VALENTINO S.P.A.

ORGANIZATION,
MANAGEMENT AND CONTROL MODEL
EX LEGISLATIVE DECREE 231/01

Milan 03.04.2012

VALENTINO S.P.A.

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- GENERAL PART -

SECTION 1

1. LEGISLATIVE DECREE 8 JUNE 2001 NO. 231

1.1. ADMINISTRATIVE RESPONSIBILITY OF CORPORATE BODIES

The Lgs. D. 8 June 2001, no. 231, which contains the “Regulation of the administrative responsibility of corporate bodies, companies and associations, including those without legal status” (hereafter referred to as the “Lgs.D. 231/2001” or, also alone the “Decree”), which came into force on 4 July 2001 in implementation of art. 11 of the Delegated Law 29 September 2000 no. 300, introduced into Italian law, in conformity with European law, the administrative responsibility of corporate bodies, where by “corporate bodies” is meant business companies, whether corporations or partnerships, and associations, even if without legal status.

Such a new form of responsibility, although defined as “administrative” by the legislator, has the same features of criminal responsibility, as the criminal judge is competent for the judgement of offences deriving from said responsibility, with the extension to the corporate body of the same guarantees granted in criminal proceedings.

The administrative responsibility of the corporate body derives from criminal acts, expressly indicated in the Lgs.D. 231/2001, committed in the interest of or to the advantage of the body itself, by natural persons performing functions of representation, administration or direction of the body or of one of its organizational units endowed with financial and functional autonomy, or who exercise, also de facto, its management and control (the so-called “apical individuals”), or which are subject to the direction or surveillance of one of the above-mentioned individuals (the so-called “subordinate individuals”).

In addition to the existence of the requirements described above, the Lgs.D. 231/2001 also requires the establishment of the guilt of the corporate body, in order to be able to establish its responsibility. Such a requirement is ascribable to a concept of “organizational guilt”, in the sense of the failure on the part of the body to adopt appropriate preventive measures to prevent the individuals identified in the Decree from committing the offences listed in the following paragraph.

If the corporate body is able to demonstrate that it adopted and effectively implemented appropriate organization in order to avoid the committing of such offences, through the adoption of the organization, management and control model provided for by the Lgs.D. 231/2001, the said body shall not be liable on grounds of administrative responsibility.

1.2. OFFENCES PROVIDED FOR BY THE DECREES

The offences deriving from the administrative responsibility of the body are those expressly and strictly referred to in the Lgs.D. 231/2001 and subsequent amendments and integrations.

The offences currently included in the scope of application of the Lgs.D. 231/2001 are listed below, however, it should be noted that this list may be extended in the near future:

1. Offences against the Public Administration (articles 24 and 25):
   - Undue reception of funds to the detriment of the State or other public body or the European Union (art. 316 ter penal code);
- Misappropriation to the detriment of the State or other public body or the European Union (art. 316 bis penal code);
- Fraud to the detriment of the State or public body (art. 640, paragraph 2, no. 1, penal code);
- Aggravated fraud in order to obtain public funds (art. 640 bis penal code);
- Computer fraud to the detriment of the State or other public body (art. 640 ter penal code);
- Bribery (articles 318, 319, 320 and 322 bis penal code);
- Instigation to bribery (art. 322 penal code);
- Bribery in judicial acts (art. 319 ter penal code);
- Graft (art. 317 penal code).

2. **Cybercrime and unlawful handling of data** introduced into the Decree by Law 48/2008 (art. 24 bis):
   - Unauthorized access to a computer or telematic system (art. 615 ter penal code);
   - Illegal possession and circulation of access codes to computer or telematic systems (art. 615 quater penal code);
   - Distribution of computer equipment, devices or programmes with the aim of damaging or interrupting an information or telematic system (art. 615 quinquies penal code);
   - Interception, obstruction or illegal interruption of computer or telematic communications (art. 617 quater penal code);
   - Installation of equipment with the aim of intercepting, impeding or interrupting computer or telematic communications (art. 617 quinquies penal code);
   - Damage to information, data and computer software (art. 635 bis penal code);
   - Damage to information, data and computer software used by the State or other public body or, in any case, body of public utility (art. 635 ter penal code);
   - Damage to computer and telematic systems (art. 635 quater penal code);
   - Damage to computer and telematic systems of public utility (art. 635 quinquies penal code);
   - Computer fraud carried out by the person providing electronic signature certification services (art. 640 quinquies penal code).

   - Criminal association (art 416 penal code);
   - Mafia-type associations including foreign ones (art. 416 bis penal code);
   - Electoral exchange agreements between politics and organized crime (art. 416 ter penal code);
   - Kidnapping for purposes of robbery or extortion (art. 630 penal code);
   - Association for purposes of illegal trafficking of narcotics and psychotropic substances (art. 74, Presidential Decree 9 October 1990 no. 309);
   - Crimes of illegal manufacture, introduction into the State, sale, transfer, possession or carrying in a public place or place open to the public of weapons of war or of war type or parts of them, of explosives, of illegal weapons as well as of common fire-arms, excluding those specified by article 2, paragraph 3, of the Law 18 April 1975, no. 110 (art. 407, paragraph 2, letter a), number 5) code of criminal procedure).

4. **Offences regarding the counterfeit of money, public credit cards, revenue stamps and identification instruments or marks**, introduced into the Decree by Law 409/2001 and amended by Law 99/2009 (art. 25 bis):
   - Counterfeiting of currencies, spending and introduction into the State, with previous agreement, of counterfeited currencies (art. 453 penal code);
   - Alteration of currencies (art. 454 penal code);
• Spending and introduction into the State, without previous agreement, of counterfeited currencies (art. 455 penal code);
• Spending of counterfeited currency received in good faith (art. 457 penal code);
• Counterfeiting of revenue stamps, introduction into the State, purchase, possession or circulation of counterfeited revenue stamps (art. 459 penal code);
• Counterfeiting of watermarked paper in use for the manufacture of legal tender or revenue stamps (art. 460 penal code);
• Manufacture or possession of watermarks or tools intended for the counterfeiting of currencies, revenue stamps, or watermarked paper (art. 461 penal code);
• Use of counterfeited or altered revenue stamps (art. 464, paragraphs 1 and 2, penal code);
• Counterfeiting, alteration, use of trademarks or distinguishing signs, or of patents, models and designs (473 penal code);
• Introduction into the State, and trade of industrial products with false trademarks (474 penal code).

5. Crimes against industry and trade, introduced into the Decree by Law 99/2009 (art. 25-bis 1):
   • Disruption of freedom of industry or trade (art. 513 penal code);
   • Illegal competition with threats or violence (art. 513 bis penal code);
   • Fraud against national industries (art. 514 penal code);
   • Fraud in the exercise of trade (art. 515 penal code);
   • Sale of non-genuine foodstuffs as genuine (art. 516 penal code);
   • Sale of industrial products with mendacious trademarks (art. 517 penal code);
   • Manufacture and trade of goods produced usurping industrial property rights (art. 517 ter penal code);
   • Counterfeiting geographical indications or certification of origin of food products (art. 517 quater penal code).

   • False corporate communications (art. 2621 civil code);
   • False corporate communications to the detriment of the company, the shareholders or the creditors (art. 2622 civil code);
   • Obstruction of inspection (art. 2625 civil code);
   • Unlawful restitution of contributions (art. 2626 civil code);
   • Unlawful distribution of profits and reserves (art. 2627 civil code);
   • Illegal transactions on shares or stock holdings or holdings of the controlling company (art. 2628 civil code);
   • Transactions to the detriment of the creditors (art. 2629 civil code);
   • Failure to disclose conflict of interests (art. 2629 bis civil code);
   • Fictitious capital formation (art. 2632 civil code);
   • Undue distribution of corporate assets by the liquidators (art. 2633 civil code);
   • Undue influence on the shareholders' assembly (art. 2636 civil code);
   • Agiotage (art. 2637 civil code);
   • Hindering the exercise of public supervision authorities' functions (art. 2638, paragraphs 1 and 2, civil code).

7. Crimes for purposes of terrorism or subversion of the democratic order, introduced into the Decree by Law 7/2003 (art. 25 quater).

- Placing or holding a person in a state of slavery or bondage (art. 600 penal code);
- Child prostitution (art. 600 bis penal code);
- Child pornography (art. 600 ter penal code);
- Possession of pornographic material (art. 600 quater penal code);
- Virtual pornography (art. 600 quater 1 penal code);
- Tourist initiatives for purposes of exploitation of child prostitution (art. 600 quinquies penal code);
- Trafficking in human beings (art. 601 penal code);
- Purchase and alienation of slaves (art. 602 penal code).

- Abuse of privileged information (art. 184 of Lgs.D. 58/1998);

11. **Transnational offences**, introduced into the Decree by Law 146/2006:
- Criminal association (art. 416 penal code);
- Mafia-type associations including foreign ones (art. 416 bis penal code);
- Criminal association for purposes of contraband of foreign processed tobaccos (Presidential Decree 43/1973, art. 291 quater);
- Association for purposes of illegal trafficking of narcotics and psychotropic substances (art. 74 of the Presidential Decree 309/1990);
- Provisions against illegal immigration (art. 12 of Lgs.D. 286/1998);
- *Inducing persons not to make statements or to make mendacious statements to the judicial authorities* (art. 377 bis penal code);
- Aiding and abetting (art. 378 penal code).

12. **Culpable offences committed in violation of accident-prevention laws and laws regarding hygiene and health in the workplace**, introduced into the Decree by Law 123/2007 (art. 25 septies):
- *Manslaughter* (art. 589 penal code)
- Grievous or extremely grievous bodily harm (art. 590 penal code).

- Receiving stolen goods (art. 648 penal code);
- Money-laundering (art. 648 bis penal code);
- Use of money, goods or assets of illegal origin (art. 648 ter penal code).

14. **Offences regarding the infringement of copyright**, introduced into the Decree by Law 99/2009 (art. 25 novies):
- Insertion into telematic network systems available to the public, by means of connections of whatever type, of a work protected by copyright or part of it (art. 171, paragraph 1, letter a-bis), Law 633/41);
- Offences referred to in the preceding paragraph committed in relation to a work of others not intended for publication, or with usurpation of the authorship of the work, or with distortion, mutilation or other modification of the same work, when it offends the honour or reputation of the author being damaged (art. 171, paragraph 3, Law 633/41);
- Illegal duplication, to obtain profit, of computer software; import, distribution, sale, possession for commercial or business purposes or leasing of software contained in supports without the SIAE (Italian Royalties Collection Society)
mark; the setting up of means whose sole purpose is to allow or facilitate the arbitrary removal or functional elusion of devices applied for the protection of a computer software (art. 171-bis, paragraph 1, Law 633/41);

- Reproduction, transfer onto another support, distribution, communication, presentation or demonstration in public of the content of a data base in violation of the provisions contained in articles 64-quinquies and 64-sexies of the Law 633/41, for purposes of profit and on supports without the SIAE mark; extraction or reuse of the data base in violation of the provisions contained in articles 102-bis and 102-ter of the Law 633/41; distribution, sale and leasing of the data base (art. 171-bis, paragraph 2, Law 633/41);

- Illegal duplication, reproduction, transmission or diffusion in public with whatever means, wholly or in part of a creative work intended for television or cinema, sale or renting, disks tapes or analogous supports or any other support containing phonograms or videograms of assimilated musical, cinematographic or audiovisual works or sequences of moving images; illegal reproduction, transmission or public diffusion, on any medium, of literary, dramatic, scientific or didactic, musical or dramatico-musical, multimedial works or parts of works, even if included in collective or composite works or data bases; introduction into the territory of the State, even if without contribution to the duplication or to the reproduction, possession for the sale or distribution, marketing, leasing or transfer for any reason, projection in public, transmission via television with whatever means, transmission via radio, diffusion for listening by the public, of the illegal reproductions referred to in the present paragraph; possession for retail or distribution, distribution, marketing, leasing or in any case transfer of for any reason, projection in public, transmission via television with whatever means, transmission via radio, listening in public of the above-mentioned duplications or reproductions; possession for the sale or distribution, marketing, sale, leasing, disposal for any reason, transmission via television or radio with whatever means, of videocassettes, music cassettes, any support containing phonograms or videograms of musical, cinematographic or audiovisual works or sequences of moving images, or of any other support for which the presence of the SIAE mark is prescribed, in accordance with Law 633/41, without the said mark or with a counterfeited or altered mark; retransmission or diffusion with any means, in the absence of an agreement with the legitimate distributor, of an encrypted service received by means of equipment or parts of equipment for decoding broadcasts with conditional access; introduction onto the territory of the State, possession for the sale or distribution, distribution, sale, leasing or transfer for any reason, commercial promotion, installation of devices or device elements for special decodification that allow access to an encrypted service without payment of the fee due; manufacture, import, distribution, sale, leasing, transfer for any reason, advertising for sale or leasing, or possession for commercial reasons, of equipment, products or components, or provision of services whose main purpose or commercial use is to elude effective technological measures provided for by art. 102-quater of Law 633/41, or are mainly designed, produced, adapted or realized with the purpose of making possible or facilitating the elusion of the said measures; illegal removal or alteration of electronic information provided for by article 102-quinquies, or distribution, import for purposes of distribution, diffusion via radio or television, communication or distribution to the public of works or other protected materials from which the said electronic information has been removed or altered (art. 171-ter, paragraph 1 Law 633/41);

- Reproduction, duplication, transmission or illegal diffusion, sale or marketing, transfer for any reason or illegal importing of more than fifty copies or items of works protected by copyright and by related rights; communication to the public, for purposes of profit, of a creative work protected by copyright, or part of it, by
introducing it into a system of telematic networks, through connections of whatever type; committing of one of the offences referred to in the previous paragraph by exercising for business purposes activities of reproduction, distribution, sale or marketing, import of works protected by copyright and related rights; promotion or organization of the illegal activities referred to in the preceding paragraph (art. 171-ter, paragraph 2 Law 633/41);

- Failure to inform SIAE, by producers or importers of supports not subject to the trademark provided for in article 181-bis of Law 633/41, within thirty days from the marketing on national territory or of their being imported, of the identification data of the supports not subject to the trademark or false declaration of the said data (art. 171-septies Law 633/41);
- Fraudulent production, sale, import, promotion, installation, modification and public or private use of equipment or parts of equipment for the decodification of audiovisual transmissions with conditional access broadcast over the air, via satellite, via cable, either in analogical or digital form (art. 171-octies Law 633/41).

15. **Inducing persons not to make statements or to make mendacious statements to the judicial authorities** (art. 377 bis penal code), introduced into the Decree by Law 116/2009.


- Killing, destruction, capture, withdrawal or possession of wild animal or plant species (art. 727-bis penal code);
- Destruction or damage to habitats in a protected site (art. 733-bis penal code);
- Unauthorised discharge of industrial waste waters containing dangerous substances or discharge after the authorisation has been suspended or cancelled, and discharge in the sea by ships or aircrafts of substances or materials for which spillage is strictly forbidden (art. 137, paragraphs 2, 3, 5, 11 and 13 Lgs.D. 152/2006);
- Unauthorised waste management activities (art. 256 paragraphs 1, 3, 5 and 6 second sentence Lgs.D. 152/2006);
- Failure to reclaim sites in compliance with the project approved by the competent authority (art. 257 paragraphs 1 and 2 Lgs.D. 152/2006);
- Violation of the duties of communication, keeping of mandatory registers and forms (art. 258, paragraph 4 second sentence Lgs.D. 152/2006);
- Illegal trafficking of waste (art. 259 paragraph 1 Lgs.D. 152/2006);
- Organised activities for the illegal trafficking of waste (art. 260 paragraphs 1 and 2 Lgs.D. 152/2006);
- Ideological falsity of the waste analysis certificate, also used within the scope of the SISTRI (Italian waste traceability control system) – Handling Area, and material and ideological falsity of the SISTRI – Handling Area form (art. 260-bis Lgs.D. 152/2006);
- Exceedance of emission limit values which determine exceedance of air quality limit values (art. 279, paragraph 5 Lgs.D. 152/2006);
- Import, export or re-export of specimens belonging to the protected species under Annexes A, B and C of Council Regulation 338/97/EC of 9 December 1996 and subsequent amendments and integrations; failure to comply with the requirements aimed at ensuring safety of the protected specimens; use of the above specimens contrary to the requirements contained in the authorisations or certificates; transport and transit of specimens in the absence of the prescribed certificate or permit; trade in artificially propagated plants contrary to the provisions under article 7 paragraph 1 letter b) Council Regulation 338/97/EC of 9 December 1996 and subsequent amendments and integrations; possession, use for profit-making purposes, purchase, sale, exhibition or possession for sale or
commercial purposes, offer for sale or transfer of specimens without the required documentation (articles 1 and 2 Law no. 150/1992);
• Counterfeiting or alteration of certificates, permits, import reports, statements and information notices provided for in art. 16, paragraph 1, letter a), c), d), e), and l), of Council Regulation no. 338/97/EC of 9 December 1996 and subsequent amendments and integrations (art. 3 Law no. 150/1992);
• Possession of live specimens of wild mammals and reptiles and live specimens of mammals and reptiles bred in captivity which are a danger to health and public safety (art. 6 Law no. 150/1992);
• Termination and reduction of use of depleting substances (art. 3 Law no. 549/1993);
• Intentional pollution by a ship flying the flag of any country (art. 8 Lgs. D. no. 202/2007);
• Negligent pollution by a ship flying the flag of any country (art. 9 Lgs. D. no. 202/2007).

1.3. SANCTIONS PRESCRIBED BY THE DECREE

The system of sanctions described by the Lgs.D. 231/2001, for the offences listed above, prescribes, according to the offences committed, the application of the following administrative sanctions:
• pecuniary sanctions;
• prohibitory sanctions;
• confiscation;
• publication of the sentence.

The prohibitory sanctions, which can be applied only if expressly provided for and also for precautionary reasons, are the following:
• interdiction from the exercise of the activity;
• suspension or cancellation of authorizations, licences or concessions related to the offence;
• prohibition of closing contracts with the Public Administration;
• exclusion from facilitations, financing, contributions and subsidies, and/or cancellation of those already granted;
• prohibition of advertising goods or services.

In addition, in accordance with the Lgs.D. 231/200, if there are the conditions for the application of a prohibitory sanction which includes the interruption of the activity of the company, the judge, instead of applying the said sanction, can opt for the continuation of the activity by an administrative receiver (art. 15 Decree) appointed for a period equal to the duration of the period of prohibition that would be applied, if at least one of the following conditions occurs:
• the company performs a public service or a service of public necessity the interruption of which may cause serious harm to the community;
• the interruption of the activity might have important repercussions on employment taking into account the size of the company and economic conditions of the area in which it is situated.

1.4. CONDITION EXEMPTING FROM ADMINISTRATIVE RESPONSIBILITY

Art. 6 of the Lgs.D. 231/2001 provides that the corporate body shall not be liable on grounds of administrative responsibility, if it demonstrates that:
• the managing body adopted and effectively implemented, before the committing of the offence, appropriate models of organization, management and control for the prevention of the kind of offences occurring;
• the task of supervising the functioning and observance of the models and updating them, was entrusted to an organism of the body endowed with autonomous powers of initiative and control (so-called Supervising Organism);
• the individuals committed the offence eluding fraudulently the organization, management and control models;
• there has not been failure to monitor or inadequate monitoring on the part of the Supervising Organism.

The adoption of the organization, management and control model, therefore, enables the corporate body to be released from the charge of administrative responsibility. The mere adoption of such a document, deliberated by the administrative organ of the corporate body, is not, however, in itself sufficient to exclude said responsibility, as it is necessary for the model to be effectively and actually implemented.

With reference to the effectiveness of the organization, management and control model for the prevention of the offences provided for by the Lgs.D. 231/2001, it is required that the said model:
• identifies the business activities in which the offences may be committed;
• provides for specific protocols aimed at scheduling the formation and implementation of corporate body decisions in relation to the offences to be prevented;
• identifies methods for managing the financial resources capable of preventing the committing of the offences;
• provides for obligations to inform the organism delegated to the supervision of the functioning and observance of the models;
• introduces a disciplinary system able to sanction failure to respect the measures indicated in the organization, management and control model.

With reference to the actual application of the organization, management and control model, the Lgs.D. 231/2001 requires:
• a periodic verification, and, in the case in which significant violations of the prescriptions imposed by the model are discovered or changes in the organization or in the activities of the corporate body or legislative modifications occur, modification of the organization, management and control model;
• the imposition of sanctions in the case of violations of the prescriptions imposed by the organization, management and control model.

1.5. The “Guidelines” of Confindustria

Art. 6 of the Lgs.D. 231/2001 expressly provides that the organization, management and control models can be adopted on the basis of codes of conduct drawn up by the representative associations of the corporate bodies.

The Guidelines of Confindustria (the Confederation of Italian Industry) were ratified by the Ministry of Justice with the Ministerial Decree 4 December 2003. The subsequent revision, published by Confindustria on 24 May 2004, was ratified by the Ministry of Justice, which judged such Guidelines appropriate for the achievement of the aims of the Decree. The said Guidelines were revised by Confindustria on 31 March 2008 and ratified by the Ministry of Justice on 2 April 2008.

In defining the organization, management and control model, the Guidelines of Confindustria provide for the following planning phases:
identification of the risks, i.e. the analysis of the business context in order to highlight in which areas of activity and in which ways the offences provided for by Lgs.D. 231/2001 may occur;

setting up an appropriate control system to prevent the risks of the offences identified in the preceding phase, through the evaluation of the existing corporate body control system and the degree to which it corresponds to the requirements expressed by the Lgs.D. 231/2001.

The most important components of the control system outlined in the Guidelines of Confindustria in order to ensure the effectiveness of the organization, management and control model are the following:

- the establishment of ethical principles and rules of conduct within a Code of Ethics;
- a sufficiently formalized and clear organizational system, in particular with regard to the attribution of responsibility, the hierarchical dependence lines and the task description with specific provisions for control principles;
- manual and/or computerized procedures that regulate the carrying out of activities, with the provision of appropriate controls;
- authorizing and signing powers coherent with the organizational and management responsibilities attributed to the corporate body, providing, where appropriate, for expenditure limits;
- management control systems, able to promptly detect possible critical situations;
- information and training of personnel.

The Guidelines of Confindustria specify, moreover, that the components of the control system described above must comply with a series of control principles, including:

- verifiability, traceability, coherence and adequacy of each operation, transaction and action;
- application of the principle of the separation of functions and segregation of tasks (no one can autonomously manage an entire process);
- institution, execution and documentation of the process control activities and activities at risk of offences.
Section 2

2. The Organization, Management and Control Model of Valentino Fashion Group S.p.A.

2.1. Aims of the Model

VALENTINO S.p.A. (hereafter referred to as “VALENTINO” or the “Company”), a company belonging to the Valentino Group (hereafter referred to as the “Group”), operates in the fashion and luxury sector. The main activity of VALENTINO is the conception, manufacture, processing and marketing of male and female clothing and accessories.

VALENTINO, aware of the importance of adopting and effectively implementing an organization, management and control model in accordance with the Lgs.D. 231/2001 suited to preventing the committing of illegal behaviours in the company, endorsed, with a resolution of the Board of Directors on 3 April 2012, its own organization, management and control model (hereafter referred to as the “Model”), on the assumption that the same constitutes a valid tool for increasing the awareness of those for whom it is intended (as defined in paragraph 2.2) so as to make them assume a correct and transparent conduct.

Through the adoption of the Model, the Company intends to pursue the following objectives:

- to prohibit behaviours that may constitute the category of offences provided for by the Decree;
- to spread the awareness that violation of the Decree, or of the prescriptions contained in the Model and the principles of the Code of Ethics, entails sanctions (pecuniary and prohibitive) which may also be borne by the Company;
- to enable the Company, thanks to a structured system of protocols and procedures and to a constant action of monitoring the correct implementation of such system, to promptly prevent and/or counter the committing of serious offences in accordance with the Decree.

2.2. Recipients

The provisions of the present Model are binding for the directors and for all those persons who hold, in VALENTINO or in one of its organizational units with financial and functional autonomy, positions of representation, administration and direction, or of management and control, also de facto, for the employees (including executives), for collaborators subject to direction and supervision by the apical figures of the Company (hereafter referred to as the “Recipients”).

2.3. Fundamental Elements of the Model

The fundamental elements developed by VALENTINO in the definition of the Model, can be summarised as follows:

- mapping of the so-called “sensitive” activities, with examples of possible ways of committing offences and of the instrumental processes within which, in principle, the conditions and/or means for the committing of the offences included in the Decree may occur;
• provision of specific protocols, overseeing the instrumental processes considered to be exposed to the potential risk of committing offences;
• institution of a Supervising Organism, with attribution of specific tasks to monitor the effective implementation and application of the Model;
• adoption of a system of sanctions whose aim is to guarantee the effective implementation of the Model and which contains the disciplinary measures applicable in case of violation of the prescriptions contained in the Model itself;
• carrying out of an information and training activity regarding the contents of the present Model.

2.4. CODE OF ETHICS AND MODEL

VALENTINO, with the determination to carry out the company activities respecting legality and the principles of the Group to which it belongs, has adopted the Code of Ethics (hereafter referred to as the “Code” or the “Code of Ethics”), which prescribes a series of rules of “company deontology” which the Company recognizes as its own and of which it demands observance by its own corporate organs and employees.

The Model, whose provisions are in any case coherent and compliant with the principles of the Code of Ethics, complies more specifically with the requirements expressed by the Decree and aims, as a consequence, at preventing the committing of the offences included in the scope of application of the Lgs. D. 231/2001.

The Code of Ethics states in any case principles also suited to the prevention of illegal behaviours provided for in Lgs. D. 231/2001, acquiring therefore importance also for the purposes of the Model and constituting an element that is complementary to it.

2.5. METHODOLOGICAL ROUTE TOWARDS THE DEFINITION OF THE MODEL: MAPPING OF THE ACTIVITIES SUBJECT TO RISK OF CRIME – INSTRUMENTAL PROCESSES AND PROTOCOLS

The Lgs.D. 231/2001 expressly provides, in art. 6, paragraph 2, letter a), that the organization, management and control model of the corporate body should identify the company activities, within whose context the offences included in the Decree may potentially be committed.

Consequently, the company carried out, with the support of an external consultant, an in-depth analysis of its own company activities.

In the context of such activities, the Company analysed, firstly, its own organizational structure, represented in the company organization chart, which identifies the company Departments and Functions, highlighting their roles and hierarchical lines. Said document is kept at the registered office of the Company by the Human Resources Department.

VALENTINO then proceeded with the analysis of its own company activities on the basis of information collected by the company representatives (Directors and Departmental Managers) who, because of the position they hold, possess the broadest and most thorough knowledge of the operations in the company sector of relative competence.

The results of the activity described above were collected in a descriptive report (so-called Matrix of Crime Risk Activities), which illustrates in detail the risk profiles of committing of the offences referred to by the Lgs.D. 231/2001, in the context of VALENTINO’s own activities. Said Matrix of Crime Risk Activities is kept at the registered office of the company by the Legal and Corporate Affairs Department, which is responsible for its filing and makes it available for consultation by the Directors, Auditors, Supervising Organism and anyone who is authorized to inspect it.
In particular, the Matrix of Crime Risk Activities contains the company areas which may be at risk of commission of the offences provided for by the Lgs.D. 231/2001 (so-called “sensitive activities”), the related offences, the examples of possible methods and purposes in carrying out said offences, as well as the processes during which, again in principle, the possible conditions, instruments and/or means for committing these offences may arise (so-called “instrumental and management processes”).

- **Crime risk activities**

Specifically, the potential risk of committing the offences provided for by Lgs. D. 231/2001 was found in the following areas of company activity which are shown below as indicated in the Matrix of Crime Risk Activities:

A. Design and realization of products (including the management of contract manufacturers and suppliers of marketed items)

B. Marketing of products

C. Management of import - export activities

D. Activities connected with the management and running of retail points (branded corners, shop-in-shops, boutiques, outlets)

E. Other duties and communications connected with the management of the specific activity

F. Management, use and maintenance of the company information system

G. Management of the security system ex Lgs.D. 81/08 and subsequent amendments and integrations

H. Management of the duties, communications and requests not connected with the specific activity, including verification activities, inspections and checks by Public Bodies or Independent Administrative Authorities

I. Management of the necessary requirements to apply for financing and/or facilitations and preparation of the relative documentation

J. Management of the requirements regarding hiring, termination of employment, pay, tax deductions and national insurance contributions, relative to employees and collaborators

K. Management of legal disputes (e.g. civil, tax, employment, administrative, criminal), at all levels of appeal

L. Preparation of civil and consolidated budget proposals, as well as proposals concerning financial situations, also when extraordinary operations are carried out.

M. Management of tasks regarding company matters

Taking into account the areas of company activity specified above, the following offences may potentially be committed in the business context of VALENTINO:

- **Art. 24**: Fraud to the detriment of the State or public body (art. 640 paragraph 2 no. 1 penal code), Undue receipt of funds by the State (art. 316-ter penal code), Misappropriation to the detriment of the State (art. 316-bis penal code), Aggravated fraud in order to obtain public funds (art. 640-bis penal code).
- **Art. 24 bis**: Unauthorised access to a computer or telematic system (art. 615-ter penal code), Damage to information, data and computer software (art. 635-bis penal code), Damage to computer and telematic systems (art. 635-quater penal code).
- **Art. 25**: Bribery and Incitement to Bribery (articles 318, 319, 320, 322 and 322-bis penal code), Bribery in judicial acts (art. 319-ter penal code).
- **Art. 25 bis**: Counterfeiting, alteration, use of trademarks or distinguishing signs, or of patents, models and designs (art. 473 penal code and subsequent amendments), Counterfeiting of currencies, spending and introduction into the State, with previous agreement, of counterfeited currencies (art. 453 penal code); Spending and introduction into the State, without previous agreement, of counterfeited currencies (art. 455 penal code); Spending of counterfeited currency received in good faith (art. 457 penal code).
- **Art. 25 bis.1**: Fraud in the exercise of trade (art. 515 penal code), Sale of industrial products with mendacious trademarks (art. 517 penal code), Manufacture and trade of goods produced usurping industrial property rights (art. 517 penal code).
- **Art. 25 ter**: False corporate communications (art. 2621 civil code), False corporate communications to the detriment of the company, the shareholders or the creditors (art. 2622 civil code), Transactions to the detriment of the creditors (art. 2629 civil code), Unlawful distribution of profits and reserves (art. 2627 civil code), Unlawful restitution of contributions (art. 2626 civil code), Fictitious capital formation (art. 2632 civil code), Illegal transactions on own stock holdings (art. 2628 civil code), Obstruction of inspection (art. 2625 paragraph 2 civil code), Undue influence on the shareholders’ assembly (art. 2636 civil code).
- **Art. 25 septies**: Manslaughter (art. 589 penal code), Grievous or extremely grievous bodily harm (art. 590 penal code).
- **Art. 25 octies**: Receiving stolen goods (art. 648 penal code), Money laundering (art. 648 bis penal code), Use of money, goods or assets of illegal origin (art. 648 ter penal code).
- **Art. 25 novies**: Insertion into telematic network systems available to the public, by means of connections of whatever type, of a work protected by copyright or part of it (art. 171, paragraph 1, lett. a-bis, Law 633/41), Illegal duplication, reproduction, transmission or diffusion in public with whatever means, wholly or in part of a creative work intended for television or cinema, sale or renting […] (art. 171-ter, paragraph 1 Law 633/41); Failure to inform SIAE, by producers or importers of supports not subject to the trademark provided for in article 181-bis of Law 633/41, within thirty days from the marketing on national territory or of their being imported, of the identification data of the supports not subject to the trademark or false declaration of the said data (art. 171-septies Law 633/41).
- **Art. 25 decies**: Inducing persons not to make statements or to make mendacious statements to the judicial authorities (art. 377-bis penal code).
- **Art. 25 undecies**: Violation of the duties of communication, keeping of mandatory registers and forms (art. 258, paragraph 4 second sentence Lgs. D. 156/2006); Ideological falsity of the waste analysis certificate used within the scope of the SISTRI (Italian waste traceability control system) – Handling Area (art. 260-bis paragraphs 6, 7 second and third sentence and 8 Lgs. D. 156/2006); Exceedance of emission limit values which determine exceedance of air quality limit values (art. 279, paragraph 5 Lgs. D. 156/2006), Illegal trafficking of waste (art. 259 paragraph 1 Lgs. D. 152/2006); Organised activities for the illegal trafficking of waste (art. 260 paragraphs 1 and 2 Lgs.D. 152/2006).

On the basis of VALENTINO’s business activities, no risk profiles were detected in relation to the committing of the offences pursuant to Art. 24 ter (Conspiracy), Art. 25 quater (Crimes for the purpose of committing terrorism or subversion of democratic order), Art. 25 quater.1 (Mutilation of
female genital organs), Art. 25 quinquies (Crimes against the individual), and Art. 25 sexies (Market abuse), as well as the other offences not expressly mentioned above and included in Articles 24 bis, 25 bis, 24 ter, 25 quinquies, 25 sexies, 25 novies and 25 undecies. The principles of the Code of Ethics adopted are deemed to be capable of protecting the risk of commission of said offences by laying down the ethical principles of fairness, honesty and transparency.

**Instrumental and management processes**

So-called instrumental processes were also identified, i.e. those business processes in the context of which, in principle, the conditions and/or means for committing the offences listed in the Decree may occur, and precisely:

1. Purchase of goods and services
2. Management of consultancies and professional appointments
3. Selection, hiring and management of personnel
4. Management of discounts, free gifts, and issue of “discount cards”
5. Management of events and activities for company image promotion
6. Management of cash and financial flows
7. Budget formation and management of extraordinary operations
8. Management of company duties and relations with Monitoring Bodies
9. Management of duties and of relations with Public Bodies and A.A.I. [Independent Administration Authorities] also during inspection activities
10. Management of public financing
11. Management of products and materials protected by copyright
12. Production, packaging and marketing of products
13. Management of the health and security system
14. Management and administration of company computer systems
15. Management of requirements regarding environmental matters

**Protocols**

Following completion of the identification of Crime Risk Activities and the relative instrumental processes, the Company, sensitive to the need to ensure fairness and transparency in the conduct of its business and corporate activities and, in particular, in order to prevent the illicit behaviours defined by the Decree, has decided to supplement the existing body of procedures with the definition of a number of protocols (hereafter referred to as “Protocols”), relating to the areas of risk.

Said Protocols, in the formalization phase, contain the procedures considered as most suitable for governing the types of risk identified and draw up a series of rules derived from a detailed analysis of each single company activity and of the relative control system (referred to in the following paragraph).

In order to enable ex ante control as well as ex post reconstruction of each corporate decision-making process and its relative phases, the Protocols contemplate specific, homogeneous principles whose compliance shall be guaranteed when carrying out of the company activities, and notably:

- Principles of legality;
Principles of objectivity, coherence and completeness;
Principles of segregation of tasks;
Principles of documentability, traceability and verifiability.

Furthermore, the Protocols identify the information flows towards the Supervising Organism and relative to the information considered necessary and/or useful to carry out, in that specific context, a systematic and organized verification activity by the Organism.

Such documents are subject to the examination of those responsible for the management of the risk activities identified for their evaluation and revision, as well as to the attention of the Managing Director who shall approve them, inform the Board of Directors and guarantee their adequate diffusion.

Each protocol constitutes a company rule of conduct and forms an essential part of the present Model.

2.6. INTERNAL CONTROL SYSTEM

When drawing up the Model, the Company has taken into account the internal control system currently in place in the company, in order to verify whether it is suitable for preventing the specific offences provided for by the Decree in the identified areas of activity at risk.

The control system involves every sector of activity carried out by the Company by separately identifying operational and control tasks, reasonably reducing the possibility of any conflict of interest.

In particular, VALENTINO's internal control system is based, not only on the rules of conduct provided for in the present Model, but also on the following elements:

- the Code of Ethics;
- the above-mentioned Protocols;
- the system of company procedures;
- the hierarchical-functional structure (organization chart);
- the system of delegations and proxies;

VALENTINO's internal system of control, understood as a process implemented by the Company in order to manage and monitor the main risks and allow a correct and healthy conduct of the company, is able to guarantee the achievement of the following aims:

- effectiveness and efficiency in the employment of company resources, protecting the company against losses and safeguarding the assets of the company;
- compliance with the laws and regulations applicable to all the operations and actions of the Company;
- reliability of information, in the sense of prompt and reliable communications so as to guarantee the correctness of every decision-making process.

Said internal control system is based on the following principles, adopted and formulated in the above-mentioned Protocols:

- every operation, transaction and action must be truthful, verifiable, coherent and documented;
- no one can manage an entire process autonomously (so-called segregation of tasks);
- said internal control system shall document the execution of the control activities, including those of supervision;

The responsibility, regarding the correct functioning of the internal system of controls, is assigned to each Department for all the processes for which it is responsible.
The type of company control structure existing in VALENTINO provides for:

- line controls, carried out by the single Departments on processes for which they have management responsibility, with the aim of ensuring the correct carrying out of operations;
- monitoring activities, carried out by those responsible for each process and with the aim of verifying that the underlying activities are correctly carried out;
- detection, evaluation and monitoring by the internal control system of the processes and administrative-accounting systems of relevance for the budget.

2.7. GENERAL RULES OF CONDUCT

Below are the general rules of conduct which shall be observed in order to prevent the risk of committing the offences listed by the Decree. Violation of said rules will result in the application of the sanctions provided for in Section Four.

- **Conduct to be maintained in relations with the Public Administration and Independent Administrative Authorities**

The following general rules of conduct shall apply to the Recipients of this Model who, for whatever reason, and on behalf of VALENTINO, are in contact with public officials, officers in charge of public services, or, more in general, with representatives of the Public Administration and/or Monitoring Authorities or Independent Administrative Authorities, Italian or foreign (hereafter referred to as "**Representatives of the Public Administration**").

As a general guideline, said Recipients shall not influence the decisions of the Representatives of the Public Administration in an improper and/or illegal manner.

In particular, they are forbidden to:

- promise or execute any payment of money in favour of Representatives of the Public Administration in order to obtain benefits for the Company;
- promise and/or offer and/or give to the Representatives of the Public Administration, directly or via third parties, sums of money or other utilities in exchange of favours, payments or other advantages for the Company;
- offer and/or give free gifts or forms of hospitality that exceed normal commercial practices and/or courtesy and/or, in any case, such as to compromise the impartiality and independence of judgment of the Representatives of the Public Administration;
- execute payments or release other utilities to collaborators, suppliers, consultants, or other third parties working on behalf of the Company, which are not adequately justified by contractual relations or standard practice;
- favour, in the hiring or purchase processes, employees, collaborators, suppliers, consultants or other individuals or bodies upon instructions by the Representatives of the Public Administration, in exchange of favours, payments or other advantages for themselves and/or for the Company;
- behave in a misleading way that might lead the Public Administration into technical-economic errors of judgment regarding the documentation presented by the Company;
- omit information due to the Public Administration in order to influence its decisions in their own favour;
- present untruthful declarations to national and/or European community public bodies in order to obtain public funding, such as, for example, contributions, loans or other facilities;
use fund allocations, public contributions or loans for purposes other than those for which they were originally requested.

Relations with the Public Administration and Independent Administrative Authorities are managed exclusively by persons possessing appropriate powers or by those who are formally delegated by them, and in any case in compliance with the company procedures that regulate said specific matter.

The Recipients of the Model who, on behalf of VALENTINO, have relations with the judicial authorities (within the scope of proceedings of whatever nature) shall also abide by these rules of conduct in said relations.

- **Conduct to be maintained in the context of activities that are “sensitive” with regard to corporate offences**

The following general principles of conduct shall be abided by the Recipients of the present Model who, for any reason, are involved in activities that are “sensitive” with regard to the corporate offences listed in art. 25 ter of the Lgs. D. 231/2001.

In general, such persons are required to:

- behave in a correct, transparent and collaborative manner, in compliance with current laws and internal company procedures, in all the activities whose aim is the budget formation and other corporate communications, in order to provide shareholders and the public with truthful and accurate information concerning the economic situation, asset structure and financial position of the Company;
- observe the rules established by law to protect the integrity and effectiveness of the company share capital, in order not to impair the guarantees of the creditors and third parties in general;
- ensure the regular functioning of the Company and of the corporate bodies, by guaranteeing and facilitating any form of corporate management internal control prescribed by law.

The Recipients of the Model shall not:

- represent or transmit false, incomplete or, in any case, untrue data for drafting or inclusion in the budget, reports or other corporate communications, or prepare corporate communications that do not truthfully represent the economic situation, asset structure and financial position of the Company;
- omit data and information required by law concerning the economic situation, asset structure and financial position of the Company;
- return contributions or issue a release from the obligation to execute them, apart from the cases of legitimate share capital reduction;
- distribute profits or advances on profits not actually made or to be kept in reserve in accordance with current laws;
- purchase or underwrite shares in the Company, impairing the integrity of the company share capital;
- carry out reductions of the share capital, mergers or spin offs, in violation of the provisions of law for the protection of creditors, causing them damage;
- execute a fictitious increase of the share capital, assigning shares at a value which is lower than their nominal value;
- carry out any behaviour that impedes or obstructs, through the concealment of documents or other fraudulent means, the monitoring and auditing activity carried out by the Shareholders and Board of Statutory Auditors.
• **Conduct to be maintained in the context of activities that are “sensitive” with regard to the offences of receiving stolen goods, money-laundering and use of money, goods or assets of illegal origin introduced by the Lgs. D. 231/2007**

The following general principles of conduct shall apply to the Recipients of the Model who, for whatever reason, are involved in activities that are “sensitive” with regard to the offences of receiving stolen goods, money-laundering and use of money, assets or other utilities of illegal origin:

- use in banking system transactions;
- selection of suppliers according to pre-defined criteria of transparency, quality and inexpensiveness;
- verification of the honourability and reliability of the suppliers and business partners (commercial and financial), through the acquisition of information regarding the legal representative, directors and shareholders, according to the type of company, as well as the acquisition of public data indicating any previous judicial incompatibility (e.g. protests, pending bankruptcy procedures);
- periodic verification of the alignment of the conditions applied to suppliers and business partners (commercial and financial), with market conditions.

The Company, moreover, expressly prohibits to:

- transfer for any reason cash or bearer bankbooks or postal deposit books or bearer securities in Euro or foreign currency, unless through banks or electronic currency institutes or Poste Italiane S.p.A. [Italian Post Office], when the value of the operation, even if split into different operations, has a total amount equal to or greater than that established by law;
- issue bank or postal cheques for amounts equal to or greater than that established by law which do not bear the indication of the name or the business name of the payee and the non-transferability clause;
- cash bank or postal cheques issued on order of the drawer to entities other than banks or Poste Italiane S.p.A.;
- execute payments into current accounts of banks operating in countries included in the “tax heavens” lists and in favour of off-shore companies, unless authorized in writing by the Group Accounting and Reporting Department;
- execute payments and/or transfers of money into ciphered, anonymous current accounts or accounts opened at credit institutes lacking physical premises;
- execute payments to individuals or bodies with a registered office in countries defined as “non-cooperative” in accordance with the indications of the Bank of Italy;
- purchase goods and/or services in exchange of abnormally low payments with respect to the good or service.

• **Conduct to be held within the context of activities that are “sensitive” with regard to the offence of counterfeit currency, ex art. 25 bis Lgs.D. 231/01**

The Company condemns any form of activity in any way related to the offences of counterfeit currency. In order to prevent damages to the Company’s image, the Recipients of the Model are prohibited from:

- purchasing or receiving from a counterfeiter or forger as well as from an intermediary currency that is counterfeit or forged in order to place said currency in circulation;
- purchasing or keeping counterfeit or forged currency in order to place it in circulation;
spending or placing in circulation counterfeit or forged currency, even if received in good faith.

- **Conduct to be maintained in the context of activities that are “sensitive” with regard to culpable offences introduced by Law 123/2007**

VALENTINO promotes the diffusion of a culture of safety and awareness of the risks connected with the work activities taking place in its own branches requiring, at every level of the company, a conduct that is responsible and respectful of the procedures with regard to safety in the work place.

In general, all the Recipients of the Model, involved in different ways in the management of company safety, are obliged to implement, each for the part of his/her competence, the delegations and proxies received and the procedures adopted within said context, and the prevention and protection measures against the safety risks identified in the Risk Assessment Report (hereafter referred to as “RAP”) relative to the company branches.

In particular, for an effective risk prevention and in compliance with the requirements prescribed by the Lgs.D. 81/2008 as subsequently amended and integrated, and in accordance with the division of roles, duties and responsibility regarding safety, it is expressly required:

- that the corporate subjects (Employer, Employer's Representative and Safety Managers ex art. 16 Lgs.D. 81/2008) and the Company Departments and Functions involved in different ways in safety management shall carry out the tasks, assigned to them by the Company, in compliance with the delegations and proxies received, prevention measures adopted and existing company procedures, taking care to inform and to train any personnel who, in carrying out its own specific activities, is exposed to risks connected with safety;
- that the persons appointed by the Company or elected by the personnel in accordance with the Lgs.D. 81/2008 (such as, for instance, the Head of the Prevention and Protection Service, the Persons Assigned to the Prevention and Protection Service, the Persons in Charge of the implementation of the measures for the prevention of fires, fire-fighting, evacuation of workers in case of danger; the Persons assigned to Medical Aid, the competent Doctors, the Workers' Representatives for Safety) shall carry out, each within the context of his/her own competences and attributions, the safety tasks specifically assigned to them by current laws and provided for in the safety system adopted by the Company;
- that the Persons Charged with supervising the correct observance by all workers of the safety measures and procedures adopted by the Company, shall report any defect or discrepancy in the safety system, as well as any conduct contrary to it;
- that all employees shall take care of their own safety and health and of other persons who have access to the facilities of the Company, and observe all safety measures and procedures, and company instructions.

Any behaviour contrary to the rules of safety in the work place adopted by the Company is sanctioned, by means of disciplinary procedure in compliance with the provisions of the laws regarding work relations.

- **Conduct to be maintained in the context of activities that are “sensitive” with regard to offences of copyright violation introduced by Law 99/2009**

The following principles of conduct of a general character shall apply to the Recipients of the Model who, for whatever reason, are involved in “sensitive” activities with regard to offences of copyright violation. In particular, the following are prohibited:
• installation and use of software (programmes) not approved by the Company and not related with the professional activity carried out by the Recipients and users;
• installation and use, on the computer systems of the Company, of software (so-called “P2P”, file sharing or instant messaging applications) by means of which it is possible to exchange with other persons on the Internet any type of files (such as films, documentations, songs, data etc.) outside of any possible control by the Company;

The personnel shall not use any unauthorised or unlicensed software. The IT Department shall supervise that the software distributed is duly licensed;

The personnel, within the context of the work activity:
• shall not duplicate and/or distribute in any form software and files except in the forms and for the purposes for which they were assigned;
• is not authorized to reproduce CDs or supports subject to user licence.

In case of doubt about the existence of the right to economic exploitation of the proprietary work, or in case of doubt about the relative conditions or terms of exploitation, it is obligatory, before use, to ask the IT Department for the necessary information.

The erroneous use of third party proprietary work protected by copyright, improperly transmitted or circulated, shall be immediately notified to the Legal and Corporate Affairs Department in order to initiate the most appropriate process of remediation.

• **Conduct to be maintained in the context of activities that are “sensitive” with regard to offences of cybercrime introduced by Law 48/2008**

The following general rules of conduct shall apply to the Recipients of this Model who, for any reason, are designated or charged with the management and maintenance of servers, data bases, applications, clients, and telecommunication networks, as well as to all personnel who has been assigned passwords and access keys to the company computer system:
• the personnel shall access the company computer system only through assigned identification codes, carrying out periodic changes;
• the personnel shall abstain from any conduct that may compromise the confidentiality and integrity of corporate data and information and those of third parties;
• the personnel shall abstain from any conduct intended to break through or get round the company computer system protections or those of other parties;
• the personnel shall keep the identification codes assigned, refraining from communicating them to third parties who would thus be able to have illegal access to confidential company data;
• the personnel shall not install any software without having previously informed the company function charged with the management of computer security;
• the personnel shall not use alternative connections to those provided by the Company when carrying out the work activity rendered in its favour.

Furthermore, the Company has adopted the following measures intended to mitigate the risk of the committing of the offences described by art. 24 *bis* of the Lgs.D. 231/2001:
• access to information residing on servers and in company databases, including clients, is limited by authentication tools;
• the system administrator has authentication credentials;
• employees are provided with unique authentication credentials to access clients;
• access to applications by IT personnel is guaranteed by means of authentication tools;
the server and company laptops are periodically updated on the basis of specific necessities;
- the company data transmission network is protected by adequate access limitation tools (firewalls and proxies);
- the telematic routing devices are placed in dedicated areas and protected so as to make them accessible only by authorized personnel;
- the server and company laptops are protected by anti-virus software, automatically updated, against the risk of intrusion.

- **Conduct to be maintained in the context of activities that are “sensitive” with regard to offences against industry and trade introduced by Law 99/2009**

The following general rules of conduct apply to the Recipients who when carrying out their activities are, for whatever reason, designated or charged with the activities of product design, manufacture and marketing:

- set up suitable control procedures through the introduction of contractual clauses with suppliers which provide the guarantee by said suppliers not to infringe, in the context of the activity carried out, the rights of third parties (e.g. consumers);
- introduce contractual clauses with suppliers which provide for the responsibility of the latter also with regard to the work of sub-contractors;
- set up controls for the quality, origin, features of the products marketed.

- **Conduct to be maintained in the context of activities that are “sensitive” with regard to offences of inducing persons not to make statements or to make mendacious statements to the judicial authorities (art. 377 bis penal code) introduced by Law 116/2009**

The Company condemns any behaviour that may, in any way, constitute, directly or indirectly, the offence of “Inducing persons not to make statements or to make mendacious statements to the judicial authorities” and/or promote or facilitate its commission.

In particular it is prohibited to:

- promise or offer money or other utility in favour of persons or bodies involved in legal proceedings in order to persuade them to conceal/omit facts that might bring about penalties/sanctions to the Company;
- Induce a person not to make statements or to make mendacious statements to the judicial authorities in the course of a legal proceeding, through threats or violence (physical or moral duress) in order to conceal/omit facts that might bring about penalties/sanctions to the Company.

Finally, the Recipients are obliged to comply with the following prescriptions:

- relations with the Public Administration, and in particular with the judicial authorities of any order or level, shall be managed by responsible persons identified and adequately prepared by the Company;
- tasks assigned to external collaborators (e.g. lawyers, consultants) shall be drawn up in writing, indicating the purpose of the task, the agreed remuneration and be undersigned in compliance with the proxy assignments received;

Forms of payment in cash or in kind are prohibited, except in extraordinary cases adequately motivated.
• **Conduct to be maintained in the context of activities that are “sensitive” with regard to environmental offences introduced by Lgs.D. 121/2011**

The following general principles of conduct shall be abided by the Recipients of the present Model who, for any reason, are involved in activities that are “sensitive” with regard to the environmental offences listed in art. 25 undecies of the Lgs.D. 231/2001.

In particular, Recipients are requested to:

- check that suppliers providing waste management services, where required pursuant to Lgs.D. 152/2006 and to further legislation and regulations, declare and provide, on the basis of the nature of the service provided, proof of compliance with waste management and environmental protection requirements;
- verify, before entering into business relations, the respectability and reliability of the suppliers providing waste management services, also by acquiring and checking the communications, certificates and authorizations made or acquired by the suppliers in compliance with the law, and abstain from setting up relations with suppliers that do not possess the necessary honourability and professional reliability;
- introduce special clauses in the agreements entered into with suppliers providing waste management services, through which the suppliers undertake vis-à-vis the Company that the authorizations prescribed by legislation regarding the performance of waste management activities, shall be valid and effective for the entire duration of the contractual relationship;
- introduce special clauses in the agreements entered into with suppliers providing waste management services, through which the Company may be entitled to periodically check the communications, certificates and authorizations pertaining to environmental matters, taking into account their expiry and renewal deadlines;
- periodically update the archive containing the authorizations, registrations and communications acquired by third suppliers and promptly report any variation detected to the competent function.

The Recipients of the Model are expressly prohibited from:

- abandoning or dumping unchecked waste and introducing solid or liquid waste in surface and ground water, in violation of company procedures;
- mixing different categories of hazardous waste (or mixing hazardous waste and non-hazardous waste);
- breaching the duties of communication, keeping of mandatory registers and forms for waste management purposes;
- carrying out or preparing organized activities for the illegal trafficking of waste;
- counterfeiting or forging the waste analysis certificate, also used within the scope of the SISTRI (Italian waste traceability control system) – Handling Area;
- counterfeiting or forging any document whatsoever to be submitted to Public Administrations or Control Authorities or omitting to promptly notify any information or data regarding facts or circumstances that could endanger public health;
- holding relations with waste operators that, on the basis of information acquired, may not ensure the necessary reliability when conducting business.
SECTION 3

3. SUPERVISING ORGANISM

Art. 6, paragraph 1, of the Lgs.D. 231/2001 requires, as a condition to benefit from the avoidance of administrative responsibility, that the task of supervising the observance and functioning of the Model, and proposing its relative updating, is assigned to a Supervising Organism within the corporate body which, provided with autonomous initiative and control powers, exercises in a continuous manner the tasks assigned to it.

The Decree requires that the Supervising Organism performs its functions outside the operational processes of the company, reporting periodically to the Board of Directors, detached from any hierarchical relation with the same Board and its individual directors.

In compliance with the prescriptions of the Lgs.D. 231/2001, the Board of Directors of VALENTINO set up the Supervising Organism with a collective structure of two members, functionally dependent on the same Board.

In particular, the composition of the Supervising Organism was defined in such a way as to guarantee the following requirements:

- **Autonomy and independence**: said requirement is ensured by its collective composition and by reporting directly to the Board of Directors.
- **Professionalism**: this requirement is guaranteed by the professional, technical and practical knowledge possessed by the members of the Supervising Organism. In particular, its chosen composition guarantees appropriate knowledge of the law and principles and methods of control and monitoring, as well as the organization and the main processes of the Company.
- **Continuity of action**: with reference to such a requirement, the Supervising Organism’s task is to constantly supervise, through powers of inquiry, the compliance with the Model by the Recipients and take care of its implementation and update, representing a constant point of reference for all personnel of VALENTINO.

3.1. TERM OF THE OFFICE, EXPIRATION AND REVOCATION

The members of the Supervising Organism shall remain in office until approval of the financial statements and may be re-elected. They are chosen from among persons in possession of an ethical and professional profile of unquestionable value.

Employees of the Company or external professionals can be appointed as members of the Supervising Organism. The latter must not have any relation with the Company in order to avoid any conflict of interest.

The remuneration of the members of the Supervising Organism, both internal and external to the company, does not constitute presumption of conflict of interest.

Persons who are subject to disqualification, disablement, undergo bankruptcy or are sentenced, even if with non-definitive sentence, to a punishment that involves disqualification, even if temporary, from public office or disqualification from exercising executive charges, or are convicted, even if with non-definitive or plea-bargaining sentence, of committing one of the offences described by the Lgs. D. 231/2001, cannot be appointed as members of the Supervising Organism, and their appointment is automatically revoked if one of the cases stated above occurs.
The appointment of members who have a subordinated labour relationship with the Company shall be automatically revoked if the said work relationship ceases and independently of the cause of interruption of the same.

The Board of Directors may revoke, by resolution of the Board, after hearing the opinion of the Board of Auditors, the members of the Organism at any time, but only for just cause.

Just cause for revocation of members is constituted by:

- establishment of grave failure by the Supervising Organism in carrying out its tasks;
- failure to notify a conflict of interests, to the Board of Directors, which prevents the continuation of the appointment as member of said Organism;
- conviction of the Company, with res iudicata, or plea-bargaining sentence, whose records show failure to supervise or inadequate supervision by the Supervising Organism;
- violation of the obligations of confidentiality regarding facts or information acquired in the exercise of the specific functions of the Supervising Organism;
- for any member of the Organism having a subordinated labour relationship with the Company, the initiation of a disciplinary procedure for actions from which may derive the sanction of dismissal.

If the revocation occurs without just cause, the revoked member can request his/her immediate reinstatement.

Each member can withdraw at any time from the office by means of written advance notice of at least 30 days, communicated to the Board Directors by registered letter with return receipt.

The Supervising Organism autonomously draws up the rules for its own functioning in a specific set of Regulations, and in particular defines the operational modes to carry out the functions assigned to it. The Regulations are subsequently presented to the Board of Directors for their acknowledgment.

3.2. POWERS AND FUNCTIONS OF THE SUPERVISING ORGANISM

The Supervising Organism is entrusted with the following tasks:

- to supervise the circulation within the company of the knowledge, understanding and observance of the Model;
- to supervise the observance of the Model by the Recipients;
- to verify the effective capacity of the Model of preventing the offences described by the Decree;
- to supervise the implementation and observance of the Model in the context of the areas of activity potentially at risk of offences;
- to notify the Company of the need to update the Model, in case a change in the company conditions and/or legal norms is detected.

In carrying out said activities, the Organism shall perform the following tasks:

- to coordinate and collaborate with the Senior Management Departments (even through meetings for this purpose) in order to best supervise the company activities which are identified in the Model as being at risk of offences;
- to verify the institution and functioning of specific “dedicated” information channels (e.g. electronic mail accounts, fax and postbox for paper
communications), in order to facilitate the information and communication flow
with the Organism;
- to carry out specific checks on particular operations or specific deeds, executed in
the context of the areas of activity which are potentially at risk of offence;
- to verify and monitor the regular accuracy and efficacy of all documentation
relating to the activities/operations identified in the Model;
- to verify the effective carrying out of the information and training initiatives on
the Model undertaken by the Company;
- to immediately notify the Board of Directors of any violation of the Model, if
considered well-grounded, by the Company Directors or apical figures of the
Company, and, in the latter case, also inform the Director of Human Resources;
- to immediately notify the Board of Auditors of any violation of the Model, if
considered well-grounded, by the entire Board of Directors.

For purposes of carrying out the tasks listed above, the Organism is provided with the powers
indicated below:
- to issue provisions and service orders for the regulation of its own activities and
draw up and revise the list of information items that shall be transmitted to it by
central and local functions;
- to access, without prior authorization, any company document relevant to the
carrying out of the functions of the Organism attributed by the Lgs.D. 231/2001;
- to ensure that the responsible officers of the main company Departments, and in
any case all the Recipients, promptly provide any required information, data
and/or news in order to identify the aspects connected with the various relevant
company activities in accordance with the Model and verify its effective
implementation by the Company;
- to use external consultants of proven professionalism when necessary in order to
carry out the verification, control activities, or the revision of the Model.

To improve the execution of its activities, the Organism can delegate one or more specific tasks
to its individual members, who shall carry them out in the name of and on behalf of the
Organism itself. With regard to the delegated tasks, the responsibility deriving from them falls
to the Organism as a whole.

The Board of Directors of the Company assigns to the Supervising Organism an annual
expenditure budget for an amount proposed by the Organism itself and, in any case,
appropriate for the functions assigned to it. The Organism autonomously deliberates the
expenditure to be borne in compliance with the company's powers of signature and, if the
expenditure exceeds the budget, said expenditure shall be directly authorised by the Board of
Directors.

3.3. REPORTING OF THE SUPERVISING ORGANISM

As already anticipated above, in order to guarantee full autonomy and independence in
carrying out its relative functions, the Supervising Organism communicates directly with the
Board of Directors of the Company.

Notably, the Supervising Organism reports to the Board of Directors on the current
implementation state of the Model and the outcomes of the supervision activities carried out
in the following ways:
- at least annually, to the Board of Directors, by means of a written report, which
illustrates the monitoring activities carried out by the Organism, the critical
situations emerging and any corrective or improvement intervention deemed
appropriate for the implementation of the Model. The Organism also informs the Board of Auditors on the content of said written report;

- occasionally to the Board of Auditors, if deemed necessary, in relation to presumed violations committed by the top company management or by members of the Board of Directors, when receiving from the Board of Auditors information requests and clarifications of said presumed violations.

The Supervising Organism may be convened at any moment either by the Board of Directors or by the Board of Auditors and it may request in turn to be heard by said bodies if the Organism considers it appropriate to report on matters regarding the functioning and effective implementation of the Model or specific situations.

In order to guarantee a correct and effective flow of information, as well as a complete and correct exercise of its own tasks, the Organism shall also have the right to require any clarification or information from officers with main operational responsibilities.

3.4. INFORMATION FLOWS DIRECTED TO THE SUPERVISING ORGANISM

The Lgs.D. 231/2001 states, among the requirements that the Model must satisfy, the institution of specific obligations by the Functions of the company to inform the Supervising Organism, in order to enable said Organism to carry out its own supervision and verification activities.

For this purpose the following information shall be communicated to the Supervising Organism:

- on a periodic basis, any information, data, and document that constitutes dispensation and/or exceptions with regard to the company procedures, previously identified by the Supervising Organism and formally requested by said Organism to the single Departments/Functions (so-called information flows), in accordance with the methods and terms defined by the same Organism;
- in the context of the verification activities of the Supervising Organism, any information, data and document considered useful and/or necessary for carrying out said verification activities, previously identified by the Organism and formally requested to the single Departments/Functions;
- on an occasional basis, any other information, of any kind, relating to the implementation of the Model in the areas of activities at risk of offences, as well as the compliance with the provisions of the Decree, that may be useful for carrying out the tasks of the Organism (so-called notifications).

With regard to the latter point, the Recipients shall report to the Supervising Organism any information relating to behaviours that might constitute a violation of the provisions of the Decree and/or Model, as well as specific categories of offence.

For this purpose dedicated channels of communication have been instituted for consultation by the Supervising Organism consisting in an email address and a fax number, as well as a postbox for paper communications, whose details are communicated to company personnel, and to which any communication can be sent and which shall solely be accessed by the members of the Organism. Such communication transmission methods are intended to guarantee the maximum confidentiality of the parties sending the reports so as to avoid retaliatory attitudes or any other form of discrimination or penalization against them.

The Supervising Organism shall evaluate the reports it receives, and may summon, if deemed appropriate, both the reporting person in order to obtain further information and the alleged
author of the violation, initiating all the inquiries and verification activities that are necessary to establish whether the report is well-founded.

Upon establishing that the report is well-founded, the Organism:

- for the violations committed by employees, immediately notifies in writing the Human Resources Department for the initiation of the consequent actions;
- for violations of the Model by the Company Directors, it immediately notifies the Board of Directors and Board of Auditors;
- for violations of the Model by the apical figures of the Company, it immediately notifies the Board of Directors and also informs the Director of Human Resources.

In addition to the information indicated above, the Supervising Organism shall be notified of any information concerning:

- any measure and/or information provided by criminal investigation police bodies, or by any other authority, including administrative authorities, regarding the involvement of the Company or apical individuals, which indicate that inquiries are being carried out, even when regarding unknown persons, for the offences described by Lgs.D. 231/2001, without prejudice to legally imposed confidentiality and secrecy obligations;
- legal advice requests by directors and/or employees in the case of initiation of legal proceedings for the offences included in the Lgs.D. 231/2001;
- any amendment of the delegation and proxy system, statutory change or change of the company organizational chart;
- the outcomes of any action undertaken following a written report presented to the Supervising Organism of an ascertained violation of the Model, the application of the disciplinary sanctions for the violation of the Model, as well as any dismissal order with its relative motivations;
- reporting of serious injuries (manslaughter or grievous or very grievous bodily harm, or any injury with a prognosis of more than 40 days) to employees, and collaborators of VALENTINO, and to all parties who have access to the facilities of the Company;
- alleged violations of the Code of Ethics. The transmission said information to the Supervising Organism is the responsibility of the Human Resources Department or Legal and Corporate Affairs Department.

The Organism, with the support of the Company, defines the modes of transmission of said information, notifying the Departments that shall transmit said information.

All information, documentation, including the reports provided for by the Model, and the reports received by the Supervising Organism - and reaching the same – in order to carry out its institutional tasks shall be kept by the Organism in a specific archive held at the registered office of the Company.
SECTION 4

4. SYSTEM OF SANCTIONS

The definition of a system of sanctions, applicable in the case of violation of the provisions of this Model, constitutes the necessary condition to guarantee the effective implementation of the Model, as well as the indispensable condition for enabling the Company to benefit of the exemption from administrative responsibility.

The application of disciplinary sanctions is separate from the establishment and outcome of a criminal proceeding initiated in cases in which the violation constitutes a serious category of offence according to the Lgs.D. 231/2001. The sanctions that may be applied are diversified on the basis of the relation between the author of the offence and the Company, and of the importance and gravity of the violation committed and the role and responsibility of the author.

In general, violations can be traced to the following behaviours and classified as follows:

a) behaviours that constitute a culpable failure to implement the prescriptions of the Model, including company directives, procedures or instructions;

b) behaviours that constitute an intentional transgression of the prescriptions of the Model, so as to compromise the relationship of trust between the author and the Company in that said transgression was solely planned in order to commit an offence.

The sanctioning procedure is in any case the responsibility of the competent company function and/or bodies.

Sanctions for company personnel

With regard to the company personnel, the Company shall respect the limits provided for by art. 7 of Law 300/1970 (Workers Statute) and the provisions contained in the applicable National Collective Employment Contract, both with regard to the sanctions that can be imposed and to the ways in which the disciplinary power may be exercised.

Failure to comply - by company personnel - with the provisions of the Model, and all the documentation which belongs to it, constitutes non-compliance with the work relationship obligations ex art. 2104 Civil Code and a disciplinary offence.

In particular, adoption by any Company employee of a behaviour which may be qualified, according to what stated in the previous paragraph, as disciplinary violation, also constitutes a violation of the obligation of the worker to carry out with the maximum diligence the tasks assigned to him/her, in accordance with the directives of the Company, as prescribed by the applicable CCNL (National Collective Employment Contract) in force.

Company personnel can be subject to the following sanctions:

i) verbal reprimand;

ii) written warning;

iii) fine;

iv) suspension from work and of pay;

iv) dismissal.

In order to highlight the correlation criteria between violations and disciplinary measures the following is to be noticed:
i) the employee is subject to conservative disciplinary measures if he/she:
   ▪ violates the provisions contained in the Model and in all documentation which forms part of it, or adopts, when carrying out the activities in the areas of risk, any behaviour which does not comply with the prescriptions contained in the Model, recognizing in said behaviour a failure to execute the orders given by the Company;

ii) the employee is subject to resolutory disciplinary measures if he/she:
   ▪ adopts, when carrying out the activities in the area of risk, any behaviour which does not comply with the prescriptions contained in the Model, and the documentation which forms part of it, recognizing in said behaviour a lack of discipline and diligence in the fulfilling of his/her contractual obligations that is so serious as to prejudice the Company's trust in said employee;
   ▪ adopts, when carrying out the activities relating to the area of risk, any behaviour that is in clear contrast with the prescriptions contained in the Model and in the documentation which forms part of it, so as to determine the concrete application, against the Company, of the measures prescribed by the Lgs.D. 231/2001, when such behaviour constitutes a deed that causes the Company grave moral and material harm which does not allow the continuation of the work relationship, even temporarily.

The company shall not adopt any disciplinary measure against the employee which does not comply with the procedures prescribed in the CCNL applicable for the specific violation.

The principles of correlation and proportionality between the violation committed and the sanction imposed are guaranteed by the following criteria:
   ▪ gravity of the violation committed;
   ▪ duties, role, responsibility and autonomy of the employee;
   ▪ predictability of the action;
   ▪ intentionality in the behaviour or negligence, imprudence or improper use;
   ▪ overall behaviour of the author of the violation, with regard to the previous existence or non-existence of disciplinary precedents in the terms laid down by the applicable CCNL;
   ▪ other particular circumstances characterizing the violation.

The existence of a system of sanctions connected with the failure to comply with the provisions contained in the Model, and the documentation which forms part of it, shall necessarily be brought to the attention of company personnel through the means considered most suitable by the Company.

- **Sanctions for employees with executive functions**

Failure to comply - by the executives - with the provisions of the Model, and the documentation which forms part of it, including any violation of the obligations to inform the Supervising Organism, determines the application of the sanctions provided for in the collective contract for other categories of employees, in compliance with articles 2106, 2118 and 2119 Civil Code, and art. 7 of the Law 300/1970.

Generally speaking, the following sanctions can be imposed on executive personnel:
   i) fine;
   ii) suspension from work;
iii) anticipated termination of the work relationship.

The establishment of any violation, as well as inadequate supervision and failure to promptly inform the Supervising Organism may determine for workers with executive functions, the precautionary suspension from work, without prejudice to the right for the executive officer to be paid, as well as, again as a provisional and precautionary measure for a period of no more than three months, the assignment to other tasks in compliance with art. 2103 civil code.

In cases of serious violations, the Company may proceed with the anticipated termination of the work contract without prior notice in accordance with art. 2119 civil code.

- **Sanctions for collaborators subject to management or monitoring**

Failure to comply – by collaborators subject to management or supervision by apical figures of the Company – with the provisions of the Model, including violation of the obligations to inform the Supervising Organism, determines, in accordance with the specific contractual provisions, the termination of the relative contract, without prejudice to the right of the Company to claim compensation for any damages suffered as a consequence of said behaviour, including any damage caused by the application of the sanctioning measures provided for by Lgs.D. 231/2001.

- **Measures against directors**

In the case of any established violation of the provisions of the Model, including the provisions of the documentation which forms part of it, by one or more directors, the Supervising Organism promptly informs the entire Board of Directors and the Board of Auditors, so that they may take or promote the most suitable and adequate initiatives, in relation to the gravity of the violation ascertained and in compliance with the powers provided for by current norms and laws and by the Articles of Association.

In the case of any established violation of the provisions of the Model by the entire Board of Directors, including the provisions of the documentation which forms part of it, the Supervising Organism immediately informs the Board of Auditors, so that it can promote the consequent initiatives.

In particular, in the case of violation of the provisions of the Model, including the provisions of the documentation which forms part of it, by one or more of the Directors, the Board of Directors may directly proceed, depending on the extent and gravity of the violation committed, with the imposition of the sanction consisting of a formal written admonition or the revocation, even partial, of the delegated powers conferred.

In the case of violation of the provisions of the Model, including the provisions of the documentation which forms part of it, by one or more of the Directors, evidently aimed at facilitating or instigating the commission of any offence described by Lgs.D. 231/2001 or at committing said offence, the sanctioning measures (such as, by way of example, temporary suspension from the job and, in more serious cases, the termination of the same) shall be adopted by the Shareholders' Assembly, upon proposal by the Board of Directors and the Board of Auditors.

- **Measures against apical individuals**

In any case, even the violation of the specific obligation on the part of apical individuals to monitor subordinates shall involve the application by the Company of sanctioning measures considered appropriate in relation, on the one hand, to the nature and gravity of the violation committed and, on the other hand, to the status of apical individual alleged to have committed the offence.
5. **DIFFUSION OF THE MODEL**

VALENTINO, conscious of the importance of training and information activities with regard to prevention, defines a communication and training programme aimed at guaranteeing the diffusion to the Recipients of the principles contained in the Decree and of the obligations deriving from it, as well as the prescriptions of the Model.

The information and training activities directed to the personnel are organized by planning different levels of learning according to the different degrees of involvement of the personnel in the activities at risk of offences. In any case, the training activity aimed at spreading knowledge on the Lgs.D. 231/2001 and the prescriptions of the Model, is differentiated in its content and methods of diffusion according to the professional status of the Recipients, the level of risk of the area in which the said recipients work, and the fact that said recipients may hold representation and management posts in the Company.

The training activity involves all the workforce, as well as all the resources that in the future shall be introduced into the company organization. With regard to this point, the relative training activities shall be provided and concretely implemented both upon hiring and upon any changes in duties, and also following any update and/or modification of the Model.

With regard to the diffusion of the Model in the company context, VALENTINO undertakes to:

- notify all the personnel of the adoption of this Model;
- publish the Model on the Company intranet network and/or any other communication instrument deemed suitable;
- organise training activities aimed at spreading knowledge of the Lgs.D. 231/2001 and the prescriptions of the Model, as well as to plan personnel training sessions following the update and/or modification of the Model, in any ways deemed appropriate.

The documentation relating to the activities of informing and training will be kept by the Human Resources Department, and will be available for consultation by the Supervising Organism and anyone who is authorised to examine it.

6. **ADOPTION AND UPDATE OF THE MODEL**

The Board of Directors shall be responsible for the adoption of this Model.

Any amendment and/or substantial integration to this Model (understood as amendment to the rules and general principles contained in this Model) shall be referred to the competence of the Company Board of Directors.