors of Loro Piana (and other authorised parties stated above, where applicable) is responsible for formally conferring signature powers, as stated in more detail in paragraph 3.3 above, which are assigned pursuant to organisational and managerial responsibilities. The level of autonomy, the limits and the power of representation are assigned to the various holders of delegations and powers of attorney and are identified and established in line with the hierarchical level of the recipient of the delegation or power of attorney, the principle of segregation of duties and the other internal provisions applied by the Company.

Loro Piana has also established an appropriate information flow to the relevant parties, including the Supervisory Board and the Board of Statutory Auditors, in order to ensure the timely communication of powers and any related changes (see *below*), as well as to enable oversight of the exercise of delegated powers.

The system of authorisation and signing powers, which encompasses all delegations of authority or powers of attorney granted (including those related to health and safety and environmental issues), is regularly and periodically reviewed in its entirety and updated, where necessary, to reflect any changes in the company's structure, by the Legal Department, in consultation with the Internal Control Department, *the* Human Resources Department, the CFO and the Chief Executive Officer, so as to ensure it is as consistent as possible with the organisational structure of Loro Piana.

7.2 The structure of the system of delegation and powers of attorney in Loro Piana

The powers of attorney at Loro Piana are formalised (not least to ensure their traceability and facilitate any subsequent reconstruction), pursuant to the applicable legal provisions, through resolutions of the Board of Directors and/or written documents and – depending on the subject matter – notarial deeds; they are notified to the relevant recipient and, where necessary or appropriate, registered with the relevant Companies Register.

Subject to any further requirements laid down by the regulatory sources governing issues covered by the delegations and powers of attorney, each power of attorney normally specifies:

(i) the delegating party and the source of their power to delegate or grant a power of attorney;

(ii) the delegate, governing the role assigned to them and the powers required of the delegate, where necessary;

(iii) the scope, consisting of a list of the types of activities and acts for which the delegation/power of attorney is granted. Such activities and acts are functional to and/or related to the powers and functions of the delegate;

(iv) the limits, whether qualitative and/or in terms of value, within which the delegate is authorised to exercise the power conferred upon them in relation to the types of activities and acts for which the delegation or power of attorney is granted.

Where necessary and/or appropriate, express acceptance of the delegation is required (such as, by way of example, in issues related to the health and safety of workers).

8 LORO PIANA'S SUPERVISORY BODY

As stated in paragraph 1.2 above, the Company may benefit from the exemption envisaged in Article 6 of the Decree if the Board of Directors has, amongst other things:

- adopted and effectively implemented, prior to the commission of a criminal behaviour, a Model suitable for preventing Offenses of the type that have occurred;
- entrusted the Supervisory Board with the task of monitoring the functioning of and compliance with the Model, as well as verifying that it is kept up to date.

As already stated in paragraph 2.2 above, at the same time as adopting this Model, the Board of Directors of Loro Piana also resolved to appoint the Supervisory Board, pursuant to the provisions of the Decree. The appointment of the Supervisory Board, its duties and its powers are notified to the Recipients.

8.1 Requirements for the Supervisory Board and its composition

Taking into account the size of Loro Piana, its organisational complexity and the nature of its business, the Company's Supervisory Board comprises 3 (three) members, namely:

(i) a professional from outside the Company, preferably an expert in internal control or in the analysis and implementation of control systems, or in legal issues, and with specific expertise in the area of the administrative liability of legal entities, who shall act as the Chairman/President;

(ii) an individual from within the Company, not responsible for operational functions, chosen preferably from among the head or another member of the Internal Control function or another individual with experience in controlling, who, in addition to their specific professional expertise, will contribute their knowledge of the Company's operations to the Supervisory Board; and

(iii) an external individual, preferably an expert in occupational health and safety and environmental issues, with specific expertise in the administrative liability of legal entities, or possessing the characteristics envisaged in point (i) above.

In accordance with the provisions of the Guidelines and best practices, Loro Piana's Supervisory Board has been selected on the basis of – and therefore meets – the following requirements, which, given that Loro Piana's Supervisory Board has a mixed internal/external composition, apply to the Supervisory Board as a whole:

- Autonomy and independence: the Supervisory Board is not entrusted with operational tasks that might lead it to take decisions with economic and financial implications, and its autonomy in terms of initiative and oversight is protected from interference and/or influence by members of Loro Piana through its direct reporting to the Board of Directors as a whole. Furthermore, the autonomy of the Supervisory Board is ensured by the Board of Directors' approval of an adequate annual allocation of financial resources, drawn up on the proposal of the Supervisory Board itself (*the* so-called 'Supervisory Board budget', which may be used without prior authorisation), which may be increased, again on the proposal of the Supervisory Board, and which the latter may use for any purpose necessary for the proper performance of its duties. The Supervisory Board may also exceed the allocated amount in the event of necessity or urgency, subject only to the obligation to report to the Board of Directors. Finally, the absolute absence of any conflicts of interest between the members of the Supervisory Board and the Company and its management is guaranteed;
- professionalism: the Supervisory Board as a whole possesses the professional expertise required to perform its duties, based on the experience evident from *the* members' *CVs* and the roles they have held. In line with the guidance provided in the Guidelines, the members of the Supervisory Board have been selected from among qualified individuals with specific expertise in the areas of inspection and consultancy related to the analysis of corporate organisational control systems, finance, auditing, as well as legal and HSE issues, in order to ensure adequate knowledge of the types of Offenses covered by the Decree. The financial resources allocated to the Supervisory Board may be used by the Supervisory Board itself to engage external professionals whose expertise is useful or necessary to complement its own;

- Continuity of action: to ensure the effective implementation of the Model, its constant monitoring and updating – including in light of changing business conditions – the Supervisory Board is a dedicated structure responsible for overseeing the Model, equipped with adequate resources and a budget, and may draw on internal resources and external consultants. Continuity of action is ensured through the constant monitoring and analysis of the prevention system, as well as the adoption of Internal Regulations (as stated in paragraph 8.4) which govern, amongst other things, the frequency of checks and the identification of criteria and procedures for analysis;
- good repute: members of the Supervisory Board must meet subjective requirements that help to ensure the necessary autonomy and independence, such as good repute, the absence of grounds for incompatibility, the absence of conflicts of interest and family ties with senior management, pursuant to the provisions of the Civil Code relating to members of the Board of Directors and the Board of Statutory Auditors (it being understood that an employee may be a member of the Supervisory Board).

8.2 Appointment of the Supervisory Board – grounds for termination and duration of the term of office

The appointment and dismissal of the Supervisory Board fall exclusively within the remit of the Board of Directors, which resolves on such issues by the majorities envisaged in the Articles of Association.

Only persons who meet the requirements envisaged in paragraph 8.1 above may be elected as members of the Supervisory Board.

Upon appointing the Supervisory Board, the Board of Directors of Loro Piana appoints its Chairman/President and determines the remuneration payable to them and to the other members of the Supervisory Board, as well as the financial resources allocated annually to the Supervisory Board for the performance of its duties, based on the proposal submitted by the Supervisory Board itself. The Supervisory Board's remuneration is proportionate to the company's risk exposure, the complexity of the Model and the size and structure of the company, with possible increases in the event of greater complexity in supervisory activities, an expansion of the predicate Offenses, significant organisational changes or the Company's involvement in criminal proceedings.

The term of office for members of the Supervisory Board is 3 (three) financial years. Members of the Supervisory Board may be re-elected.

In the event of the expiry of a term of office and/or the resignation of one or more members, the Supervisory Board shall remain in office on a provisional basis until the appointment of a new Supervisory Board or the replacement of the resigning member.

The following represent grounds for ineligibility and/or removal from office as a member of the Supervisory Board:

(i) disqualification, incapacitation, bankruptcy or a conviction – even if not yet final – to a penalty entailing disqualification, even temporary, from public office or the inability to hold executive positions;

(ii) being under investigation or having been convicted, even if the judgement is not yet final or was handed down pursuant to Articles 444 *et seq.* of the Code of Criminal Procedure (plea bargain) or even if the sentence is conditionally suspended, without prejudice to the effects of rehabilitation:
   - for one or more Offenses envisaged in the Decree;
   - imprisonment for a term of not less than two years for any intentional offense;

(iii) having been subject to preventive measures ordered by the judicial authorities pursuant to Law No. 1423 of 27 December 1956 (Law on preventive measures against persons posing a threat to security and public morality) or Law No. 575 of 31 May 1965 (provisions against the Mafia);

(iv) the existence of family ties, marriage or affinity up to the fourth degree with members of the Board of Directors or the Board of Statutory Auditors of Loro Piana, as well as with the same members of parent companies and/or any subsidiaries or companies subject to joint control, or with external auditors;

(v) having held the position of member of the Supervisory Board of companies against which the sanctions envisaged in Article 9 of the Decree have been imposed;

(vi) subject to any employment relationship, the existence of an ongoing consultancy relationship or a relationship involving the provision of paid services, or other financial relationships between the members and Loro Piana or its parent companies or subsidiaries, such as to compromise the independence of the members themselves;

(vii) the loss of the requirements of good repute.

Should any grounds for disqualification arise during the course of their appointment, the member involved is required to inform the other members of the Supervisory Board and the Board of Directors immediately.

The eligibility requirements and/or grounds for disqualification also apply to persons on whom the Supervisory Board relies in the performance of its duties; consequently, the Supervisory Board may not, in the performance of its duties, rely on persons who are subject to the aforementioned conditions of ineligibility and/or disqualification.

In addition to the loss of eligibility requirements, the following represent further grounds for termination of office:

- resignation, to be sent to the Board of Directors and the other members of the Supervisory Board by means of a written and reasoned notice, at least one month before the date on which the resignation takes effect; the resigning is, in any event, required to serve out any *interim* period that may arise between the effective date of the resignation and the appointment of the new member;
- death or the subsequent incapacity or inability to perform the duties of the office;
- the termination, for any reason or cause, of the post held at Loro Piana by the internal member(s).

The Chairman/President of the Supervisory Board, or another member in the event they cease to hold office, must notify the Board of Directors without delay of the occurrence of any of the aforementioned causes giving rise to the need to replace a member of the Supervisory Board, and the Board of Directors must promptly arrange for the replacement of the member who has ceased to hold office.

In the event of resignation, supervening incapacity, death, dismissal or forfeiture of office of the Chairman/President of the Supervisory Board, the most senior member shall take the Chair's place until the date of the resolution by which the Board of Directors appoints the new Chairman/President.

The removal of a member of the Supervisory Board, or of the entire Supervisory Board, is permitted only where there is just cause. By way of example, the following represent just cause for the removal of the Supervisory Board:

- failure to comply with the obligations associated with the role, such as, by way of example only, the failure to submit the Supervisory Board's Reports to the Board of Directors without just cause;
- a conviction, even if not yet final, handed down against Loro Piana pursuant to the Decree or by a sentence imposing a penalty upon request (so-called 'plea bargain') resulting from the Supervisory Board's failure to exercise supervision or from insufficient supervision;
- failure to monitor the implementation of the training plan or the internal control plan;
- a lack of good faith and diligence in the performance of their duties;
- unjustified absence from more than two meetings of the Supervisory Board, even if not consecutive;
- the disclosure of confidential information outside Loro Piana without a valid reason;
- failure to cooperate with the other members of the Supervisory Board or obstruction of the Supervisory Board's activities.

Any resolution by the Board of Directors of Loro Piana to remove a member of the Supervisory Board, or the entire Supervisory Board, must be expressly approved by the Board of Directors – which may inform the Board of Statutory Auditors – and must contain adequate justification for the reasons for the removal.

8.3 The duties and powers of the Supervisory Board

In accordance with the provisions of Article 6 of the Decree, the Supervisory Board is entrusted with the task of overseeing the operation of and compliance with the Model and ensuring that it is kept up to date. Furthermore, with a view to contributing to the implementation of an integrated *compliance* system, the Supervisory Board coordinates with the departments responsible for other control areas such as AML (Anti-Money Laundering),

Anti-Corruption, Privacy, ESG (Environmental, Social, Governance), HSE (Health, Safety & Environment) and TCF (Tax Control Framework).

The activities implemented by the Supervisory Board may not be subject to scrutiny by any other corporate body or structure, it being understood that the Board of Directors shall monitor the adequacy of the Supervisory Board's actions, given that the Board of Directors bears ultimate responsibility for the functioning and effectiveness of the Model.

Specifically, the tasks assigned to the Supervisory Board are as follows:

(i) perform checks on compliance with and the functioning of the Model, namely:
- to monitor compliance with the Code by its Recipients and to identify any deviations in behaviour that may emerge from the Supervisory Board's checks, the analysis of information flows and reports;
- verify that the Model continues to function effectively, namely its ability to prevent unlawful conduct from occurring and to prevent such conduct from being implemented;

(ii) to ensure that the Model is constantly and dynamically updated, namely:
- monitoring the updating of the Model, and, where appropriate, making suggestions and proposals for adjustments to the Board of Directors or to the relevant company departments, as necessary for its updating, in order to improve its adequacy; its effectiveness and practical implementation, taking into account regulatory changes and/or alterations to the organisational structure, the company's activities or the way in which they are implemented, as well as strategic, organisational or business changes, particularly in relation to scientific and technological progress and/or any significant Offenses of the Model's provisions that have been identified;

(iii) co-operate with the relevant company departments in providing information and training on the Model, namely:
- monitoring the effective dissemination of the Model amongst all Recipients;
- promote and monitor training initiatives aimed at ensuring that all Recipients of the Model have an adequate understanding of the criminal risks to which the company's activities are exposed, as well as the related 231 Protocols;
- respond in a timely manner, including by preparing specific opinions, to requests for clarification and/or advice from company departments or staff, or from the administrative and control bodies, where such requests relate to and/or are connected with the Model;

(iv) to manage the flow of information to and from the Supervisory Board, namely:
- to verify that the disclosure obligations towards the Supervisory Board, as envisaged in the rules governing information flows envisaged in paragraph 8.5, are duly fulfilled;
- to examine and assess, carrying out any necessary in-depth investigations and checks where appropriate, all information and/or reports received as part of the so-called information flows to the Supervisory Board envisaged in paragraph 8.5;
- initiate the flow of information from the Supervisory Board to the Board of Directors and the Board of Statutory Auditors pursuant to the specific provisions envisaged in paragraph 8.5;
- in the event of inspections by institutional bodies, including the judicial authorities, of Loro Piana's "System 231", provide the necessary information to the inspecting bodies.

In carrying out its duties, the Supervisory Board:

- is vested with extensive powers of inspection and access to company documents;
- has adequate financial and professional resources at its disposal, which are allocated annually by the Board of Directors and may be amended or supplemented at the Supervisory Board's request;
- may seek advice from third parties possessing the necessary expertise;
- therefore adopts an annual Audit Plan through which it plans its monitoring activities using a *risk-based* approach, prioritising areas of greatest risk exposure.

Consequently, the Supervisory Board, in pursuing its objective of overseeing the effective implementation of the Model adopted by Loro Piana, has the following powers and duties:

- it may perform, including unannounced, all checks and inspections deemed appropriate for the proper performance of its duties, including those targeting specific transactions or acts implemented within the scope of Sensitive Activities;
- in compliance with applicable legislation, it has unrestricted access to all departments, archives and documents of Loro Piana, without any prior consent or need for authorisation, in order to obtain any information, data or documents deemed necessary for the performance of the duties envisaged in the Decree and related to Sensitive Activities (as further listed in the Special Sections of the Model);
- may request information or the production of documents related to Sensitive Activities from all Loro Piana Employees, the Board of Directors, the Board of Statutory Auditors and the firm responsible for the statutory audit of the accounts;
- may request information, data or details, or the production of documents related to Sensitive Activities, from all Recipients of the Code;
- periodically receives and analyses information from the heads of the departments involved in Sensitive Activities, as envisaged in the Special Sections of this Model, and/or from the Internal Managers, together with the relevant information sheets, where they have been prepared;
- it draws on the assistance and support of all the Company's departments and Loro Piana's employees;
- engages external consultants for issues of particular complexity or those requiring specific expertise, and in any event whenever it deems it necessary or appropriate;
- ensures that the Board or function with disciplinary authority imposes the sanctions envisaged in the Disciplinary System.

The Supervisory Board is responsible for compiling the reports received, submitted, the findings of the investigations and audits implemented, as well as all documentation relating to activities implemented by the Supervisory Board, in a dedicated archive (digital and/or paper-based), where they are retained for a period of 10 (ten) years (the "Supervisory Board Archive"). The Supervisory Board is responsible for keeping this Archive up to date and, through its own regulations, defines the criteria, procedures for access and the persons authorised to access it.

All company departments are obliged to cooperate with the Supervisory Board so that it may effectively perform its duties.

The Supervisory Board meets at least quarterly and, in any event, as frequently as is appropriate for the monitoring and supervisory activities entrusted to it, carrying out – outside formal meetings – constant and continuous activities for which it keeps a written record, whilst always ensuring collegiality and prior agreement on any external communication made on behalf of the Supervisory Board (sending emails, telephone calls, etc.).

8.4 The Supervisory Board Regulations

Once appointed, the Supervisory Board adopts its own internal regulations governing the organisational and formal aspects of its activities (procedures for convening meetings, quorums, the taking of minutes, management of the email inbox, archiving of documentation received and/or produced, handling of reports, etc.), the forms of documentation related to the Supervisory Board's activities (minutes, emails, worksheets, etc.) and their archiving, as well as the confidentiality obligations to which all its members are bound.

8.5 Information flows related to the Supervisory Board

Article 6(2)(d) of the Decree requires that the Model envisage "obligations to provide information to the Board responsible for supervising the functioning of and compliance with the models". All parties subject to the Model are therefore required to cooperate fully, providing the Supervisory Board with any information useful for the performance of its functions. In turn, the Supervisory Board will report the outcome of its activities to the Board of Directors via a dedicated information flow, so that the management body may promptly and effectively implement any corrective measures to the Model and the Company's organisation that prove necessary in light

of the reports and requests received by the Supervisory Board. The information flows to and from the Supervisory Board will therefore be envisaged and explained below.
Beyond the requirements of the regulations, such information flows also represent an essential tool for the control and oversight of the Supervisory Board as well as for the active involvement of company representatives in contributing to the functioning and the widespread and effective application of the Model.

8.5.1. Information flows to the Supervisory Board

Article 6 of the Decree stipulates the obligation to provide specific information flows to the Supervisory Board as a prerequisite for effective and ongoing oversight regarding the adequacy of and compliance with the requirements envisaged in the Model.
It should be noted, by way of introduction, that the provisions related to the flow of information to the Supervisory Board must be complied with, to the extent applicable, by all those subject to the Code, as listed in detail above in paragraph 2.3. Failure to comply with the provisions related to the flow of information to the Supervisory Board represents a disciplinary offense and is sanctioned pursuant to the provisions of the Disciplinary System envisaged in Chapter 11.
The reporting procedures to the Supervisory Board are divided into:
(i) ad hoc reports of possible Offenses related to the Code or events that warrant immediate notification to the Supervisory Board;
(ii) periodic reports.

(i) Ad hoc reports:

A. a possible breach of the Model (as defined in paragraph 2.8), even if merely suspected, by one of its Recipients; the reports, even in anonymous manner, must provide a detailed description of the facts forming the subject of the report to the Supervisory Board;
B. all information and documents expressly provided for as event-based flows in detail in the Special Sections of the Loro Piana Model, to which full reference is made;
C. cases involving changes to the context, the corporate organisation and the business processes at risk, as well as specific events of potential relevance under Law 231, including specifically cases where:

- significant organisational changes and/or changes to the governance model take place within Loro Piana, or extraordinary transactions such as acquisitions or mergers are implemented;
- criminal investigations (arising from any source or inspection) emerge governing predicate Offenses or administrative Offenses against its representatives and/or the Company, or related to the application of preventive measures;
- there is news of enquiries, requests for information or the sending of instructions, reports or letters by public administration bodies (including public supervisory authorities) and any other documentation arising from their inspection activities and falling within the scope of the Decree;
- there is a substantial change to the organisational chart (for example, significant staff turnover or the replacement of senior management) which could necessitate adjustments to the business processes governed by the Model and, consequently, to the related protocols; furthermore, in cases where the system of authorisation and signing powers is updated;
- there are changes to the Procedures or controls envisaged in the Model and Annex 3 (which therefore form an integral section thereof);
- significant changes are made to business processes, such that the risk assessment must be updated in order to verify whether the level of risk has increased and, consequently, whether there is a need to strengthen prevention protocols;
- resolutions of the Board of Directors that may lead to changes in the functioning and structure of the Model, such as, by way of example only, changes to the organisational structure, business lines, incentive schemes, etc.;

- there are requests for legal assistance in criminal proceedings for Offenses brought by company representatives;
- disciplinary sanctions have been imposed on company representatives for Offenses related to the Model;
- any incidents related to physical and/or network security (e.g. intrusions into the Company's IT system, data Offenses, etc.), as well as any unauthorised access or intrusions by Company employees into third-party software or information systems;
- reports of fatal accidents and injuries (including serious injuries, namely those with a recovery period over 40 days) suffered by employees and/or third parties present at the Company's workplaces;
- the results of preliminary and subsequent checks implemented on contracts awarded to market operators following tenders at national and European level or through private negotiations;
- the annual financial statements, accompanied by the notes to the accounts;
- communications from the Board of Statutory Auditors, the parties appointed to perform the statutory audit of Loro Piana's accounts, or other supervisory bodies, governing critical issues or shortcomings in controls that have come to light, even if resolved, or related to issues relevant to the activities of the Supervisory Board.

(ii) Periodic information:

A. the periodic reports from the internal control functions (listed in paragraph 5.2);
B. all information, documents and reports expressly provided for as periodic flows, as detailed in the Special Sections of the Loro Piana Model, to which full reference is made.

In addition to the above, the Supervisory Board retains the right to organise meetings and to establish, at any time, dedicated channels of communication for discussing specific issues with the heads of the relevant functions and bodies involved in first-, second- and third-level control activities.

All information flows are transmitted to the Supervisory Board by post or via a dedicated email address, as specified below:

a) email: *organismodivigilanza@loropiana.com* , accessible exclusively to members of the Supervisory Board;
b) by post: "Loro Piana S.p.A. – Attention Chairman/President of the Supervisory Board – Via della Moscova 33 – Milan – Italy";
c) Through a face-to-face meeting upon specific request submitted to the Supervisory Board.

It is understood that information may also be shared with the Supervisory Board during periodic meetings between company managers and the Supervisory Board itself, as part of its routine monitoring activities.

Full confidentiality and traceability are guaranteed in relation to all information flows received by the Supervisory Board through the channels stated above, pursuant to the specific measures envisaged in the Supervisory Board's Regulations.

8.5.2. Information flows from the Supervisory Board

The Supervisory Board reports periodically to the Corporate Bodies on the implementation of the Model and on the findings of its verification and monitoring activities.

Specifically, the Supervisory Board:

- maintains ongoing contact with the Board of Directors;
- reports in writing, at least every six months, to the Board of Directors and the Board of Statutory Auditors on the work implemented;
- reports promptly to the Board of Directors in the event of serious Violations committed by the Persons Subject to the Code. Furthermore, in the event of a serious breach committed by a member of the Board of Directors, the Supervisory Board shall report to the Board of Directors and the Board of Statutory Auditors. In the event of a breach committed by a member of the Board of Statutory Auditors, the Supervisory Board shall report to the Board of Statutory Auditors and to the Board of Directors.

In both cases, the Supervisory Board shall request the initiation of disciplinary proceedings pursuant to internal regulations and as stated in Chapter 11 below.

The Supervisory Board's written half-yearly report shall feature, at a minimum, the following information:

(i) the number and dates of the Supervisory Board's meetings held during the period;
(ii) a summary of the activities and checks implemented by the Supervisory Board during the period;
(iii) a description on the reports received from the Recipients regarding alleged Violations of the Model and the outcome of the investigations into such reports;
(iv) a report on the information received by the Supervisory Board during the reference period;
(v) any reports received via the Article 231 whistleblowing channel;
(vi) any disciplinary proceedings and sanctions imposed by Loro Piana in relation to Violations of the Model;
(vii) an overall assessment of the functioning and compliance with the Model, including any proposals for additions, corrections or amendments to its form and content;
(viii) any changes to the regulatory framework requiring an update to the Model;
(ix) a statement of expenditure incurred during the previous period and, where necessary, a request for an increase in the financial resources required to perform its activities;
(x) a plan, even if only a rough outline, of the activities envisaged for the coming period.

In any event, the Supervisory Board shall provide the Board of Directors with any information deemed useful for the purposes of the relevant bodies taking urgent decisions.

The Supervisory Board may be convened at any time by the Board of Directors or the Board of Statutory Auditors and may, in turn, request a hearing with the corporate bodies whenever it deems it appropriate, in order to report on the Code or on issues related thereto. Minutes are taken of such meetings and copies of the minutes are kept in the Supervisory Board's archives.

With regard to the exchange of information within the group of companies, there are provisions for regular information flows and joint meetings between the Supervisory Board of the parent company and the Supervisory Boards of the subsidiaries, where applicable, in order to ensure adequate coordination and an integrated view of common issues.

9 COMMUNICATION OF THE CODE, INFORMATION AND TRAINING FOR RECIPIENTS

9.1 Communication of the Code

Loro Piana promotes the widest possible dissemination, both within and outside the Company, of the principles and provisions contained in the Model and the associated 231 Protocols, in order to make the Recipients aware of the existence and content of the safeguards designed to prevent the Violations envisaged in the Decree, such as the Model, the Code of Ethics, the specific Procedures and the Disciplinary System. The Model – together with the Code of Ethics – is notified by the Legal and Human Resources Department using appropriate means that allow for confirmation of receipt. Specifically, the Model is formally sent by Loro Piana to each member of the Corporate Bodies, who signs a declaration confirming receipt, having read it and agreeing to comply with it; this declaration is kept on file by Loro Piana and the Supervisory Board.

The Code is also formally notified to all Employees in digital format or, where this is not possible, made available by publication on the company intranet and by display in a location accessible to all and, in any event, on company noticeboards.

A copy of the declaration certifying delivery, acknowledgement and simultaneous consent by Employees to comply with the rules envisaged therein is kept on file at Loro Piana.

As regards the dissemination of the Code to Suppliers, Subcontractors and other third parties, the Code and the relevant Special Sections applicable to them are published on the corporate website www.loropiana.com and are referred to and accepted via specific Article 231 clauses included in the contracts entered into between such parties and the Company.

9.2 Training on the Model

Loro Piana, in coordination with the Supervisory Board, implements training programmes with the aim of ensuring that all Recipients have a thorough understanding of the Decree, the Model and the Code of Ethics, which forms an integral part thereof.

To this end, the Supervisory Board verifies that the relevant company departments have drawn up information and training programmes tailored to the type of Recipients, including in terms of their position in the hierarchy, their role, their professional expertise, the duties they perform and their level of involvement in the Sensitive Activities identified in the Special Sections of the Model, and therefore their greater or lesser exposure to the risk of a breach.

Training on specific topics may be provided, including at the proposal of the Supervisory Board, specifically circumstances, namely where there is a recognised need to deepen the Recipients' knowledge of general or specific issues (by way of example only, in the event of Violations committed or in the presence of significant or repeated Violations of the Model and/or the Code of Ethics).

In general, the Supervisory Board:

– collaborates in defining the content of the periodic communications sent to the Recipients, to provide them with the necessary awareness and basic knowledge of the Decree;

a) monitors the organisation of training courses on the Decree, particularly in specific situations (such as, by way of example only, organisational changes, regulatory amendments, or significant or repeated Violations of the Model and/or the Code of Ethics);

b) monitors the creation and updating – in coordination with the department responsible for updating the company website – of the section of the company intranet dedicated to the Decree and the Model;

c) monitors the promotion of appropriate initiatives designed to foster awareness and understanding of the Model;

d) verifies the preparation of organisational documentation featuring instructions, clarifications and updates regarding the operation of the Code;

– verifies the adequacy of the content of training programmes and periodically checks that the Target Audience actually attends the training.

Specifically, with regard to communication and training for Internal Managers of Sensitive Activities, in addition to the training outlined above, the following will be organised by Loro Piana - specific training courses aimed at providing these Internal Managers of Sensitive Activities with adequate knowledge of the Model and the tools necessary to perform checks on the correct implementation of the Procedures within the company function or the area at risk for which they are responsible.

Training initiatives may take place either in person, remotely or via IT systems.

Training for the Recipients for implementing the Model is managed by the Legal Department in conjunction with the Human Resources Department, which reports periodically to the Supervisory Board.

Training activities are recorded to enable appropriate checks implemented with regard to the Recipients (attendance lists and collection of signatures), the content (training materials provided), the delivery methods (e-learning, face-to-face sessions, other), the level of learning achieved (specific tests), and any need to repeat the course (in the event of failing the tests).

Training is compulsory, and repeated failure to attend training sessions without valid reason is subject to disciplinary action by Loro Piana. Behaviour inconsistent with training requirements (such as, by way of example, systematically failing to pass assessment tests) also represents a breach of the training obligation.

10 WHISTLEBLOWING

On 15 March 2023, Legislative Decree No. 24/2023 dated 10 March 2023 was published in the Official Gazette, governing "Implementation of EU Directive No. 2019/1937 on the protection of persons reporting over Violations of Union law and laying down provisions on the protection of persons reporting over Violations of national regulatory provisions". By consolidating, into a single legislative text, the rules governing the protection of persons reporting over Violations in workplaces within the public and private sectors, the Decree has defined:

- the protection measures for individuals making a whistleblowing allegation;
- the obligations of Companies regarding non-discrimination against whistleblowers and the protection of their confidentiality;
- the need for an internal whistleblowing allegation channel[11] that enables whistleblowers to submit reports whilst ensuring the confidentiality of the identity of the whistleblower, the person against whom the report is made, and the content and documentation related to the whistleblowing allegation;
- the prohibition of acts of retaliation or discrimination against the whistleblower for reasons related to the whistleblowing allegation;
- the need to include, within the Disciplinary System, sanctions against those who breach the measures protecting the whistleblower, as well as against those who, with intent or gross negligence, make reports that prove to be baseless.

Pursuant to Legislative Decree 24/2023, Loro Piana has established a dedicated Whistleblowing System, based on the external platform known as ***Alert Line***, which is managed centrally by the LVMH Group and accessible via the web using the following link: ***https://alertline.lvmh.com/***.

This platform guarantees the confidentiality of the whistleblower's identity and the content of the whistleblowing allegation through secure protocols and encryption tools that protect personal data and the information provided. The management of the platform is governed by a dedicated Group procedure, the "LVMH Group Alert Policy", the content of which is envisaged in paragraph 10.1 below.

Specifically, the Whistleblowing System established by the Company envisages:

- the persons who may submit a Whistleblowing Allegation (all those subject to the Group's Code of Conduct and the Group's Model);
- the acts or facts that may be the subject of a Whistleblowing Allegation, as well as the requirements that reports must meet in order to be considered;
- the procedures for reporting alleged Violations and the persons responsible for receiving Whistleblowing Allegations;
- the process of preliminary examination and, where necessary, investigation when a Whistleblowing Allegation is made;
- the guarantee of confidentiality and the protection of personal data of the person making the whistleblowing allegation and of any person who may be the subject of the report;
- the prohibition of retaliation and discrimination against the person making the report.

In order to ensure the effectiveness of the Whistleblowing System, the Company ensures that all employees and those who collaborate with it are kept fully informed regarding the knowledge, understanding and dissemination of the objectives and the spirit in which a Whistleblowing Allegation must be made.

Specifically, reports may concern:

- unlawful conduct constituting one or more criminal Violations, including those attempted, which may lead to administrative liability for the Company under the Decree;
- conduct which, whilst not implying a breach of the rules of conduct, procedures, protocols or provisions envisaged within the Model, the documents annexed thereto or the Code of Conduct;
- Violations of European legislation, namely those envisaged in Annex 1 to Legislative Decree No. 24/2023 and the Italian provisions implementing it, related to certain specific sectors covered by the legislation, as detailed in the Group Procedure "LVMH Group Alert Policy" (e.g., public procurement, environmental protection, public health, etc.).

[11] As regards the private sector, the Decree applies to organisations that: (i) have employed, on average, at least 50 employees over the past year; (ii) operate in the areas covered by the European legislation envisaged in Annex 1 (namely the banking, credit and insurance sectors, etc.), even if they have not reached an average of 50 employees over the past year; (iii) fall within the scope , Legislative Decree 231/01 and have adopted an Organisation, Management and Control Model, even if they have not reached an average of 50 employees over the past year.

However, issues of a personal nature related to the whistleblower, or claims or requests related to the terms of their employment or their relationships with their line manager or colleagues, shall not be eligible for a whistleblowing allegation.

Reports must provide information that enables the designated persons to perform the necessary and appropriate checks and investigations, pursuant to Article 6, paragraph 2-*bis*, of the Decree.

10.1 The Whistleblowing Procedure

In order to ensure the effectiveness of the Whistleblowing System, the Company has adopted the Group's Whistleblowing Allegation Procedure, the "LVMH Group Alert Policy", as well as an internal Loro Piana Alert Policy.

Those subject to the Code may make a whistleblowing allegation if they become aware of, or have reasonable grounds to suspect, serious Violations or risks of breach of the Code, the LVMH Code of Conduct, internal procedures and guidelines, as well as applicable laws and regulations.

The whistleblower may submit a whistleblowing allegation in writing, including anonymously, by accessing the Alert Line via the following link: https://alertline.lvmh.com/.

Whistleblowing allegations are received via the Alert Line by the LVMH Group's Ethics & Compliance Department, which then forwards them to the Ethics & Compliance representatives at Loro Piana. The Ethics & Compliance representatives at Loro Piana act as coordinators responsible for assessing the Whistleblowing Allegations, pursuant to Legislative Decree 24/2003. The officers forward to the Supervisory Board all reports governing issues that may represent Violations of the Code, as defined in paragraph 2.8. The officers also ensure that, every six months, an anonymised summary report of the internal reports received is forwarded to the Supervisory Board. The Supervisory Board is also informed of the remedial and disciplinary measures adopted following reports and the investigation of any instances of discrimination or retaliation.

The collection of information, as detailed in the Group's Whistleblowing Procedure, the "LVMH Group Alert Policy" (to which reference is made), is divided into four main stages:

1. Once the whistleblower has accessed the interface via the link, they will be asked to read and accept the terms and conditions related to the use of the system, confidentiality and data protection. They are also given the option to decide whether to submit the whistleblowing allegation anonymously or not.
2. The whistleblower will be asked to select one of the nine available categories under which they wish to submit the whistleblowing allegation.
3. The whistleblower must then briefly describe the facts relating to the Whistleblowing Allegation and provide additional details by answering a series of multiple-choice questions. When submitting the Whistleblowing Allegation, they will also have the option to attach a document. At that point, they will receive a reference code confirming that the Whistleblowing Allegation has been received.
4. Once the whistleblowing allegation has been submitted, the whistleblower may set up a "secure mailbox" in order to communicate in complete confidence whilst the report is being assessed. Through this mailbox, they will, specifically, receive updates on the progress of their whistleblowing allegation and will have the opportunity to provide further details. Without setting up a secure mailbox, it will not be possible to communicate with the employee or contractor.

No form of retaliation against a whistleblower using the whistleblowing system will be tolerated, even if the suspicions underlying the whistleblowing allegation turn out to be baseless. In any case, misuse of the system or use in bad faith may result in disciplinary action.

10.2 Disciplinary measures against those subject to Violations

For the purposes of the provisions on whistleblowing, reference is made to the provisions envisaged in Chapter 11 of the Disciplinary System, which is hereby incorporated in full. The Disciplinary System adopted by the Company envisages sanctions on those who breach the measures protecting the whistleblower (confidentiality of identity), as well as on those who submit baseless allegations with intent or through negligence, and on those who engage in retaliation or obstruct, even if only attempted, a whistleblowing allegation; Furthermore, sanctions are also imposed for failure to establish the reporting channel, failure to adopt procedures (or adoption of procedures that do not comply with the Decree), and failure to verify and analyse the reports.

11 THE DISCIPLINARY AND SANCTIONING SYSTEM

11.1 Purpose of the Disciplinary System

Pursuant to Article 6 of the Decree, organisational, management and control models must envisage a disciplinary system capable of sanctioning failure by the Recipients, as defined in paragraph 2.3, to comply with the measures envisaged in the Model itself.

The disciplinary system serves as a preventive measure in the application of the sanctions envisaged in the Decree, and by helping to prevent the commission of Violations, it contributes to the effective implementation of the Model.

In accordance with the above, this disciplinary system (hereinafter the "Disciplinary System") forms an essential and integral section of the Model and represents one of its Protocols. The Disciplinary System operates in compliance with current legislation and, specifically, with the provisions of the applicable collective labour agreements.

The Disciplinary System is internal to the Company and supplements the applicable laws and regulations.

To ensure that all Recipients are fully aware of it, the Disciplinary System is published on *the* company intranet and displayed on the company noticeboard, in a location accessible to all, and is the subject of training as a section of the Model.

In relation to issues not expressly envisaged in this Disciplinary System, the relevant laws and regulations shall apply, and, specifically, the provisions of Article 7 of Law No. 300 dated 20 May 1970 (Workers' Statute), as well as the provisions of collective agreements and company regulations, where applicable.

The application of the disciplinary measures envisaged in the Disciplinary System does not preclude any further sanctions of a different nature (criminal, administrative, civil, etc.) that may apply in specific individual cases.

The Disciplinary System is constantly monitored by the *Human Resources* Department. It is based on the principles of independence, autonomy, specificity, immediacy and proportionality in disciplinary proceedings.

The application of sanctions is independent of the initiation and outcome of any criminal proceedings, as the rules of conduct envisaged in the Model and the Code of Ethics have been adopted by the Company irrespective of the type of criminal behaviour that the Violations (as defined below) may lead to.

11.2 Relevant Conduct

For the purposes of this Disciplinary System, an "'Offense" means any conduct, implemented by one or more Persons Subject to the Model, which represents a breach of the Code of Ethics, the rules governing the flow of information to the Supervisory Board and the Whistleblowing System, the Special Sections or the Procedures, as provided for and regulated in paragraph 2.8.

This Disciplinary System complies with the principle of legality, ensuring that who is subject to the Code are made aware in advance of the Violations and the related sanctions, and with the principle of the right to be heard, ensuring the involvement of the person involved, as well as the principles of immediacy, proportionality and the appropriateness of the sanction in relation to the Breach, taking into account, when imposing sanctions, all subjective elements and/or objective circumstances of such offenses.

The possible Offenses, categorised into homogeneous groups according to their degree of seriousness, are as follows:

a) failure to comply with the Code or unjustified obstruction of access to information and documents by the Supervisory Board, provided that this does not represent one of the cases envisaged in points (b), (c) and (d) below;
b) failure to comply with the Code, consisting of a breach of a general principle of conduct or a prevention protocol envisaged in the Special Sections and/or of principles envisaged in the Code of Ethics and/or conduct that obstructs or circumvents the Supervisory Board's checks, and which does not represent one of the cases envisaged in points (c) and (d) below;
c) failure to comply with the Model which represents only the objective element of one of the Violations, without the presence of the relevant subjective element;

d) failure to comply with the Model which is sufficient to represent both the objective and subjective elements of one of the Violations.

11.3 The Corporate Bodies

All members of the Corporate Bodies are liable to the sanctions envisaged by the Disciplinary System for Violations. Insofar as they are Senior Managers, given their hierarchical position, any omission or negligence in supervising Subordinates which has permitted or facilitated the Violations shall also be subject to sanctions, as envisaged by this Disciplinary System.

11.4 Employees

All Employees of the Company are liable to the sanctions envisaged by the Disciplinary System for Violations, pursuant to Article 2106 of the Italian Civil Code.

As regards managers, and in any event all Senior Managers, given their position within the hierarchy, failure or negligence in supervising Subordinates which has enabled or facilitated Violations is also subject to sanctions, as envisaged in this Disciplinary System.

Compliance with the provisions of the Model is an essential section of Employees' contractual obligations pursuant to and for the purposes of Article 2104 *et seq*. of the Italian Civil Code.

11.5 Suppliers

Compliance with the provisions of the Decree, the Model, the Code of Ethics and the Code of Conduct for Suppliers and Business Partners is an essential section of the Suppliers' contractual obligations pursuant to and for the purposes of the relevant contractual provisions. The Company includes specific Article 231 clauses in letters of engagement and/or contractual agreements, which impose an obligation on the supplier (both on its own behalf and on behalf of any of its own suppliers) to comply with the Decree, the Model, the Code of Ethics and the Code of Conduct for Suppliers and Business Partners. The same provisions apply to other third parties which, as defined in paragraph 2.3, are deemed relevant in the individual Special Sections in light of the outcome of the risk assessment on the specific process, and from whom Loro Piana requires – through the signing of specific Article 231 clauses – compliance with certain codes of conduct and/or ethical standards.

11.6 Sanctions

When assessing the seriousness of the Violations, the following are taken into account:

- the type of Violation[12] ;
- the circumstances;
- the manner in which the breach took place;
- the subjective element[13] ;
- behaviour prior to and following the breach;
- whether the person involved is a Senior Manager or a Subordinate;
- the function, role and responsibilities of the person within the Company;
- any consequences arising from the Breach, with particular reference to the relationship of trust with the Company.

In determining the specific sanction imposed, the following are also taken into account:

- the seriousness of the Breach;
- whether multiple Violations have been committed as part of the same course of conduct;
- whether more than one person was involved in committing the violations
- whether the perpetrator is a repeat offender.

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[12] For example, whether the Violation was committed through an act or an omission.

[13] More specifically, the subjective element may consist of intent, such as the awareness and will to act in breach of the provisions envisaged in the Model, or of negligence, such as carelessness, imprudence or incompetence on the part of the person acting. The degree of intent or negligence will also be assessed.

11.7 Sanctions against members of the corporate bodies

In the event of a Breach by a member of the Corporate Bodies, the following sanctions shall be applied:

- a written warning to comply with the provisions of the Code;
- a warning not to continue conduct contrary to the provisions of the Code;
- dismissal from office for just cause.

Specifically, by way of a non-limiting example:

- for Violations envisaged in point (a) of paragraph 11.2 of this Disciplinary System, the sanction of a written warning or a warning to cease the breach shall be applied;
- for Violations envisaged in points (b) and (c) of paragraph 11.2 of this Disciplinary System, the sanction of a warning to cease the breach or removal from office shall be applied;
- for Violations envisaged in sub-paragraph (d) of paragraph 11.2 of this Disciplinary Code, the sanction of removal from office shall be imposed.

The above sanctions shall be imposed pursuant to the principle of proportionality, applying the criteria envisaged in paragraph 11.6 of this Disciplinary Scheme.

Where the Breach is committed by a director who is also an Employee of the Company, the sanctions provided for Employees shall apply, it being understood that, where the sanction imposed is dismissal, with or without notice, the removal of the Employee from the office of director/managing director shall be a matter for the shareholders' meeting.

11.8 Sanctions against Employees

Under the current collective agreement, the sanctions that may be imposed on employees are:

- a verbal warning;
- a written warning;
- a fine not over 2 hours' hourly pay calculated on the basis of the minimum wage;
- suspension from duty and pay, for up to a maximum of 3 days;
- dismissal for misconduct.

Similar sanctions apply to managers pursuant to collective bargaining agreements (Article 27, National Collective Labour Agreement for managers of industrial companies). Therefore, should a criminal case be filed against a manager, one or more of the sanctions listed above will be applied.

Specifically, by way of example and without limitation:

- for Violations envisaged in point (a) of paragraph 11.2 of this Disciplinary Code, the penalty of a verbal reprimand or a written warning shall be imposed. A verbal reprimand shall be imposed in all events where the employee's conduct is not of such a serious nature as to warrant the imposition of a different penalty;
- for Violations envisaged in point (b) of paragraph 11.2 of this Disciplinary Code, the penalty of a written warning or a fine shall be imposed. A fine shall also be imposed in all events of repeated Violations punishable by a written warning;
- for Violations envisaged in point (c) of paragraph 11.2 of this Disciplinary Code, the sanction of suspension from duty and pay, or dismissal for misconduct with notice, shall be imposed. The penalty of suspension from duty and pay, for up to a maximum of 3 days, shall also be imposed in events of conduct punishable by the aforementioned penalties, where, due to the circumstances of the case or because of repeat Violations, the conduct is of a more serious nature, or in the event of negligence of a significant nature that has compromised the safety of the premises where the employee works;
- for Violations envisaged in point (d) of paragraph 11.2, the sanction of dismissal for misconduct without notice shall be applied. The sanction of summary dismissal without notice shall be applied in all events where, either due to the wilful nature of the act, its criminal or financial implications, repeat Violations, or its particular nature, the breach is such as to undermine the trust on which the employment relationship is based, rendering it impossible to continue the employment relationship, even on a temporary basis.

Where the disciplinary charge brought against the Employee relates to a Breach envisaged in points (c) and (d) of paragraph 11.2 of this Disciplinary Code, the Company may, alternatively:

- the non-disciplinary precautionary suspension of the Employee with immediate effect, for a maximum period of 3 days. For the purposes of the precautionary suspension, the Company shall notify the Employee in writing of the relevant facts and shall examine any counter-arguments submitted by the Employee;
- on a provisional and precautionary basis, for a period not over 3 months, the reassignment of the Employee to different duties, pursuant to the provisions of Article 2103 of the Italian Civil Code.

The disciplinary measures stated above shall be imposed pursuant to the principle of proportionality, applying the criteria envisaged in paragraph 11.6 of this Disciplinary System.

11.9 Sanctions against Suppliers

In its dealings with suppliers, the Company includes specific Article 231 clauses in letters of appointment and/or contractual agreements, which impose an obligation on the supplier (both on its own behalf and on behalf of any of its own suppliers) to comply with the Decree, the Model, the Code of Ethics and the Code of Conduct for Suppliers and Business Partners. Such clauses provide that, in the event of a breach of the aforementioned requirements, sanctions may be imposed, which may include termination of the contract. The same provisions apply to any further third parties which, as defined in paragraph 2.3, are deemed relevant in the individual Special Sections in light of the outcome of the risk assessment on the specific process.

11.10 Procedure for imposing sanctions on members of the Corporate Bodies

Should the Supervisory Board identify a Breach committed by a member of the Corporate Bodies (who is not an Employee of the Company), the Supervisory Board, by virtue of the powers conferred upon it, may request information, demand the production of documentation, conduct interviews and, in general, undertake all necessary activities related to the investigation of the alleged breach; following such activities, it shall, without delay, submit a report to the Board of Directors and the Board of Statutory Auditors setting out:

- the conduct involved and the relevant supporting evidence, as well as the provisions of the Code that have been breached;
- the person responsible for the breach;
- the supporting documents, if any;
- the proposed sanction.

Upon receipt of the notification from the Supervisory Board, the Board of Directors shall promptly summon the person involved and inform them of the information received. It shall then, taking into account any comments made by the person involved, determine the applicable sanction, giving reasons for its decision, and communicate this in writing to the person involved, to the Supervisory Board and, where different from the Board of Directors, to the body competent to impose the sanction.

The competent body shall then impose the sanction and notify the Supervisory Board thereof.

Where the sanction imposed is removal from office, this shall be implemented by the general meeting of shareholders.

Where the sanction of removal from office is imposed on a member of the Board of Statutory Auditors, Article 2400, second paragraph, of the Civil Code shall also apply.

In the event of a breach committed by a director who is also an employee of the Company, the sanction shall be imposed pursuant to the provisions of this Disciplinary System.

Directors remain subject to the liability proceedings envisaged in the Civil Code.

11.11 Procedure for imposing sanctions on employees

Should the Supervisory Board identify a Breach committed by an Employee, it may, by virtue of the powers conferred upon it, request information, demand the production of documentation, conduct interviews and, in general, undertake all necessary steps to investigate the alleged Breach; following such activities, which it must perform without delay to ensure that any sanction imposed complies with the principle of promptness, it shall,

without delay, submit a report to the Board of Directors and to the Board of Statutory Auditors about:

- the conduct and the relevant supporting evidence, as well as an indication oof the breached Code;
- the person responsible for the breach;
- the supporting documents, if any;
- the proposed sanction.

The provisions envisaged in the applicable collective agreement and in Article 7 of Law No. 300/1970 (Workers' Statute), as well as any company regulations or disciplinary codes, shall apply to the procedure for bringing charges and imposing disciplinary sanctions, it being understood that:

- the imposition of disciplinary measures against employees and who are not managers shall be implemented by the relevant company department, in the person of an individual with the appropriate powers;
- disciplinary measures against executives shall be imposed by the Board of Directors, or by another person with the appropriate powers;
- the sanctions for Violations related to workplace health and safety shall be the responsibility of the employer pursuant to Article 2(1)(b) , Legislative Decree 81/2008;
- the disciplinary measures must be justified and notified in writing to the person involved within 10 days of the person involved providing a defense or of the expiry of the deadline set for such defense.

The Supervisory Board shall be notified of the imposition of the sanction on the Supplier which will be governed by Article 231 and its provisions.

11.12 Disciplinary measures against the recipients of whistleblowing allegations

In the event of a breach of the regulatory provisions on whistleblowing, in order to protect the identities of the whistleblowers and safeguard them from any acts of retaliation or discrimination, the Company may impose the following measures on the recipient of the whistleblowing allegation:

- In the event of a breach of this Code or a breach of the confidentiality of the whistleblower's identity by one or more members of the Supervisory Board, the other members of the Body shall immediately inform the Board of Directors: that body, after formalising the breach and providing adequate means of defense, shall take the appropriate measures, including, for example, the removal from office of the members of the Supervisory Board who committed the breach and the subsequent appointment of new members, or the removal from office of the entire body and the subsequent appointment of a new Supervisory Board.
- In the event of a breach of the Code or a breach of the confidentiality of the whistleblower's identity by the LVMH Group's "Ethics & Compliance" Director, the Supervisory Board shall notify the Board of Directors and the Board of Statutory Auditors so that the former may take the measures envisaged by law.
- Discriminatory measures against individuals who make allegations may be transmitted to the National Labour Inspectorate, for action within its remit, not only by the whistleblower but also by the trade union organisation designated by the whistleblower.
- Any retaliatory or discriminatory dismissal of the whistleblower is null and void. Any change in duties pursuant to Article 2103 of the Civil Code, as well as any other retaliatory or discriminatory measure taken against the whistleblower, is also null and void. It is the employer's responsibility, in the event of disputes related to the imposition of disciplinary sanctions, demotions, dismissals, transfers, or the imposition of any other organisational measure on the whistleblower having direct or indirect adverse effects on their working conditions, following the submission of the Whistleblowing allegation, to demonstrate that such measures are based on reasons unrelated to the Whistleblowing allegation itself.

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For any significant Violations of the provisions envisaged in the Model and/or the Code of Ethics be established, the Board of Directors shall perform a review, within its remit, of those provisions, with a view to assessing their amendment.