



ALPE-ADRIA TEXTIL SRL

ORGANIZATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE N. 231/2001

GENERAL SECTION

TABLE OF REVISIONS

REVISION	DATE OF REVISION	NOTES
00	07/11/2022	FIRST EMISSION
01	31/01/2024	Update following Legislative Decree 24/2023 on whistleblowing

SUMMARY

1.	<u>ALPE-ADRIA TEXTIL SRL AND ITS MISSION</u>	3
1.1.	THE ADAPTATION OF ALPE-ADRIA TEXTIL SRL TO THE PROVISIONS OF THE DECREE	3
2.	<u>THE PARTS OF THE ALPE-ADRIA TEXTIL SRL MODEL</u>	4
3.	<u>THE GOVERNANCE MODEL AND ORGANISATIONAL SYSTEM OF ALPE-ADRIA TEXTIL SRL</u>	5
3.1.	THE GOVERNANCE MODEL OF ALPE-ADRIA TEXTIL SRL	5
3.2.	THE ORGANISATIONAL STRUCTURE OF ALPE-ADRIA TEXTIL SRL AND THE DEFINITION OF THE ORGANISATIONAL CHART	5
3.2.1.	THE ORGANISATIONAL STRUCTURE FOR HEALTH AND SAFETY AT WORK	6
3.3.	GOVERNANCE INSTRUMENTS.....	6
3.4.	THE REMUNERATION SYSTEM OF ALPE-ADRIA TEXTIL SRL	6
3.5.	COMPANY PROCEDURES	6
4.	<u>IMPLEMENTATION OF THE MODEL</u>	8
4.1.	CATEGORIES OF OFFENCE	8
5.	<u>PURPOSE AND STRUCTURE OF THE CODE OF ETHICS. THE ADDRESSEES OF THE CODE OF ETHICS</u>	10
5.1.	THE MODALITIES FOR IMPLEMENTING AND MONITORING COMPLIANCE WITH THE CODE OF ETHICS	10
6.	<u>THE DEVELOPMENT AND ADOPTION OF THE SANCTIONS SYSTEM</u>	11
7.	<u>THE SUPERVISORY BOARD OF ALPE-ADRIA TEXTIL SRL</u>	12
7.1.	IDENTIFICATION, APPOINTMENT, AND DISMISSAL OF SB MEMBERS.....	12
7.2.	CAUSES OF INELIGIBILITY AND DISQUALIFICATION	12
7.3.	FUNCTIONS AND POWERS	13
7.4.	INFORMATION FLOWS TOWARDS THE SB.....	14
7.4.1.	WHISTLEBLOWING FLOWS	16
7.5.	SB REPORTING	17
8.	<u>WHISTLEBLOWING REPORTING PROCEDURE</u>	18
9.	<u>COMMUNICATION AND TRAINING ON THE MODEL AND RELATED PROTOCOLS</u>	19
9.1.	COMMUNICATION AND INVOLVEMENT IN THE MODEL AND RELATED PROTOCOLS.....	19
9.2.	TRAINING ON THE MODEL AND RELATED PROTOCOLS.....	19
10.	<u>UPDATING OF THE MODEL</u>	20
11.	<u>IMPLEMENTING REGULATIONS</u>	21
12.	<u>MODELS</u>	21

1. ALPE-ADRIA TEXTIL SRL AND ITS MISSION

ALPE-ADRIA TEXTIL SRL is an Italian company headquartered in 33047 Remanzacco (UD) - Strada di Salt, No. 50 and dedicated to manufacturing textile products. The company's *core business* is, in fact, the production and marketing of textile solutions: ultra-high-performance uniaxial and biaxial fabrics made with DOS system chain knitting technology.

Due to the unique characteristics of the market in which it operates, ALPE-ADRIA TEXTIL SRL pays close attention to the expectations and demands of the community and consumers to maintain a consistently very high level of quality. It has also always given great consideration to the company's ethical aspects and the scientific preparation of its employees.

A top-level corporate governance system that is appropriate for the company's size and structure ensures the company's mission.

In this context, ALPE-ADRIA TEXTIL SRL, always striving for improvement, has deemed it necessary to comply with the provisions of the Decree and implement a structured system suitable to mitigate the risk of any form of irregularity in the performance of the company's activities, to limit the danger of the commission of the offences indicated by the Decree and ensure the fairness and transparency of its activities.

1.1. The adaptation of ALPE-ADRIA TEXTIL SRL to the provisions of the Decree

ALPE-ADRIA TEXTIL SRL intended to proceed with the formalisation of its Model after analysing the company's entire organisational structure and system of internal controls to verify its adequacy in preventing relevant offences.

ALPE-ADRIA TEXTIL SRL has carried out a critical review of the previously adopted governance system and the mapping of sensitive and instrumental activities concerning the commission of the predicate offences under the Decree.

In particular, a new Working Group was formed, comprising company resources qualified to do so and a Consultancy Firm with proven experience in the sector to review the process analysis and risk assessment activities necessary to implement the Model correctly.

The company formally adopted the new Model by a resolution of the Board of Directors.

The new Risk Assessment activity was carried out by examining company documentation and conducting several interviews.

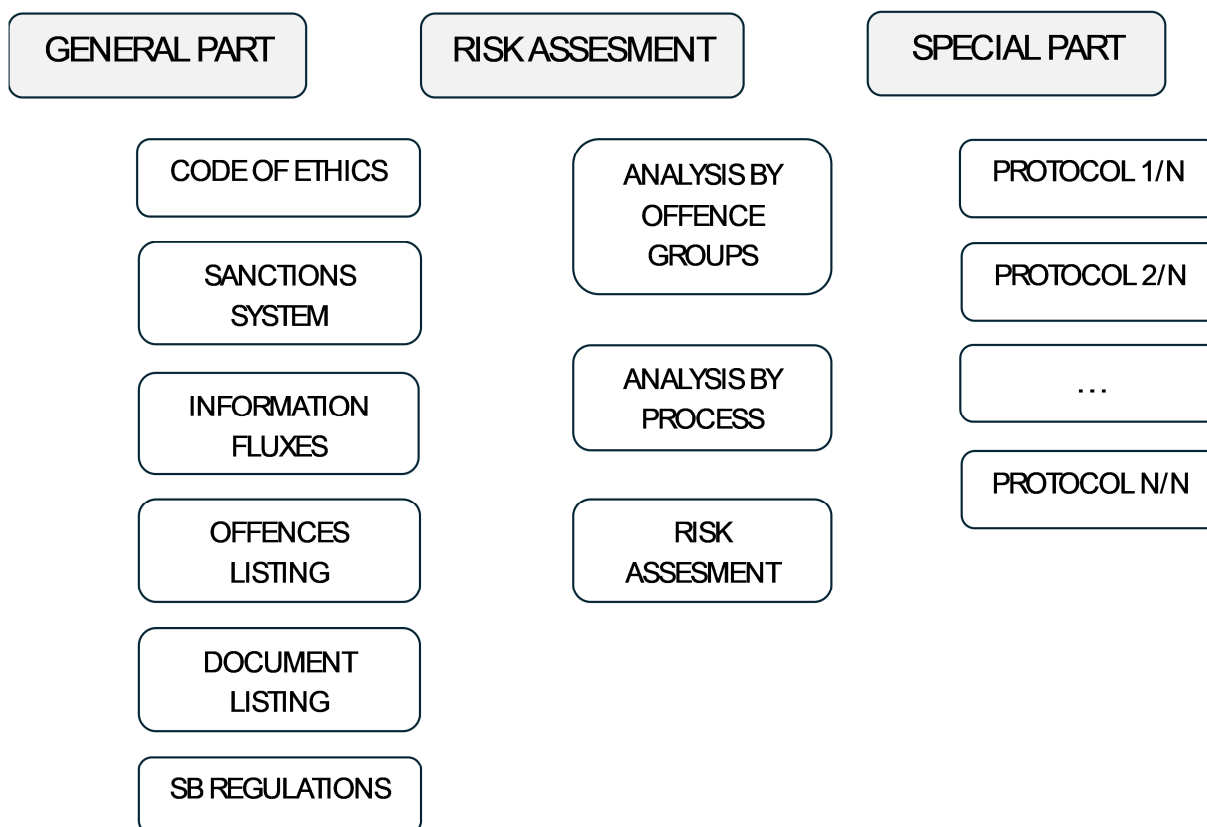
As a result of this work, a complete review of corporate governance was carried out, and a detailed and complete list of "areas at risk of offences" was once again drawn up, i.e. those sectors of the company and/or company processes in respect of which, in light of the results of the mapping, the risk of a specific type of offence being committed was deemed to exist in abstract terms, among those which, according to the provisions of the Decree, give rise to the Entity's liability (i.e. offences against the Public Administration, corporate offences, offences committed in breach of safety regulations, etc.).

2. THE PARTS OF THE ALPE-ADRIA TEXTIL SRL MODEL

This Model Summary Document consists of a General Section and a Special Section. The General Section summarises, after a brief but necessary illustration of the rationale and principles of the Decree, as well as a concise survey of the provisions set forth in the document "Regulation of the Supervisory Board", dedicated to the regulation of the Supervisory Board, also briefly represented therein, the protocols indicated below, which contribute to the constitution of the Model of ALPE-ADRIA TEXTIL SRL:

- the organisational system;
- the power of attorney and delegation system;
- manual and IT procedures;
- the management control system and financial flows;
- the occupational health and safety control system (operational management and monitoring);
- the environmental policy and compliance with the relevant regulations;
- the Code of Ethics;
- the Sanctions System;
- the communication and involvement of personnel in the Model, as well as their training.

The model is structured as follows:



In the context of the Analyses of offence families and their association with business processes, the following were indicated, also according to the methodological approach already set out:

- the offences theoretically perpetratable;
- the principles of conduct to be observed to reduce the risk of offences being committed.

3. THE GOVERNANCE MODEL AND ORGANISATIONAL SYSTEM OF ALPE-ADRIA TEXTIL SRL

ALPE-ADRIA TEXTIL SRL's governance model and, in general, its entire organisational system are wholly structured to ensure that the company implements its strategies and achieves its objectives.

In fact, the structure of ALPE-ADRIA TEXTIL SRL was created considering the need to provide the company with an organisation that would guarantee its maximum operational efficiency and effectiveness.

3.1. The governance model of ALPE-ADRIA TEXTIL SRL

The corporate governance system of ALPE-ADRIA TEXTIL SRL is, therefore, currently structured as follows:

- Shareholders' Meeting:

The Shareholders' Meeting is competent to pass resolutions, in ordinary and extraordinary sessions, on matters reserved to it by law or the Articles of Association.

- Administrative Body:

The company may be administered, alternatively, by decision of the Meeting:

- by a Sole Director;
- by a Board of Directors consisting of a minimum of three and a maximum of five members, appointed by the Meeting in such number as it may determine from time to time.

The administrative body is vested with the broadest powers for the company's administration and the implementation and achievement of the corporate purpose, excluding the powers reserved by law for the Shareholders' Meeting. Among other things, the administrative body is vested with the power to define the company's strategic guidelines and to verify the efficiency of the company's organisational and administrative structure.

When this version of the Model was adopted, the Shareholders' Meeting appointed an Administrative Body consisting of three directors, including the Chairman and Vice-Chairman of the Board.

3.2. The organisational structure of ALPE-ADRIA TEXTIL SRL and the definition of the organisational chart

As already mentioned, ALPE-ADRIA TEXTIL SRL manufactures textile products. The company's core business is, in fact, the production and marketing of textile solutions: ultra-high-performance uniaxial and biaxial fabrics made with DOS system chain knitting technology.

The company's organisational structure is geared towards ensuring, on the one hand, the separation of tasks, roles, and responsibilities between operational and control functions and, on the other hand, the highest possible efficiency. In detail, the company is structured as follows:

- Board of Directors: This is the highest-level body of ALPE-ADRIA TEXTIL SRL, and the entire company's organisational structure reports to it.

It consists of the following roles:

- o Chairman of the Board of Directors
- o Vice-Chairman of the Board of Directors
- o Councillor.

To make the role and responsibilities of each individual in the company's decision-making process immediately clear, ALPE-ADRIA TEXTIL SRL has drawn up a prospectus outlining the company's entire organisational structure (Organigram) and a detailed organisation chart of the various departments/functions.

The Organigram, in particular, specifies:

- the areas into which the company's activities are divided;
- the hierarchical reporting lines of the individual company functions;
- the individuals working in the individual areas and their organisational roles.

The company has also defined job descriptions specifying the roles, duties, and responsibilities of the employees of each department, which have been made available to the company's staff, together with the organigram.

3.2.1. The Organisational Structure for Health and Safety at Work

In the field of Occupational Health and Safety (OHS), the company has adopted an organisational structure that complies with that provided for by current preventive regulations to eliminate or, where this is not possible, reducing—and, therefore, managing—work-related risks for workers.

The following persons operate within this organisational structure:

- the employer;
- the supervisors;
- the Prevention and Protection Service Officer (hereinafter, RSPP)—an external figure;
- first aid workers (hereinafter also referred to as APS);
- fire prevention personnel (hereinafter also referred to as API);
- the workers' safety representative (hereinafter also RLS);
- the competent physician;
- the workers;
- persons outside the company who carry out activities that are relevant to OHS, namely:
 - a) persons entrusted with work on the basis of a tender contract, of work, or supply;
 - b) suppliers;
 - c) workplace and plant designers;
 - d) installers and assemblers of plant, work equipment, or other technical devices.

The duties and responsibilities of the subjects mentioned above in the field of OHS are formally defined in line with the organisational and functional scheme of the company, with particular reference to the specific figures operating in this field (RSPP, RLS, the Competent Physician): In this regard, when defining the organisational and operational tasks of the company management, supervisors, and workers, the company shall also make explicit those relating to the safety activities for which they are responsible, as well as the responsibilities connected to the activities themselves, with particular reference to the tasks of the RSPP, RLS, AGEs (emergency management officers) and the competent physician.

3.3. Governance Instruments

The set of governance instruments adopted by ALPE-ADRIA TEXTIL SRL allows to identify, with respect to all activities, how the organisation's decisions are formed and implemented:

- **Articles of Association** – In accordance with current legislation, it contains various corporate governance provisions to ensure the proper conduct of management activities.
- **Code of Ethics** – Expresses the ethical and deontological principles that the company recognises as its own and calls for compliance by all those working to achieve its objectives. The Code of Ethics expresses, among other things, lines and principles of conduct aimed at preventing the offences referred to in the **MOG** (Organisation, Management, and Control Model) as a useful tool for operating in compliance with the regulations.
- **Service Orders and Organisational Communications** – At the organisational level, ALPE-ADRIA TEXTIL SRL operates according to the tasks and responsibilities assigned to each position by "Service Orders" and "Organisational Communications."
- **System of Powers of Attorney and Delegation** – Establishes the powers to represent or commit the company by assigning specific powers of attorney and delegations.
- **Procedures and Internal Regulations System** – The company has a procedures system designed to clearly and effectively regulate the company's relevant processes.

3.4. The Remuneration System of ALPE-ADRIA TEXTIL SRL

Where adopted by the company, the bonus system is based on clear and formal rules in compliance with the relevant National Collective Labour Agreement.

In addition, the company ensures the traceability of flows and parameters for the recognition of bonuses awarded to company employees.

3.5. Company Procedures

ALPE-ADRIA TEXTIL SRL has adopted a clear employee remuneration system as part of its organisational system.

The bonus system, where adopted by the company, is based on clear and formalised rules in compliance with the relevant National Collective Labour Agreement. In addition, the company

ensures the traceability of flows and parameters for recognising bonuses awarded to company employees.

It has developed a set of procedures to regulate the performance of corporate activities in compliance with the principles indicated in the Confindustria Guidelines.

In particular, the procedures prepared by the company constitute the rules to be followed within the relevant corporate processes, also providing for the controls to be carried out to ensure the correctness, effectiveness, and efficiency of the company's activities.

The company, therefore, ensures compliance with the following principles:

- encourage the involvement of several actors to achieve an appropriate separation of duties through contraposition of functions;
- take steps to ensure that every operation, transaction, and action is verifiable, documented, consistent, and congruent;
- require the adoption of measures to document the controls carried out regarding the operations and/or actions performed.

Moreover, the administrative area's main management systems are supported by high-quality IT applications. These applications are themselves the "guide" on how to carry out specific transactions and ensure a high level of standardisation and compliance, as the processes managed by these applications are validated upstream of the software release.

When hired, employees are appropriately trained in using company tools and become aware of the established rules (opportunities and limits).

4. IMPLEMENTATION OF THE MODEL

Legislative Decree No. 231 of 8 June 2001, concerning the "Regulation on the administrative liability of legal persons, companies, and associations, including those that do not hold legal status", introduced into the Italian legal system a new liability regime—called "administrative", but characterised by issues of applicable criminal legislation—for entities, legal persons, and companies, arising from the commission or attempted commission of certain offences, expressly provided for by the Decree, in the interest or to the advantage of the entities themselves. This is additional to the criminal liability of the natural person who committed the offence. The introduction of this new case of "administrative" liability makes it possible to directly affect the assets of entities that have pursued their interest or gained an advantage from the commission of certain offences by natural persons—the material authors of the criminally relevant offence—who "impersonate" the entity or who operate, in any event, in the latter's interest.

4.1. Categories of offence

Below are the categories of offence provided for in the Decree:

1. Offences committed in dealings with the Public Administration (Articles 24, 25 LD 231/01)
2. Computer crimes and unlawful processing of data (Art. 24-bis, LD 231/01)
3. Organised crime offences (Art. 24-ter, LD 231/01)
4. Forgery of money, public credit cards, revenue stamps and identification instruments or signs (Art. 25-bis, LD 231/01)
5. Crimes against industry and trade (Art. 25-bis.1., LD 231/01)
6. Corporate offences (Art. 25-ter, LD 231/01)
7. Crimes for the purpose of terrorism or subversion of the democratic order provided for in the Criminal Code and special laws (Art. 25-quater, LD 231/01)
8. Offences of market abuse (Art. 25-sexies, LD 231/01)
9. Female genital mutilation practices (Art. 25-quater.1, LD 231/01)
10. Crimes against the personality of the individual (Art. 25-quinquies, LD 231/01)
11. Crimes of manslaughter and grievous bodily harm in violation of occupational health and safety regulations (Art. 25-septies, LD 231/01)
12. Receiving, laundering, and using money, goods, or benefits of unlawful origin (Art. 25-octies, LD 231/01)
13. Offences relating to non-cash payment instruments (Art. 25-octies.1, LD 231/01)
14. Infringements of copyright (Art. 25-novies, LD 231/01)
15. Inducement not to make statements or to make false statements to the judicial authorities (Art. 25-decies, LD 231/01)
16. Environmental Crimes (Art. 25-undecies, LD 231/01)
17. Transnational offences (Law 146 of 16 March 2006, articles 3 and 10)
18. Employment of third-country nationals whose stay is irregular (Art. 25-duodecies, LD 231/01)
19. Racism and Xenophobia (Art. 25-terdecies, LD 231/01)
20. Fraud in sporting competitions (Art. 25-quaterdecies, LD 231/01)
21. Tax offences (Art. 25-quinquiesdecies, LD 231/01)
22. Smuggling (Art. 25-sexiesdecies, LD 231/01)
23. Crimes against the cultural heritage (Art. 25-septiesdecies, LD 231/01)
24. Laundering of cultural goods, devastation, and looting of cultural and landscape heritage (Art. 25-duodecies, LD 231/01).

The complete list of offences susceptible, according to the Decree, to give rise to the entity's administrative liability and the details of the categories of offences that may be committed in the company's operational context is set out in Annex 1-Table of Predicate Offences of the "Special Section".

Under the Decree, the entity is liable for offences committed in its interest or to its advantage:

- by "persons who hold positions of representation, administration, or management of the entity or of one of its organisational units with financial and functional autonomy, as well as persons who exercise, including de facto, the management and control of the entity" (so-called "persons in top positions", Art. 5(1)(a) of the Decree);
- by persons subject to the direction or supervision of persons in senior positions (so-called "persons subject to the direction of others", Art. 5(1)(b) of the Decree);

but the entity is not liable if the persons indicated have acted solely in their own or third parties' interests.

In the event of an offence committed by a person in a top management and/or subordinate position, the entity shall not be liable if it proves that (Art. 6[1] of the Decree):

- the management body has adopted and effectively implemented, before the commission of the offence, organisational and management models capable of preventing offences of the kind committed;
- the task of supervising the functioning, effectiveness, and observance of the models, as well as ensuring that they are updated, has been entrusted to an internal body with autonomous powers of initiative and control;
- the individuals have committed the offence by fraudulently circumventing the organisation and management models;
- there has not been insufficient, or any, supervision by the body referred to in (b) above.

The sanctions provided for by law against entities as a result of the commission or attempted commission of the specific offences mentioned above consist of:

- fine up to a maximum of €1,549,370.69 (and precautionary attachment);
- prohibitory sanctions (also applicable as a precautionary measure), which may consist of:
 - o disqualification from exercising the activity;
 - o suspension or revocation of authorisations, licences, or concessions functional to the commission of the offence;
 - o prohibition against contracting with the PA;
 - o exclusion from benefits, financing, contributions or subsidies and possible revocation of those granted;
 - o prohibition of advertising goods or services;
 - o confiscation of the profit the entity has gained from the offence; publication of the conviction.

5. PURPOSE AND STRUCTURE OF THE CODE OF ETHICS. THE ADDRESSEES OF THE CODE OF ETHICS

The Code of Ethics of ALPE-ADRIA TEXTIL SRL has adopted a clear remuneration system for its employees.

The bonus system, where adopted by the company, is based on clear and formalised rules in compliance with the relevant National Collective Labour Agreement. In addition, the company ensures the traceability of flows and parameters for recognising bonuses awarded to company employees.

It indicates the general principles and rules of conduct to which the company recognises positive ethical value and with which all Addressees must comply.

These are all its directors, employees, including managers (hereinafter, for the sake of brevity, jointly referred to as "Personnel"), as well as all those who, although external to the company, work, directly or indirectly, for ALPE-ADRIA TEXTIL SRL. (e.g. attorneys, agents, collaborators in any capacity, consultants, suppliers, and business partners, hereinafter referred to as "Third Party Addressees").

Addressees must observe and, to the extent of their competence, enforce the principles contained in the Model and/or in the Code of Ethics that forms part of it. These principles are binding on all of them and also apply to the company's activities abroad.

Indeed, the set of rules contained in the Code of Ethics, by conforming the company's conduct to exceptionally high ethical standards oriented towards the utmost fairness and transparency, guarantees the possibility of safeguarding stakeholders' interests, as well as preserving the company's image and reputation, while ensuring an ethical approach to the market, with regard both to activities carried out within Italy and to those abroad.

5.1. The modalities for implementing and monitoring compliance with the Code of Ethics

Control over the implementation of and compliance with the Model and the Code of Ethics, in relation to the principles and rules relating to the risk and instrumental areas set out in the Special Sections, is entrusted to the Supervisory Board, which is also required, among other things, to:

- monitor compliance with the Model and the Code of Ethics in relation to the principles and rules relating to the risk and instrumental areas set out in the Special Sections of the Model to reduce the danger of the offences provided for in the Decree being committed;
- formulate its observations on ethical issues that may arise in the context of corporate decisions, as well as on alleged violations of the Model or the Code of Ethics of which it becomes aware, in relation to the principles and rules relating to the areas at risk and instrumental as set out in the Special Sections;
- provide interested parties with all the clarifications and explanations also requested with reference to specific conduct or the correct interpretation of the provisions of the Model or the Code of Ethics in relation to the principles and rules relating to the risk and instrumental areas referred to in the Special Sections;
- monitor the updating of the Model and the Code of Ethics in relation to the principles and rules relating to the risk and instrumental areas referred to in the Special Sections, also through its proposals for adjustment and/or updating;
- promote and monitor the company's implementation of communication and training activities on the Model and, in particular, on the Code of Ethics;
- report to the competent corporate bodies any violations of the Model or the Code of Ethics in relation to the principles and rules relating to the risk and instrumental areas set out in the Special Sections;
- verify the effectiveness of any sanctions imposed in the event of reported significant violations of the Model and/or the Code of Ethics.

6. THE DEVELOPMENT AND ADOPTION OF THE SANCTIONS SYSTEM

Pursuant to Articles 6 and 7 of the Decree, the Model can be considered effectively implemented, to exclude the company's liability, if it provides for a disciplinary system capable of penalising non-compliance with the measures indicated therein.

Therefore, ALPE-ADRIA TEXTIL SRL has adopted a system of sanctions (hereinafter also referred to as the "Sanctions System") aimed at sanctioning the violation of the principles, rules, and measures provided for in the Model and in the relevant Protocols, in compliance with the provisions of national collective labour agreements and with the laws and regulations in force.

On the basis of this Sanctioning System, both violations of the Model and the relevant Protocols committed by persons in a top position—insofar as they hold representative, administrative or management positions in the company or one of its financially and functionally autonomous organisational units, or hold the power, even if only de facto, to manage or control the company itself—and violations committed by persons subject to the management or supervision of others or operating in the name and/or on behalf of ALPE-ADRIA TEXTIL SRL, shall be punishable.

In compliance with the provisions, the commencement of disciplinary proceedings and the application of the relevant sanctions are independent of the possible commencement and/or outcome of any criminal proceedings concerning the same conduct relevant for the purposes of the Sanctions System.

7. THE SUPERVISORY BOARD OF ALPE-ADRIA TEXTIL SRL

The Supervisory Board of ALPE-ADRIA TEXTIL SRL (hereinafter also referred to as the "SB" or "Board") carries out its tasks and functions according to the methods provided for in the Regulation adopted by the same SB.

Specifically, the Regulation contains:

- an indication of the activities of the SB;
- the regulation of the SB.

In reference to the SB, the following paragraphs describe the following elements:

- the composition of the SB;
- the method of appointment and its duration;
- causes of ineligibility and disqualification of the SB and its individual members;
- the prerequisites and procedures for revoking the appointment of the SB and its individual members;
- the tasks and powers of the SB;
- the resources allocated to the SB;
- information flows: a) from the SB to the corporate bodies; b) to the SB;

7.1. Identification, appointment, and dismissal of SB members

The members of the SB are chosen among persons particularly qualified and experienced in the legal/criminal, labour law, management, accounting, inspection, and control system analysis fields, as well as with expertise in the company's activities, endowed with adequate professionalism so that the composition of the Board covers all the aforementioned fields in terms of skills and experience.

In the operational reality of ALPE-ADRIA TEXTIL SRL, this solution best guarantees compliance with the Decree's requirements: the presence of an external professional with specific experience and authority in applying the legal system provided for by the Decree guarantees the required impartiality, autonomy, and independence.

The SB is appointed by order of the Board of Directors. The SB's term of office is established by the resolution of the Board of Directors adopting the Model, and the SB may be re-elected. The Board of Directors will determine any remuneration.

7.2. Causes of ineligibility and disqualification

Appointment as a member of the SB is conditional on the subjective requirements of honourableness, integrity, and respectability, as well as the absence of causes of incompatibility with the appointment itself, such as kinship relations with members of the corporate bodies and top management and potential conflicts of interest with the role and tasks to be performed.

Cannot be appointed as members of the SB and, if appointed, are disqualified:

- those against whom criminal proceedings have been brought, in the forms provided for by the Code of Criminal Procedure, in relation to one of the offences (committed or attempted) provided for in Art. 24 et seq. of the Decree; to this end, any amendments and/or additions to the offences provided for by the Decree are immediately and automatically incorporated in this Model 231;
- those who have been addressees of personal, coercive, or prohibitory measures for one of the offences (committed or attempted) provided for in Art. 24 et seq. of the Decree;
- those who have been convicted, even at first instance, or with a sentence of application of the penalty on request (so-called plea bargaining), in Italy or abroad, for the offences referred to in LD 231/2001 or similar offences and for offences relating to tax matters and for
- any non-culpable offence which has resulted in a sentence of more than two years; those who have been sentenced, even at first instance, to a penalty involving disqualification, even temporary, from public office, or temporary disqualification from the executive offices of legal persons and companies; a plea bargain sentence is considered equivalent to a conviction;
- those who have been definitively subjected to one of the prevention measures provided for by Art. 10, par 3, of Law No. 575 of 31 May 1965, as replaced by Art. 3 of Law No. 55 of 19 March 1990, as amended;

- those having relations of kinship, marriage, or affinity within the third degree with members of the Board of Directors or senior persons in general;
- those who have conflicts of interest, even potential ones, with the company, such as to jeopardise the independence required by the SB's role and duties;
- those who have acted as directors (in the three financial years preceding the appointment as a member of the SB or the establishment of the consultancy or collaboration relationship with the SB) of companies subject to bankruptcy, compulsory administrative liquidation, or other insolvency procedures;
- those who are found to have held the position of SB member in companies against which the sanctions provided for in Article 9 of the Decree have been applied;
- limited to externally sourced members, those who are linked, or have been linked in the past, by continuous working relations with the company, which may reasonably compromise their autonomy and independence;
- those who are interdicted, incapacitated, or assisted by a support administrator;
- those absent, without justified reason, from at least three SB meetings.

Any member of the SB who is in a condition of ineligibility or disqualification must immediately inform the Board of Directors.

The revocation of the SB's powers and the assignment of such powers to another person may only occur for just cause, also related to the company's organisational restructuring, through a specific resolution of the Board of Directors. In this regard, "just cause" for revocation of the powers connected with the SB position may be understood as, by way of example only:

- the loss of the subjective requirements of honour, integrity, respectability, and independence present at the time of appointment;
- the occurrence of a reason for incompatibility;
- gross negligence in the performance of the duties connected with the assignment as set out in the following paragraph
- the "omitted or insufficient supervision" by the SB—as provided for in Art. 6, par. 1, item (d), LD. 231/2001—resulting from a conviction, which has become final, issued against the company pursuant to LD. 231/2001 or by a judgment applying the penalty on request (so-called plea bargaining);
- the assignment of operational functions and responsibilities within the company organisation that are incompatible with the SB's requirements of "autonomy and independence" and "continuity of action";
- failure to attend two or more meetings, even if not consecutive, without a justified reason within twelve consecutive months.

Internal members of the SB are dismissed in the event of voluntary termination of employment or cooperation with ALPE-ADRIA TEXTIL SRL and dismissal for just cause. In the event of an SB member's resignation, withdrawal, supervening incapacity, death, revocation or lapse, the Board of Directors shall replace them without delay. It is the compulsory duty of the Chairman to inform the Board of Directors without delay of the occurrence of any of the circumstances giving rise to the need to reinstate a member of the SB. In the event of the resignation, withdrawal, supervening incapacity, death, revocation or lapse of the Chairman, they shall be succeeded by the oldest member, who shall remain in office until the date the Board of Directors resolves to appoint a new SB Chairman.

For all other aspects, the SB operates by its own regulations.

7.3. Functions and powers

The SB is placed in a staff position with respect to the Board of Directors.

In particular, the SB is entrusted with the following tasks and powers for the performance and exercise of its functions:

- regulate its functioning also through the introduction of a regulation of its activities that provides for:
 - o the scheduling of activities,
 - o the determination of time intervals for controls,
 - o the identification of analysis criteria and procedures,
- the regulation of information flows from corporate structures (SB Regulation);
- verifying the adequacy of the Model both with respect to preventing the commission of the offences referred to in LD 231/2001 and about the ability to bring to light the occurrence of any unlawful conduct;

- verifying the efficiency and effectiveness of Model 231 also in terms of the correspondence between the operating methods adopted in practice and the procedures formally laid down in Model 231;
- verifying that the requirements of efficiency and effectiveness of Model 231 are maintained over time;
- carrying out, also through the corporate functions, periodic inspection and control activities of a continuous and unannounced nature, in consideration of the various sectors of intervention or types of activities and their critical points to verify the efficiency and effectiveness of Model 231;
- overseeing, developing, and promoting the constant updating of the 231 Model, formulating, where necessary, proposals to the Board of Directors for any updates and adjustments to be made through amendments and/or additions that may be necessary as a result of:
 - o significant violations of the provisions of Model 231;
 - o significant changes in the internal structure of the company and/or in the way the company conducts its business;
 - o regulatory changes;
- monitoring the periodic updating of the system for identifying, mapping, and classifying Risk Areas;
- detecting any behavioural deviations that may emerge from the analysis of information flows and from the reports to which the heads of the various functions are subject;
- promptly reporting to the Board of Directors, for the appropriate measures, any ascertained violations of the 231 Model that may entail a liability for the company;
- liaising and ensuring the relevant information flows to the Board of Directors;
- promoting and defining initiatives for the dissemination of knowledge and understanding of Model 231, as well as for staff training and awareness-raising on compliance with the principles contained in Model 231;
- Promoting and developing communication and training activities on the contents of LD 231/2001, on the impact of the legislation on corporate activities and the rules of conduct; provide clarification on the meaning and application of the provisions contained in Model 231;
- setting up an effective internal communication system to allow the transmission of news relevant to LD 231/2001, guaranteeing the protection and confidentiality of the reporting party; to freely access any of the company's organisational structures, including the DPCs and other company offices—without the need for any prior consent—to request and acquire information, documents, and data deemed necessary for the performance of the tasks provided for by LD 231/2001, by all employees and managers;
- proposing the initiation of any disciplinary proceedings under Chapter 6;
- verifying and assessing the suitability of the disciplinary system pursuant to LD 231/2001.

To perform the aforementioned tasks, the SB:

- has free access to any company document and has broad powers of inspection;
- has adequate financial resources allocated for this purpose by the Board of Directors; in fact, it has a budget to be used in accordance with the expenditure procedures in force;
- may avail itself of the support and cooperation of both corporate functions and external consultants of proven professionalism;
- may request information from the Board of Directors, any company structure/figure and consultants;
- uses internal resources to plan and carry out its supervisory activities, using established operational methods and resources with appropriate technical skills to avoid overlapping activities.

The Board of Directors shall ensure adequate communication with the corporate structures regarding the tasks of the Supervisory Board and its powers. The SB is not vested with management or decision-making powers relating to the performance of the company's activities, organisational powers, powers to modify the company structure or sanctioning powers.

7.4. Information flows towards the SB

Pursuant to the Decree, the SB must be informed by the persons required to comply with Model 231 about events that could give rise to liability of ALPE-ADRIA TEXTIL SRL under the Decree.

In this respect, the following general provisions apply:

- any reports concerning the commission of offences or, in any case, conduct not in line with the rules adopted in implementing the principles and indications contained in the Model and the Code of Ethics must be collected and assessed by the SB;
- in the event of an ascertained violation, the SB verifies the consistent application of the sanctions system.

Information flows to the SB mainly:

- In structured form, through the following reports:
 - o list of Information Security Breaches submitted by the Information Security Management System manager;
 - o informative report summarising the main activities carried out for prevention and protection against risks in the workplace (reports received, relevant findings following inspections, accidents recorded and other incidents) and the effectiveness and adequacy of the OHS system and the management measures adopted, forwarded by the Employer Safety Delegate;
 - o report for monitoring the procurement process of works, goods, and services (winning supplier, amount, any urgent conditions, etc.) forwarded by the purchasing department manager;
 - o report for the monitoring of penalties for non-compliance by suppliers, forwarded by the purchasing department manager;
 - o list of consultancy assignments awarded by direct negotiation (name, amount, subject and duration of the contract, requesting corporate function, reason for the direct award), forwarded by the head of the HR department (Human Resources);
 - o list of software licence purchasing (type of software purchased, in terms of platform, number of users using said software, intended use, etc.) forwarded by the Procurement Officer, ITC (Information Technology) Area, based on the information provided by the various competent corporate structures;
 - o list of litigations or legal actions by third parties (customers, suppliers, other stakeholders, etc.) and settlement agreements forwarded by the Head of Executive - Legal Litigation;
 - o list of litigation or legal actions and settlements concerning employees or former employees forwarded by the Head of Executive - Legal Litigation;
 - o list of recruitments and related selection process forwarded by the Head of Human Resources;
 - o list of waste disposal contracts forwarded by the purchasing department manager;
 - o list of new company provisions (models, guidelines, regulations, procedures) relating to the risk areas indicated in Model 231, forwarded by the Head of the relevant Area.
- In structured form, by the Board of Directors upon the occurrence of the following events:
 - o outcomes of inspections/audits by public bodies (Labour Inspectorate, Fire Department, INAIL (National Institute for the Insurance of Occupational Accidents), ASL (Local Health Authority), Local Authorities, Finance Police, etc.);
 - o reception of acts and complaints from supervisory authorities (e.g. notifications from the Privacy Guarantor, requests from the Parliamentary Supervisory Commission, the Digital Italy Agency, etc.);
 - o measures and/or news coming from judicial police bodies or directly from the judicial authorities, from which it can be inferred that investigations are in progress, even against unknown persons, for offences that may involve, directly or indirectly, the company;
 - o occurrence of conflict of interest situations concerning Heads of Company Structures or Contract Managers;
 - o report of a conflict of interest received, even anonymously, from a person other than the person concerned;
 - o changes to the list of waste types (list of characterised waste), (transmission by the head of the General Services area);

- Disciplinary proceedings relating to violations of Model 231, with notification of the relevant reasons and sanctions (transmission by the Head of the Prevention of Corruption and Transparency Unit);
 - handover of requests forwarded by employees for legal assistance, in the event of legal proceedings being initiated against them, for causes connected with the performance of their functions and in relation to offences under LD No. 231/2001, unless the judicial authorities prohibit providing such information;
 - reports prepared by the functions/control bodies as part of their verification activities, from which critical facts, acts, events, or omissions may emerge with respect to compliance with the provisions of the Decree or the provisions of Model 231 and the procedures;
 - reports prepared by the Administration and Finance Manager in charge of drafting corporate accounting documents pursuant to Law 262/05 from which critical facts, acts, events, or omissions may emerge with respect to compliance with the provisions of the Decree, the provisions of Model 231 and the procedures, forwarded by the Manager in charge of drafting corporate accounting documents;
 - outcomes of resolutions of corporate bodies that may entail changes in the functionality and articulation of the 231 Model (e.g. changes in the organisational structure, changes in governance, and changes in business lines);
 - any other critical act or document with respect to compliance with the provisions of the Decree or the provisions of Model 231.
- In the form of reports by employees, collaborators, and stakeholders concerning information relating to the commission, or reasonable belief in the commission, of offences, in which case
- the SB is not obliged to consider reports that appear in the first instance to be irrelevant, unfounded, or inadequately substantiated;
 - reports in written form, even anonymously, must be sent by email or by ordinary mail to Organismo di Vigilanza c/o ALPE-ADRIA TEXTIL SRL, 33047 Remanzacco (UD) - Strada di Salt n. 50, writing on the envelope the words "RISERVATA" (TN: confidential);
 - the SB is entitled to hear the author of the report and/or the person responsible for the alleged violation;
 - the SB shall act in such a way as to guarantee whistleblowers against any form of retaliation, discrimination, or penalisation, also ensuring the confidentiality of the whistleblower's identity, without prejudice to legal compulsory requirements and the protection of the rights of persons wrongly accused and/or in bad faith.

In any case, each process manager has the specific compulsory duty to promptly inform the SB of any anomaly, anomaly or violation of the 231 Model that may be encountered.

Employees and members of the company's Corporate Bodies must promptly report the commission or alleged commission of offences or the reasonable risk of commission of offences under the Decree of which they become aware, as well as any violation or alleged violation of Model 231 or the procedures established to implement it of which they become aware.

Collaborators and stakeholders external to the company are required to immediately inform the SB if they receive, directly or indirectly, from an employee/representative of the Company a request for conduct that could lead to a violation of Model 231.

7.4.1. WHISTLEBLOWING FLOWS

The SB must be informed by the persons required to comply with the 231 Model of events that could give rise to the company's liability.

In this respect, the following general provisions apply:

- any reports of the commission of offences or in any case of conduct not in line with the rules adopted to implement the principles and indications contained in the Model and the Code of Ethics must be collected and assessed by the SB;
- in the event of an ascertained violation, the SB verifies the consistent application of the sanctions system.

All the information that must flow to the SB is set out in the document entitled "Information Flows", to which reference is made for details. Flows can be:

- periodic (semi-annual or annual) and, therefore, to be sent regularly;
- extraordinary, i.e. information that must be transmitted promptly to the SB when the event occurs.

The SB also receives all reports of potential violations of LD 231/2001 and the company's organisation, management, and control Model. Refer to the annexe to the Model entitled "Whistleblowing Procedure" for details on how to report, the subject matter, and the scope of the Whistleblowing rules, updated in light of LD 24/2023.

7.5. SB Reporting

The SB reports to the Board of Directors on the implementation of the 231 Model and any critical issues that emerge.

In particular, the SB:

- reports to the Board of Directors through the Chairman of that body, informing them, whenever it deems it appropriate, on significant circumstances and facts of its office. The SB immediately communicates the occurrence of extraordinary situations (e.g. significant violations of the principles contained in the 231 Model, legislative innovations concerning the administrative liability of entities, etc.) and reports received that are urgent;
- submits a written report, at least once a year, to the Board of Directors, containing the following information:
 - o a summary of the activities carried out during the reporting period;
 - o any problems or critical issues that have arisen in the course of the supervisory activity;
 - o the corrective actions to be taken to ensure the efficacy and/or effectiveness of the 231 Model, including those necessary to remedy organisational or procedural shortcomings that have been ascertained and which expose the company to the risk that crimes relevant to the Decree may be committed, with a description of any new "sensitive" activities identified;
 - o an indication of the conduct found to be not in line with the 231 Model;
 - o the report of reports received from internal and external parties, including those directly encountered, concerning alleged violations of the provisions of Model 231, of the prevention protocols and the relevant implementation procedures, and the outcome of the consequent checks carried out;
 - o information on the possible commission of offences relevant to the Decree;
 - o an overall assessment of the functioning and effectiveness of the 231 Model with any proposals for additions, corrections, or amendments;
 - o reporting any changes in the regulatory framework that require an update of Model 231;
 - o the reporting of any conflict of interest, even potential, of a member of the Body;
 - o a statement of expenses incurred;
 - o once a year, the plan of intended activities for the following year.

The Board of Directors has the power to convene the SB at any time to inform them of its activities.

Meetings with corporate bodies to which the SB reports must be documented.

All information, notifications, minutes, and reports provided for in Model 231 are kept by the Supervisory Board, in compliance with privacy legislation, in a dedicated archive.

8. WHISTLEBLOWING REPORTING PROCEDURE

For a description of the reporting procedures and their management, please refer to the annexe to the Model entitled "Reporting Procedure", to which we refer.

The annexe describes in detail:

- who can report;
- what can be reported;
- the modalities of reporting;
- the safeguards provided.

9. COMMUNICATION AND TRAINING ON THE MODEL AND RELATED PROTOCOLS

9.1. Communication and involvement in the Model and related Protocols

The company promotes the widest possible dissemination, inside and outside the structure, of the principles and provisions contained in the Model and the Protocols related thereto.

The Model is formally communicated to all senior management (including Directors) and the company's Personnel by means of delivery of a full copy, also in computerised or telematic form, or by posting it in a place accessible to all.

A documentary record of the delivery and commitment by the addressees to comply with the rules laid down therein shall be kept in the SB's files.

For Third Party Addressees required to comply with the Model, a summary of the Model, as far as aspects relevant to them are concerned, is made available on the company's website or at their request.

Particular and specific attention is then paid to the dissemination of the Code of Ethics, which, in addition to being communicated in the manner already indicated for the Model (delivery to all members of the corporate bodies, to other senior management, to employees, posting in a company location accessible to all and publication on the company computer network) will be made available to third parties required to comply with its provisions, as well as to any other company contact, by means of full publication on the company website.

The SB promotes and monitors, also through the preparation of special plans approved by the Board of Directors and implemented by the company, all further information activities it may deem necessary or appropriate.

The company also promotes adequate communication and involvement of the Addressees of the Model, within the limits of their respective roles, functions, and responsibilities, in matters related to health and safety at work. For these purposes, an information and involvement programme is also defined, documented, implemented, monitored, and periodically updated for the Addressees of the Model in matters of health and safety at work, with particular regard to newly recruited workers, for whom a special qualification is required.

The involvement of interested parties is also ensured through their prior consultation at regular meetings.

9.2. Training on the Model and related Protocols

In addition to the activities related to informing the Addressees, the SB has the task of periodically and constantly training them, i.e. promoting and monitoring the company's implementation of initiatives aimed at fostering adequate knowledge and awareness of the Model and the Protocols connected thereto, in order to increase the company's culture of ethics. In particular, it is envisaged that the principles of the Model, and in particular those of the Code of Ethics that forms part thereof, are illustrated to company human resources through specific training activities (e.g. courses, seminars, questionnaires, etc.) in which participation is compulsory and whose implementation methods are planned by the SB through the preparation of specific plans, approved by the Board of Directors and implemented by the company. The results achieved in the training are verified by administering specific tests.

Moreover, the courses and other training initiatives on the principles of the Model are differentiated on the basis of the role and responsibility of the human resources concerned, i.e., through the provision of more intense training characterised by a higher degree of depth for persons qualifying as "senior management" under the Decree and for those operating in areas qualifying as "at risk" under the Model.

The company also promotes the education and training of the Addressees of the Model, within the limits of their respective roles, functions, and responsibilities, in matters related to health and safety at work to ensure adequate awareness of the importance of both the compliance of actions with the Model and the possible consequences of violations thereof; in this perspective, particular importance is recognised to the education and training of persons performing tasks related to health and safety at work.

In particular, education and training are envisaged to be differentiated according to the workplace and the tasks entrusted to the workers. They should also be provided during recruitment, transfer, change of functions, or the introduction of new work equipment or new technologies.

10. UPDATING OF THE MODEL

The SB has the task of monitoring the necessary and continuous updating and adaptation of the Model and the protocols connected thereto (including the Code of Ethics), if necessary, suggesting, through written communication to the administrative body or the corporate functions from time to time competent, the necessary or appropriate corrections and adjustments.

The Board of Directors is responsible, together with any company departments concerned, for updating the Model and adapting it as a result of changes in organisational structures or operational processes, significant violations of the Model, or legislative additions. Updates and adjustments of the Model, or the Protocols connected to it, are communicated to workers and interested parties where foreseen (e.g. for significant changes to the Code of Ethics) through specific notices sent by email, published on the company network and, where appropriate, through the preparation of information sessions illustrating the most significant updates and adjustments.

11. IMPLEMENTING REGULATIONS

- Corporate Code of Ethics
- Internal Sanctioning System
- Information flow management

12. MODELS

- MOD.WB_oo Whistleblowing Reporting Model