

Manufactures Dior S.r.l.

# 231 Model Abtract

February 2025

## NOTE

*The purpose of this document (referred to as “Abstract”) is to inform suppliers, advisors and, in general, all counterparties acting on behalf and in the interest of Manufacture Dior Srl (hereinafter also “MD”) in the context of activities at risk in accordance with Legislative Decree 231/01 about the purpose and structure of the Organisation, Management and Control Model pursuant to Legislative Decree 231/01 (hereinafter also “231 Model”) approved by MD’s Board of Directors on 21 November 2024, focusing on the possible offence risks associated with said activities and on the control and conduct principles adopted by the Company to mitigate the aforesaid risks (as set out in sections 6 and 7 of this document).*

*The Abstract is provided solely as a summary tool to assist in understanding the General Part of the 231 Model as well as Special Parts II and X, which regulate management of the offence risk connected to the performance of the activities at risk pursuant to Legislative Decree 231/01.*

*This summary in no way replaces the full version of the 231 Model, nor does it exempt suppliers from the obligation to consult the full text of the General Part and the related Special Parts II and X made available following this Abstract.*

## 1. Introduction

Legislative Decree no. 231 of 8 June 2001 introduced into the Italian legal system the “administrative liability of legal persons, companies and associations, even without legal personality” following the commission of offences. This law establishes that companies may be punished in relation to specific offences committed or attempted - in Italy or abroad - in the interest or to the advantage of the company by persons holding positions of representation, administration or management of the Company or by persons exercising, even *de facto*, management and control of the company (so-called senior executives) and, finally, by persons subject to the management or supervision of senior executives.

In order for an entity to be subject to administrative liability, a natural person connected to the entity must have committed (or must have attempted to commit) one of the predicate offences and such offence must have been committed “in its interest or to its advantage”, with an exemption if the perpetrator “acted exclusively in his/her own interest or in the interest of third parties”.

If liability is established, the Company may incur the following sanctions: monetary fines, disqualification sanctions, confiscation and publication of the judgment.

The Decree also establishes that if the offence was committed by senior executives, the entity is not administratively liable if it provides proof that:

- the management body adopted and effectively implemented, prior to commission of the offence, organisation and management models capable of preventing offences of the nature of that committed;
- the persons committed the offence while fraudulently circumventing the organisation and management models;
- the duty of supervising the functioning of and compliance with the models and ensuring that they are updated was entrusted to a body of the entity with autonomous powers of initiative and control (Supervisory Body or, in short, SB);
- the SB did not fail to perform supervision or did not perform inadequate supervision.

Since 2017, the Board of Directors of Manufactures Dior S.r.l. has adopted and constantly updated its own 231 Model.

At the same time as adopting the 231 Model, the respective Supervisory Body was set up with the duty of supervising the effectiveness and adequacy of the 231 Model.

MD's 231 Model consists of a "general part", containing the architectural and governance principles of the 231 Model itself, and of "special parts", organized by company processes, each containing the Sensitive Activities, the principles of conduct, the relevant offences, and the general and specific safeguards put in place to control them.

The following documents form an integral part of MD's 231 Model:

- the LVMH Code of Conduct adopted by MD;
- the LVMH Supplier and Business Partner Code of Conduct as a fundamental safeguard which defines the compliance standards to be respected by the supplier in managing the relationship with MD;
- the Corporate procedures, expressly referred to in the 231 Model, which set out, from an operational point of view, the general principles and standards of conduct to be followed.

Failure to comply with the Code of Conduct, the Supplier and Business Partner Code of Conduct adopted by the company and the requirements set out in the 231 Model and its annexes entails the sanctions envisaged by the internal disciplinary system.

### **1.1. 231 Model's Recipients**

The provisions and requirements contained in this document are considered binding for all 231 Model's Recipients (i.e. employees, collaborators, outsourced functions, Christian Dior Couture departments involved in MD processes, those with powers of representation or those operating under its specific mandate such as agents, sales representatives and brokers). In addition, the recipients include all those who, holding relationships (whether or not remunerated) of any nature with the Company, are informed - via those holding relationships with the third party - of the existence of the 231 Model and of the LVMH Supplier and Business Partner Code of Conduct and, insofar as is applicable, sign with MD the General Terms of Purchase ("GTP"), as well as any additional contractual documents governing, *inter alia*, the issue of the administrative liability of Entities.

To this end, MD promotes knowledge of and compliance with the principles of conduct and control adopted by the Company to safeguard against the offence risks associated with the performance of its activities.

Any lack of compliance with the provisions established therein by such external parties may result in the suspension or interruption of the relationships held with them and may be sanctioned through the application of penalty clauses, up to and including the termination of or withdrawal from the contractual relationship, as appropriate, by virtue of the clauses set out by MD in the GTP.

### 1.2. Control measures in relation to third parties

MD manages the offence risk involved in the relationship with the above-mentioned external parties by adopting the specific provisions set out herein.

In particular, MD implements the following essential control and organisational safeguards with regard to its suppliers:

- (i) prior **qualification** of suppliers according to pre-defined quality standards and by carrying out specific **audits** as a condition for their inclusion and/or continuing presence in the **supplier register**,
- (ii) **formalisation and traceability** of the contractual relationship with the qualified supplier,
- (iii) inclusion of specific “**231 clauses**” in the General Terms of Purchase,
- (iv) contractual clauses committing suppliers - for themselves and their sub-suppliers, if any - to comply with the **LVMH Supplier and Business Partner Code of Conduct** as a fundamental safeguard, defining the compliance standards to be met by suppliers in managing their dealings with MD,
- (v) **constant monitoring** (by means of scheduled and unannounced audits, as well as by carrying out documentary checks) of suppliers’ respect of the compliance standards throughout the term of the relationship, as well as by establishing specific “**sanctioning**” consequences arising from non-compliance with contractual clauses, as well as in cases of violation of the qualification requirements and compliance standards with which the supplier has declared to comply,
- (vi) supervisory activities by the SB with regard to sensitive activities involving external parties.

### 1.3. Control measures in relation to sub-suppliers

The supplier, when carrying out activities on behalf of MD, undertakes - if it makes use of sub-suppliers (so-called “tier 2”) in connection with the activities carried out for MD - to comply with the following principles of conduct and control, already cited in the 231 Model and in the General Terms of Purchase.

The supplier, in particular, undertakes to guarantee to MD that:

- (i) in selecting the sub-supplier, it will apply to the latter the same control principles adopted by MD in managing the procurement process (see section 7 below) and it will monitor the maintenance of these high standards throughout the term of the relationship;
- (ii) it has included in its contracts with its suppliers an express provision regarding MD’s right to perform audits and checks at the sub-supplier’s premises;
- (iii) if the sub-supplier has not already been audited by MD, the Supplier undertakes, within 3 months, to perform an audit on the sub-supplier and to manage its results according

to the same principles with which MD manages the results of the audits on its own suppliers;

- (iv) each sub-supplier will sign for acknowledgement and acceptance the LVMH Supplier and Business Partner Code of Conduct and it will provide a copy thereof to MD;
- (v) for the performance of the Contract, its sub-suppliers may not use tier 3 subcontracting companies ("tier 3" prohibition).

The supplier also undertakes to provide a sub-supply chain declaration which must be completed and signed by the same. This declaration must be re-submitted by the supplier to MD each time a new sub-supplier is introduced and/or a change is made from what has been in place up to that point.

## **2. Whistleblowing rules**

MD is committed to operating in an ethical manner and promotes among its employees, suppliers, advisors and collaborators a corporate culture based upon ethics and legality; in this context, it encourages reports of any irregular conduct or violation, whether committed or attempted, of the Code of Ethics, the 231 Model and the internal corporate procedures, as well as the commission, even attempted, of the offences established by Legislative Decree 231/01.

To meet this requirement, MD adopts the LVMH Alert Line reporting channel, available on the company website (<https://alertline.lvmh.com>), which ensures the confidentiality of the information reported while protecting the whistleblower's identity.

Every report received via the internal channels is forwarded anonymously to MD's SB, so that it may assess any relevance of the report pursuant to Legislative Decree 231/01.

With specific reference to the reported conduct, if the latter proves to be well-founded, the sanctions established by the 231 Model will be applied.

### **3. Protective measures in the field of occupational health and safety**

MD promotes the dissemination of a culture of safety and awareness of the risks connected with work activities at every level of the company, along with the adoption of responsible behaviour that respects the measures and instructions adopted in terms of occupational safety. The same culture of safety is also promoted when organising external events and events at the premises of suppliers, who are required to comply with the Supplier Code of Conduct and undergo a qualification process also in terms of Occupational Health and Safety (hereinafter also OHS) issues.

In this context, the inspiring and founding principles of the entire company policy include that of implementing a constant and complete assessment of risks to workers' health and safety and that of the absolute importance of pursuing (dealing with and verifying the terms for adopting the consequent corrective measures) every report on OHS concerning the possible exposure of one or more workers to health and safety risks. At the same time, when faced with reports about or the emergence of significant deficiencies in the field of OHS, MD does not consider and will never implement a "savings policy", instead giving precedence to the interventions needed to remedy any such deficiencies.

### **4. Disciplinary system in relation to third parties**

Any conduct carried out as part of a contractual relationship with third parties in breach of the 231 Model and of this document leads to the application of penalty clauses, up to and including the termination of or withdrawal from the contractual relationship, as appropriate, pursuant to the clauses established by MD in the GTP or in accordance with the provisions contained in the Supplier Qualification Procedure.

Any violation by suppliers, professionals, external collaborators or business partners of the principles, rules and measures indicated in the 231 Model applicable to them, or any commission of the offences identified by Legislative Decree no. 231/2001 by the aforementioned persons, will be, as far as possible, sanctioned in accordance with the provisions of the specific clauses included in the respective contracts. These contractual clauses may envisage, in the event of a serious or repeated breach of the principles, rules and measures set out in the 231 Model, the termination of the contract itself and/or the payment of penalties, without prejudice to compensation for any damages suffered by the Company.



## 5. Information flows to the Supervisory Body

Article 6(2)(d) of Legislative Decree 231/01 requires the 231 Model to establish “reporting obligations to the body responsible for supervising the functioning of and compliance with the models”. All 231 Model’s Recipients are therefore required to cooperate to the fullest possible extent, sending to the SB any information useful for the performance of its duties. In turn, the SB reports on the outcome of its activities to the BoD, by means of a specific information flow, so that the management body can promptly and effectively implement any corrections to the 231 Model and the company organisation that may be necessary in light of the reports and requests received by the SB.

As a general rule, the SB must be duly informed by all company persons, as well as by third parties required to comply with the provisions of the 231 Model, of any news that may be relevant for the purposes of supervising the effectiveness, efficacy and updating of the 231 Model, including any information concerning violations thereof.

The SB must also be informed by persons required to comply with the 231 Model of events that could give rise to any liability of MD under Legislative Decree 231/01 or that may constitute a possible risk indicator or violation of the 231 Model.

All information flows can be sent to the SB via ordinary post or dedicated email, as specified below:

- **Ordinary post:** Via Tiziano 32, 20145 Milan (for the attention of the Chair of the SB)
- **Email:** [odvmd@christiandior.com](mailto:odvmd@christiandior.com)

## 6. Relevant “offence risk” areas in relationships with suppliers

By making use of third parties in the performance of its production activities, MD may be exposed, *inter alia*, to “offence risks” of a different nature, which are relevant for the purposes of Legislative Decree 231/01 and are set out as follows in the 231 Model:

- Offences against the individual;
- Environmental offences;
- Offences in violation of occupational health and safety regulations;
- Tax offences.

At the same time, when carrying out activities on behalf of MD, suppliers may also be exposed to the “offence risks” listed above.

Some of the ways in which “risky” behaviours that may involve both MD and the supplier could be carried out are set out below, by way of example but without limitation<sup>1</sup>:

### Offences against the individual

**Article 25-quinquies of Legislative Decree 231/01 “Offences against the individual” (Sub-Articles 601 of the Italian Criminal Code “Human trafficking” and 603-bis of the Italian Criminal Code “Unlawful intermediation and exploitation of labour”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* outsourcing to subcontractors of processes at a price that is particularly advantageous for MD, in the knowledge that the goods will be manufactured by the subcontractor or its sub-supplier in conditions that may constitute circumstances of “exploitation of labour” in accordance with the provisions of Article 603-bis of the Italian Criminal Code. Outsourcing of work to subcontractors lacking the production capacity to manage orders internally, and therefore induced to subcontract to sub-suppliers that do not apply the compliance standards (in terms of occupational health and safety, working conditions, tax and remuneration policies, environmental compliance, etc.) implemented by MD and by all companies of the CDC Group and/or that violate the regulations in force on working conditions. Management of the supply chain by allowing subcontracting to sub-suppliers that implement labour policies in violation of the regulations in force or the compliance standards promoted by MD and all CDC Group companies (presence of dormitories, unpaid or otherwise excessive overtime, absence of holidays or sick leave, etc.).

### Environmental offences

**Article 25-undecies of Legislative Decree 231/01 “Environmental offences” (Sub-Articles 256 of Legislative Decree 152/2006 “Offences relating to unauthorised waste management”, 258 of Legislative Decree 152/2006 “Breach of the obligations of communication, keeping of compulsory registers and forms”, 259 of Legislative Decree 152/2006 “Illegal trafficking of**

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<sup>1</sup> Further examples can be found in the Special Part of MD’s 231 Model

waste”, 452-quaaterdecies of the Italian Criminal Code “Organized criminal activities for illegal trafficking of waste”)

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* management by the subcontractor/specialist contract manufacturer of activities of disposal of waste created in the context of the process entrusted to it by MD in violation of industry regulations. Purchase of hazardous and/or polluting raw material without safety precautions or adequate informative documentation resulting in the violation of the provisions of the AUA - Single Environmental Authorisation (if any), other environmental authorisations or the TUA (Consolidated Law on the Environment) as a consequence of its use within the company’s production cycle.

### **Offences in violation of occupational health and safety regulations**

**Article 25-septies of Legislative Decree 231/01 “Manslaughter and serious or grievous bodily harm, committed in violation of the rules on accident prevention and the protection of occupational hygiene and health (under Articles 589 of the Italian Criminal Code “Manslaughter”, 590 of the Italian Criminal Code “Grievous bodily harm”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* a workplace accident at a subcontractor or specialist contract manufacturer’s premises, in some way causally determined by the management of a process (delivery times, volumes incompatible with the subcontractor’s production capacity) directed by MD.

### **Tax offences**

**Article 25-quinquiesdecies of Legislative Decree 231/2001 “Tax offences” (Sub-Articles 2 of Legislative Decree 74/2000 “Fraudulent tax return using invoices or other documents for non-existent transactions”, 3 of Legislative Decree 74/2000 “Fraudulent tax return through artifice and deception”, 4 of Legislative Decree 74/2000 “Inaccurate tax return”, 10 of Legislative Decree 74/2000 “Concealment or destruction of accounting documents”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* entering into a contract not justified by an actual procurement requirement and without a precise definition of the scope (characteristics of the good or service) thus creating a fictitious payable element in the accounts and in the subsequent tax return; issuing a purchase order for non-existent goods or services so as to be able to record fictitious payable elements and evade income tax; payment of invoices for services not performed in whole or in part or issued by a supplier other than the real supplier; concealment or destruction of invoices or other accounting documents for the purchase of goods or services, so as to obstruct the reconstruction of income or turnover in order to evade taxes.

## **7. Control principles in the procurement process of goods and services**

In relation to the process of procuring goods and services, MD has adopted and implements, for each sensitive activity related to it, the following general and specific prevention control principles.

### **7.1. General principles of conduct implemented by MD in the procurement process**

When taking part, in any way or at any specific stage, in the process of purchasing goods and services, all 231 Model's Recipients must observe and enforce, in addition to the LVMH Code of Conduct and the Supplier and Business Partner Code of Conduct, the following general principles of conduct:

- it is prohibited to exploit supply or advisory relationships as a means of giving or promising to a Public Official or Person in charge of a public service money or other benefits, or for any other purpose inconsistent with the real nature and characteristic of the relationship;
- when selecting the counterparty of a supply relationship for goods or services, MD makes its choice based upon qualitative criteria related to the good or service offered and to the working conditions (in terms of environment, safety, and workers' social security contribution and remuneration conditions) in which the supplier/advisor operates;
- any business relationship with any supplier of goods or services must be established in writing, by means of a contract/general terms of purchase always countersigned for acceptance or order;
- before paying for the good or service in accordance with the contractual terms/order, MD always carries out a consistency check between the contractual terms and the characteristics of the good/service received;
- as part of the purchasing process, it is prohibited to promise, offer or grant, directly or through an intermediary or advisor, an undue advantage of any kind whatsoever to corporate officers of a public company or of private companies in order to perform or omit an act in breach of a duty connected with their role;
- as part of the purchasing process, it is prohibited to give or promise money or other benefits to suppliers or advisors who boast or exploit privileged relations with Public Officials or Persons in charge of a public service as the price of their unlawful mediation activity or to remunerate the Public Official or Person in charge of a public service in connection with the performance of an act contrary to their official duties or the omission or delay of an act connected with their office;
- it is prohibited to have business dealings with persons known or suspected to belong to criminal organisations or who otherwise operate in a context of suspected illegality;
- it is prohibited to involve the Company in financial transactions with counterparties whose assets or cash flows are certain or likely to be of unlawful origin;

- in the purchasing process, the use of money transfer methods that do not facilitate the full traceability of the flow (e.g. use of cash) is prohibited;
- it is prohibited to make payments to parties other than the contractual counterparty or to encrypted or numbered accounts or to accounts in countries other than those where the supplier is based or operates;
- it is prohibited to include in tax returns information that is false, incomplete or in any case inconsistent with reality, using invoices for non-existent transactions or documents intended to be recorded in compulsory accounting records;
- it is prohibited to use false documents or other fraudulent means or to engage in sham transactions (related to dealings with suppliers) with the aim of obstructing the assessment and misleading the tax authorities;
- for non-EU purchases, it is compulsory to comply with customs regulations and to use forwarding agents that undergo a qualification process.

## 7.2. General principles of expected conduct in relation to suppliers

Persons who have business dealings with MD (e.g. suppliers, advisors, manufacturers, etc., so-called “third party recipients”) are required to observe - in addition to the provisions of the General Terms of Purchase and the respective “231 contractual clauses” contained therein - the provisions and principles indicated in this document. In particular:

- it is prohibited to entrust work to suppliers who have not previously undergone the qualification process in accordance with the standards adopted by all MD companies and whose maintenance over time is not periodically monitored;
- it is prohibited to assign subcontracting work that has not been communicated to the company in advance and for which respect of the “supply chain” compliance requirements imposed by MD is not guaranteed and verified in advance by the subcontracting supplier and demonstrated to MD. The establishment of tier 3 subcontracts (supplier of the sub-supplier) is in any case prohibited;
- it is prohibited to entrust work to subcontractors which, in terms of volume or delivery times, is not compatible with the subcontractor’s production capacity (which also takes into account the subcontracting capacity communicated by the supplier);
- it is prohibited to outsource work to subcontractors that do not comply with group standards and regulations on working conditions (presence of dormitories, wages in violation of the CCNL (National Collective Bargaining Agreement), remote monitoring instruments, unpaid overtime, etc.) and occupational health and safety.

The supplier has a duty to inform MD’s SB, in the manner indicated in the 231 clauses included in the GTP, if information emerges of the possible commission of offences relevant pursuant to

Legislative Decree 231/2001 by the supplier itself or by third parties with whom it has dealings by virtue of the engagement granted to it by MD.

### 7.3. Specific control principles

The main controls implemented by MD are summarised below for all sub-processes of the “procurement” area.

“Core” suppliers of goods and services <sup>2</sup>	
Qualification and selection	<ul style="list-style-type: none"> <li>&gt; All suppliers undergo a formalised qualification process before being included in the Supplier Register.</li> <li>&gt; The qualification is entrusted to the Purchasing Department, assisted by the competent departments involved in the process in order to carry out an overall assessment of the third party; <u>suppliers who successfully complete the qualification are included in the Supplier Register.</u></li> <li>&gt; For the purposes of inclusion in the Supplier Register, the qualification always requires the acquisition of the following documents: (a) Supplier Code of Conduct signed for acknowledgement; (b) signature of the General Terms of Purchase, containing specific “231 clauses”; (c) letter of commitment to comply with the applicable regulations (e.g. REACH regulation); (d) ordinary chamber of commerce company certificate; (e) latest available financial statements; (f) bank certificate of current account ownership; (g) acknowledgement and acceptance of the 231 Model extract (<i>abstract</i>) applicable to suppliers.</li> <li>&gt; In addition, for all suppliers above a pre-established threshold<sup>3</sup>, the Company collects and analyses additional documentation (for example but without limitation, subcontracting chain declaration with reference to the scope of the contract, financial statements, valid DURC (Single Social Security Contribution Compliance Certificate) and DURF (Single Tax Compliance Certificate).</li> <li>&gt; Together with the analysis of the documents collected, additional analyses are carried out, including: (a) open-source analyses, consisting of searches on aggregator databases of press and web news in order to monitor the supplier’s reputation; (b) technical audit of a sample of the good carried out by the Industrialisation, Production, Quality Department and (c) a qualification audit (Full Audit) at the supplier’s premises, which may also be carried out by a specialist third party company.</li> <li>&gt; If, as a result of the qualification activity, (i) the supplier is associated with a risk level higher than the pre-established threshold, or (ii) the</li> </ul>

<sup>2</sup> In this document and in the 231 Model, “core” suppliers of goods and services are understood to be suppliers of raw materials, including leather and metal accessories, and suppliers of processes.

<sup>3</sup> Threshold assessed in terms of annual purchase forecasts.

	<p>audit activities reveal findings, an in-depth analysis must be carried out, involving a so-called “Supplier Evaluation Committee”, composed of persons internal to MD and involved, in various capacities, in the process.</p> <p>&gt; If the qualification activities reveal findings that are so serious as to prevent any mitigating action from being taken, or in cases where, after the assignment of the Action Plan, the supplier has been unable to carry out the proposed mitigating actions, <u>the supplier is not qualified and is therefore barred from doing business with MD.</u></p> <p>&gt; When suppliers sign the GTP, in particular, a written declaration is always acquired whereby they commit, for themselves and for any subcontractors, to comply at all times with all legal and regulatory rules as well as the provisions contained in the LVMH Supplier and Business Partner Code of Conduct; in addition, by signing the GTP, suppliers must always declare, for themselves and for any subcontractors, (i) that they have not been convicted and that there will be no convictions, at any time, against the entity or its senior executives for offences of the nature established by Legislative Decree no. 231/2001, (ii) that they are not and will not be, at any time, the recipient of anti-mafia disqualification measures and/or of a final provisions applying preventive measures and (iii) in the event that suppliers carry out activity exposed to the risk of mafia infiltration pursuant to Article 1, paragraph 53 of Law no. 190 of 2012 as amended and supplemented, that they possess and maintain, at all times, registration on the lists of suppliers, service providers and executors not subject to mafia infiltration attempts (so-called “White List”).</p> <p>&gt; The qualified supplier status is valid for a maximum of three years (depending on the risk level associated with the supplier resulting from the qualification activity). Suppliers are also subject to continuous monitoring of their qualification status through so-called “Audit Focus”<sup>4</sup> and “Controls Security Capacity”<sup>5</sup>.</p>
Qualification process - focus on subcontracting	<p>&gt; If a supplier belonging to the category of manufacturer, subcontractor or contract supplier relies on a subcontract or sub-supply of work, even if only partial, the same must inform MD in advance in writing, even in the case of changes to the subcontract, specifying the party and scope of the contract.</p>

<sup>4</sup> “Audit Focus” refers to unannounced control and auditing activities, envisaged as part of the qualification status monitoring activities, through access to the core supplier’s premises. The aims of this activity are: (i) verifying the working conditions and compliance with labour regulations, through plant visits, sample checks of pay slips, employment contracts and hours worked, and interviews with employees; (ii) verifying the correct declaration of any overtime hours, through an analysis of energy consumption; (iii) verifying of the correct declaration of subcontractors by Tier 1 suppliers, through physical counts of active orders.

<sup>5</sup> “Controls Security Capacity” or “SC Controls” means unannounced control and audit activities, envisaged as part of the qualification status monitoring activities, through access to the core supplier’s premises. The aims of this activity are: (i) verifying the correct declaration of subcontractors by Tier 1 suppliers; (ii) verifying compliance with basic occupational safety conditions through a checklists defined with MD’s Prevention and Protection Service Manager.

	<p>&gt; The responsibility for the correct qualification of the subcontractor is entrusted, also on a contractual basis, to the supplier which, moreover, guarantees to apply the same quality standards to the subcontractor as those applied by MD to it. In any case, MD contractually reserves the right to carry out audits both at its supplier's premises and at those of any subcontractors in order to assess compliance with the conditions set out in this point and the point above.</p>
<p><i>Qualification sub-process - focus on Occupational health and safety audits</i></p>	<p>&gt; In the field of occupational health and safety, with reference to the assignment of work, services and supplies (e.g. supplies of machinery for production and related maintenance) to the contracting company or to self-employed workers within its own company, or within a single production unit thereof, as well as within the entire production cycle of the company itself, provided that it has the legal availability of the places where the work/service is carried out, the Employer or person delegated by the latter, with the support of the Prevention and Protection Service Manager, guarantees that suppliers possess suitable technical and professional requirements both from a formal point of view (registration with the Chamber of Commerce and guarantee, documented by means of a self-declaration by the contractor, of compliance with insurance and social security obligations with respect to its own personnel, also through the presentation of the Single Social Security Compliance Certificate) and from a substantive point of view (verification that the technical and professional capacity is proportionate to the abstract type of commissioned activity and the concrete methods of performing it).</p> <p>&gt; The contracting out of a process takes place by means of a written contract, specifying the individual duties of the contractor as regulated by Article 26 of Legislative Decree 81/08 and this Special Part.</p> <p>MD informs the party performing the works about the behavioural and organisational rules to be followed during the works, as well as of the specific rules existing in the environment in which it is to operate and of the prevention and protection measures established therein; it also prepares, if necessary and in agreement with the party performing the works, the Single Document on the Assessment of Interference Risks ("DUVRI") in order to identify and regulate so-called interference risks.</p> <p>&gt; MD carries out regular checks (audits) on external companies and suppliers in order to verify their compliance with health and safety regulations.</p>
<p><b>Preparation and issuance of purchase orders</b></p>	<p>&gt; The relationship with the supplier is always regulated in writing by a contract or order. In both cases, the contract and the order refer to the GTP signed during the qualification stage and referred to above; the contract/order is approved by holders of power of attorney or persons with the necessary purchasing powers, as indicated in the power of attorney.</p>



	<p>&gt; The contract/order must always clearly indicate the good/process (identified by code or description), the quantities and the prices applied.</p> <p>&gt; Manufacturers shall send an order confirmation via a computer portal or, alternatively, by e-mail.</p> <p>&gt; Segregation is always guaranteed between those who approve the purchase order/contract, those who defined its requirements, and those who manage the administrative aspects (opening of master data, invoice registration, preparation of payment).</p>
Monitoring and verification of goods/performance received	<p>&gt; Both the Leathergoods Division and the Shoes Division have dedicated personnel who carry out quantitative and qualitative checks on the goods received from suppliers, also in relation to the conformity of the goods with the quality standards required by Christian Dior Couture. If the materials received are not compliant, they are returned to the supplier and a credit note is issued.</p>

“Non-core” suppliers of goods and services <sup>6</sup>	
Qualification and monitoring	<p>&gt; All suppliers initially undergo a formalised qualification process and only in the event of a positive outcome of this activity are they included in the Supplier Register. The simplified process is established only for purchases that do not exceed a certain annual threshold with the same supplier, for purchases from large retailers, as well as for utilities related to telephony, electricity, gas, etc.</p> <p>&gt; The qualification of suppliers always requires the acquisition of a minimum set of documents, including: (a) Supplier Code of Conduct signed for acknowledgement; (b) General Terms of Purchase of Services, including “231 Clauses” signed by the supplier; (c) historical company chamber of commerce certificate and/or documentation to identify identification data (registered office, VAT, etc.) and bank details (i.e. bank certificate of account ownership); (d) any references from the supplier’s main customers; (e) any certifications (if necessary); (f) valid DURC and DURF; (g) registration in the so-called prefecture White Lists, if available, mandatory for suppliers of the services listed in Article 1(53) of Law 190/12.</p> <p>&gt; Qualified supplier status is valid for a maximum of three years; thereafter, the qualification must be renewed.</p>
Qualification sub-process - focus on subcontracting	<p>&gt; If a supplier belonging to the category of subcontractor or contract supplier relies on a subcontract or sub-supply, even if only partial, the same must inform MD in advance in writing, even in the case of changes to the subcontract, specifying the party and scope of the contract.</p> <p>&gt; The responsibility for the correct qualification of the subcontractor is entrusted, also on a contractual basis, to the supplier which, moreover, guarantees to apply the same quality standards to the</p>

<sup>6</sup> In this document and in the 231 Model, “non-core” suppliers of goods and services are understood to be suppliers of general services, utilities, construction, etc.

	<p>subcontractor as those applied by MD to it. In any case, MD contractually reserves the right to carry out audits both at its supplier's premises and at those of any subcontractors in order to assess compliance with the conditions set out in this point and the point above.</p>
<p><i>Qualification sub-process - focus on Occupational health and safety audits</i></p>	<p>&gt; In the field of occupational health and safety, with reference to the assignment of work, services and supplies to the contracting company or to self-employed workers within its own company, or within a single production unit thereof, as well as within the entire production cycle of the company itself, provided that it has the legal availability of the places where the work/service is carried out, the Employer or person delegated by the latter, with the support of the Prevention and Protection Service Manager, guarantees that suppliers shall possess suitable technical and professional requirements both from a formal point of view (registration with the Chamber of Commerce and self-declaration by the contractor of compliance with insurance and social security obligations with respect to its own personnel, also through the presentation of the Single Social Security Compliance Certificate) and from a substantive point of view (verification that the technical and professional capacity is proportionate to the abstract type of activity commissioned and the concrete methods of performing it, using, for example, tools and information obtained through open-source searches).</p> <p>The contracting out of a process takes place by means of a written contract, specifying the individual duties of the contractor as regulated by Article 26 of Legislative Decree 81/08 and this Special Part;</p> <p>The contract specifies that the party performing the services (e.g. for maintenance activities) is responsible for its own activities and equipment, as well as for the personnel assigned to the work;</p> <p>MD informs the party performing the services (in the contract, its annexes or other written documents) about the behavioural and organisational rules to be followed during the works, as well as of the specific rules existing in the environment in which it is to operate and of the prevention and protection measures established therein;</p> <p>MD prepares, if necessary and in agreement with the party performing the services (e.g. maintenance), the Single Document on the Assessment of Interference Risks ("DUVRI") in order to identify and regulate so-called interference risks. The DUVRI is always attached to the contract;</p> <p>MD carries out regular checks (audits) on external companies and suppliers in order to verify their compliance with the health and safety regulations;</p> <p>If the supplier carries out a work activity within the company premises, or within an individual production unit of the company (e.g. cleaning services), all fulfilments required by Article 26 of Legislative Decree 81/08 are activated before the work is assigned.</p>

<b>Selection of suppliers</b>	<p>&gt; The Company applies several procurement criteria that establish: (a) the involvement of several suppliers, in order to ensure competitive dynamics; (b) the identification of the conditions in which direct assignment (to an already qualified supplier) and purchase under “emergency” conditions can be applied; (c) adequate justification in the event that it is strictly necessary to turn to a “single” already qualified supplier. Evaluation parameters, both of technical and economic nature, are defined for the purpose of assessing the supplier’s offer, and these are determined prior to the supplier’s evaluation.</p>
<b>Preparation and issuance of purchase orders</b>	<p>&gt; The relationship with the supplier is always regulated in writing by a contract or order. In both cases, the contract and the order refer to/contain the GTP and the relevant 231 Clauses referred to above and signed at the qualification stage; if a contract is signed, it is verified by a specifically appointed lawyer;</p> <p>&gt; The contract/order is signed by holders of power of attorney or persons with the necessary purchasing powers. Segregation is always ensured between those who sign the purchase order/contract, those who defined the requirements, and those who handle the administrative aspects (opening of master data, invoice registration, preparation of payment).</p>
<b>Monitoring and verification of goods/performance received</b>	<p>&gt; Following the performance of the service, suppliers prepare an intervention report or a document certifying the actual performance of the activity/delivery of the good.</p> <p>&gt; If the performance does not comply with the order/contract, MD personnel will contact the supplier and, if necessary, request the issuance of a credit note. If the “non-compliance” is particularly serious, the supply will be suspended.</p>

Professional Advisors	
<b>Qualification and monitoring</b>	<p>&gt; All advisors and professionals undergo a formal qualification process by the Requesting Department; if the advisors and professionals successfully complete the qualification process they are included in the Supplier Register.</p> <p>&gt; The qualification process, in particular, always requires (unless it is an advisor already qualified by a Group company), the acquisition of a minimum set of documents, including: (a) the chamber of commerce company certificate of the advisor and/or the advisor/professional’s website and/or CV and any registration in the relevant professional register; (b) the approval, by the advisor, of the Supplier and Business Partner Code of Conduct and the GTP, including the “231 clauses”; (c) a declaration from the advisor regarding possession of the technical/professional requirements, the absence or reporting of conflicts of interest and any inclusion in the White List.</p>

	<p>&gt; Qualified supplier status is valid for a maximum of three years, after which the qualification process must be renewed.</p>
Selection	<p>&gt; In the process of identifying and selecting professional advisors, different procurement criteria are applied, which establish: (a) the involvement of several advisors, in order to ensure competitive dynamics; (b) the identification of the conditions in which direct assignment (for “historical” advisors/professionals with whom a relationship of trust has been established over time and who are already qualified) and purchase under “emergency” conditions can be applied; (c) adequate justification and approval in the event that it is strictly necessary to resort to a “single” already qualified advisor.</p> <p>&gt; A rotation criterion is applied in the event that excessive consolidation over time of the relationship with the advisor/professional may lead to a risk factor</p> <p>The relationship with all advisors/professionals is always governed by a written contract which includes a commitment, under penalty of possible termination of the contract, to comply with the provisions of the LVMH Supplier and Business Partner Code of Conduct and the GTP including the “231 clauses”;</p> <p>&gt; In the contract, including the “231 clauses”, the advisor must declare (i) the presence or absence of final convictions against the entity or its senior executives or the professional for offences of the kind contemplated by Legislative Decree no. 231/2001, (ii) that they are not the recipient of anti-mafia disqualification measures (iii) that they are not in a situation of conflict of interest, to the best of their knowledge, due to any personal/kinship relationships/connections with officials of Public Administration offices with which MD has an active relationship</p> <p>The contract/order is approved by a person with appropriate signing authority, after verifying the information contained therein.</p>
Performance monitoring and verification	<p>&gt; The services of advisors and professionals are monitored during the performance of their engagement, in order to verify the actual performance of the service and respect of the agreed contractual conditions, both in qualitative and quantitative terms.</p> <p>&gt; The company departments responsible for managing the relationship with the advisor or professional must monitor and verify: (1) the full correspondence between the services rendered, the contractually agreed terms and the invoices or fees received; (2) compliance with the agreed timetable and the progress of the activities; (3) compliance with the agreed contractual clauses; (4) the appropriateness of any expenses claimed for reimbursement.</p>

#### Management of the administrative aspects of the purchasing cycle

Supplier information	<p>MD performs certain verification activities on the bank details (IBAN) indicated by the supplier, by requesting the bank certificate issued by the Credit Institution;</p> <p>The payment IBAN may only be changed by a person other than the person who records the invoice and the person who issues the payment, who is responsible for entering the supplier's Master Data, upon receipt of the certified information from the supplier.</p> <p>Purchase Orders may only refer to suppliers and consultants listed in the qualified Supplier Register; all orders for purchases other than advisory services are made through the company management system, which facilitates the full traceability and verification of the powers of anyone who accesses it; MD adopts, whenever possible, contractual standards/orders for homogeneous categories of suppliers and takes advice from the legal department in assessing any significant discrepancies/exceptions.</p>
Invoicing preparation and of payments	<p>&gt; Segregation is guaranteed between those requesting the purchase, those authorising the purchase by signing the contract or issuing the order, those authorising the payment and those making the payment.</p> <p>&gt; Prior to the payment of suppliers and consultants, the proper performance of the service by the supplier/advisor must be certified in writing.</p> <p>&gt; Any discrepancies found between the invoice, the Purchase Order and the goods receipt are properly investigated for their resolution.</p> <p>&gt; Payments are prepared on the basis of the data previously registered in the Suppliers' Master Data and after receipt of written evidence that the service has been performed/the goods have been loaded in the warehouse and after the invoice has been registered; payments are always made only by bank transfer to current accounts in the name of the legal entity or natural person who signed the supply and advisory contract.</p> <p>&gt; Payment is always authorised by the person with payment powers according to the system of internal powers of attorney and proxies.</p> <p>&gt; If the invoice payment is made to a bank account with a "non-regular" IBAN, the system issues an automatic alert. In addition, if the payment is of a significant amount, it is the Credit Institution itself that directly contacts the persons with the appropriate approval powers in relation to the payment transactions in order to obtain confirmation that those transactions are correct.</p>

Manufactures Dior S.r.l.

231 Model

November 2024

*“La moda non può essere senza fondamenta”* (fashion cannot exist without a foundation)

*Christian Dior*

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## Definitions

**Manufactures Dior S.r.l. or “MD”:** an Italian company of the Christian Dior Couture Group with registered office in Milan (MI), active primarily in the manufacturing of leather goods, footwear and ready-to-wear clothing.

**Aeffe Lux S.r.l. or “Aeffe Lux”:** an Italian company with registered office in Casarano (LE), 40% owned by MD, dedicated to the integrated production of leather goods (bags) exclusively for the MD Group.

**Art Lab S.r.l. or “Art Lab”:** an Italian company with registered office in Santa Croce sull’Arno (PI), 70% owned by MD, active in the field of manual and digital printing on fabrics and leathers for the high fashion industry.

**Cador S.r.l. or “Cador”:** an Italian company with registered office in Scandicci (FI), a wholly-owned subsidiary of MD operating as an exclusive subcontractor of the MD Group in cutting operations for the leather goods division.

**Di Sarno 4.0:** an Italian company with registered office in Naples, 55% owned by MD, which supports production activities for the Naples leather goods hub.

**Manifattura Salento Aeffe S.r.l. or “Manifattura Salento”:** an Italian company with registered office in Casarano (LE), 40% owned by MD, active in the integrated production of leather goods (bags) exclusively for the MD Group.

**Neri Sport S.r.l. or “Neri Sport”:** an Italian company with registered office in Fossò (VE), 55% owned by MD, which produces the Sneakers line for the footwear division of the MD Group.

**Rubens S.r.l. or “Rubens”:** an Italian company with registered office in Scandicci (FI), a wholly owned subsidiary of MD, which operates as an exclusive subcontractor of the MD Group in the field of assembly for the leather goods division.

**Group Christian Dior Couture (or simply “CDC Group”):** means all the companies associated with Christian Dior Couture S.A. based on direct or indirect control or mere ownership of an interest.

**MD Group:** the group of Italian companies (in particular Aeffe Lux, Art Lab, Manifattura Salento, Neri Sport, Rubens, Cador) associated with Manufactures Dior S.r.l. based on direct or indirect control.

**Core purchases:** purchases that contribute directly to the production cycle.

**Non-core purchases:** purchases that do not contribute directly to the production cycle.

**Sensitive activities:** activities of the Company that are vulnerable to the potential risk of commission of predicate offences under the Decree.

**CCNL:** National Collective Labour Agreement currently applied by the company for the various categories of workers.

**Code of Conduct:** The Code of Conduct/Ethics adopted by the Christian Dior Couture Group, which has been shared and endorsed by the Company.

**Suppliers and Business Partners Code of Conduct LVMH:** The Code of Conduct/Ethics specifically envisaged for all suppliers of the CDC Group Companies (see “Supplier”) who are required to sign and comply with it during their supply relationship/contract.

**Advisors:** professional service providers who provide targeted specialist advisory services to or on behalf of the Company, on the basis of an engagement or other form of collaboration arrangement.

**Decree:** Italian Legislative Decree no. 231 of 8 June 2001 containing “Rules governing the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Italian Law no. 300 of 29 September 2000”, as amended.

**Model’s Recipients:** those required to know, apply and comply with the Model, as better defined in Section 7.

**Employees:** individuals with whom the company has a contract of employment or quasi-subordinate employment, or staff leasing workers contracted by employment agencies.

**Leather goods Industrial Division:** the MD Group’s leather goods division.

**Ready To Wear Industrial Division:** the MD Group’s ready-to-wear division.

**Shoes Industrial Division:** the MD Group’s footwear division.

**Information flows:** regular or *ad hoc* communications that each recipient of the Model sends to the SB and which the latter transmits to the corporate bodies.

**Supplier:** any person, company or public entity engaged in the supply of goods or services. This includes Suppliers to whom part of the production is outsourced, referred to in the business as *Façonnisti* (specialist contract manufacturers), *Fabbricanti* (manufacturers), *Terzisti* (subcontractors) and *Confezionisti* (packers).

**Administrative offence:** an infringement by the Company of Legislative Decree 231/01 resulting in the possible application of sanctions under the Decree.

**Person in charge of a public service:** a person who performs a public service of any kind, i.e. an activity that has the same forms as a public function but lacks the powers that are typical to that function pursuant to Article 358 of the Italian Criminal Code.

**Confindustria Guidelines:** Guidelines drawn up by Confindustria (approved on 7 March 2002 and updated in 2014 and, most recently, in June 2021) for the drafting of organisation, management and control models under the Decree.

**Model:** the system of organisation, management and control adopted by the Company in accordance with Legislative Decree 231/2001.

**Corporate bodies:** the Company’s Board of Directors and Board of Statutory Auditors.

**Supervisory Body or SB:** the internal body provided for by Article 6 of the Decree that is responsible for monitoring the implementation and observance of the Model and its updating.

**P.A.:** Public Administration.

**Production center:** The MD facility that is part of the Leathergoods, Shoes and Ready-to-Wear Divisions.

**231 Protocols:** General Principles of Conduct and Specific Prevention Protocols as described in the Model’s Special Parts.

**Corporate procedure:** an operating methodology of the company, as well as any procedure or policy, however named, that is formalised and adopted by the company in order to regulate a

given activity or business process.

**Public official or P.O.:** a person who performs a legislative, judicial or administrative public function within the meaning of Article 357 of the Italian Criminal Code.

**Predicate offence:** a criminal offence included in the catalogue of offences referenced in Legislative Decree 231/2001 that may entail the entity's administrative liability.

**"231 Contact Person":** the internal MD company representative whom the BoD has entrusted with the role of permanent liaison between the SB and the Company, acting as an additional communication channel between the SB and the BoD.

**Senior executives:** persons holding representative, administrative or management offices in the company or in one of its organisational units with financial and functional independence, as well as persons who (also *de facto*) manage or control the company.

**Subordinates:** persons subject to the management or supervision of the senior managers referenced just above.

**Violation of the Model:** any conduct by one or more of the Model's Recipients that infringes and/or fails to comply with the Code of Conduct, the General Principles of conduct, the Specific Prevention Protocols and the rules governing information flows to the SB and Whistleblowing, or any significant breach of Corporate procedures referenced in the Model, as provided for and regulated by Section 10.

## GeneralPart

## 1. The purposes of the 231 Model of Manufactures Dior S.r.l.

MD's 231 Model is a corporate tool designed and formulated to take account of the specific nature of MD's business reality across its individual processes, aimed at **organising the “life” of the entity**, ensuring the consistent implementation of a **strategy to mitigate the risk of offences** that, in principle, underlies all corporate activities.

Moving somewhat beyond outdated but still widespread drafting practices, MD's Model was created with the aim of maximising its nature and purpose as a **corporate tool**, thus striving to create a simple “operational” document, strongly oriented towards providing its recipients with clear and well-defined principles and rules of conduct. This stems from the conviction that, bearing in mind the current and undoubtedly more advanced application of relevant legislation and rules, 231 Model can finally focus on its single most important task: **to organise corporate processes by implementing a concrete strategy to mitigate the risk of offences being committed**.

MD's Model has therefore been structured around the existence of specific offence risks that characterise MD's business processes, identified and assessed by means of a targeted self-risk assessment for each Division. It draws inspiration from and implements the most up-to-date and recognised reference standards (such as, for example, the Confindustria Guidelines 2021, the CNDCEC-ABI-CNF-Confindustria Guidelines 2019, the *Agence Française Anticorruption* (AFA) Guidelines 2020, the AODV and Assonime Position Papers and Circulars, insights from relevant case law, etc.).

By taking this approach, MD's Model functions across multiple levels and achieves several objectives: **cultural/educational** (promoting a corporate culture of legality, primarily through the Code of Conduct and the General Principles of conduct); **organisational** (structuring governance and organising business processes and financial resource management according to specific rules - the “231 Protocols” - that are designed to mitigate identified offence risks); **control** (establishing an extensive network of “relevant moments” and “key players” for supervision and reporting purposes); and, finally, **disciplinary** (adopting a disciplinary system triggered whenever the Model is infringed).

## 2. The structure and components of the Model

MD's Model consists of a General Part and of Special Parts, and is further supplemented - as key structural components of MD's entire “231 System” - by the Governance model (understood as the definition, distribution and structuring of delegated powers and authority within the corporate organisational chart), by the Code of Conduct, by Corporate procedures that are specifically referenced by the Model, by the Risk Assessment upon which this Model has been based, and by the “231 Functions/Processes/ Protocols” Sheets (“F.P.P. Sheets”, below). Specifically:

- a. The **General Part**, in addition to featuring a summary description of the provisions contained in Legislative Decree no. 231/2001 and the offences of relevance to the company, sets out the operational mechanisms of MD's 231 Model and, more broadly,

of its “231 System”. This includes a description of the governance model, the identification of the Model’s Recipients, the definition of violation of the Model and its consequences, the functioning of the 231 Protocols in the context of intercompany relations, a description of the role and functions of the Supervisory Body, the rules governing information flows to and from the SB, the rules governing the whistleblowing reporting system, the disciplinary system applicable in case of violations of the Model, and the rules regulating the dissemination of the Model and the training of its recipients.

- b. The **Special Parts, organised by processes**, identify (i) the **specific sensitive activities** for each process that, based on the Risk Assessment, are potentially exposed to one or more offence risks; (ii) the individual **offence risks** to which the listed sensitive activities are exposed, including examples in each case of how such offences could be committed within the corporate context; (iii) the **General Principles of conduct** and the **Specific prevention protocols** (collectively referred to as “231 Protocols”), i.e. the rules of conduct (the former operating as general principles, the latter being far more operational) and the controls that safeguard the offence-risk processes identified ; (iv) the **Corporate procedures** that operationally implement the 231 Protocols; (v) the **specific information flows** to the SB, indicating the reporting function and reporting frequency.

### 3. Legislative Decree 231/01: a brief overview

The founding principles of Legislative Decree 231/01 in relation to the administrative liability of entities, limiting ourselves here to its *fundamental pillars*, can be summarised as follows:

- a. the Decree provides for the administrative liability of an Entity in whose interest or for whose benefit one or more offences connected to its corporate activity (the so-called “predicate offences”, as specifically listed in the Decree) have been committed (by any individual linked to the company), where the commission of the offence was made possible due to an **organisational failure** of the Company (“*organisational failure*”);
- b. if a “predicate offence” is committed in the interest or for the benefit of the company, the preventive adoption by the company of a suitable and effective Model may have an *exemption effect* and exclude the company’s liability;
- c. the Model, in a nutshell, is a set of **Protocols** regulating individual corporate processes that are exposed to offence risks, and their purpose is to facilitate planning the formation and implementation of the entity’s decisions, monitored - in terms of compliance and effectiveness - by a Supervisory Body and subject to disciplinary sanctions if breached;
- d. where the offence is committed by a *senior* executive (given their greater organizational identification with the Entity), the exemption will apply only if it is proven that the Model adopted by the entity was fraudulently circumvented by the perpetrator of the offence; in other cases (offence committed by a person *subject* to the direction and supervision of others), it will be sufficient to demonstrate the prior adoption, before the commission of the offense, of a Model that was suitable and effective.;
- e. in order for the Model to have “exempting” effect, in any case, it must possess all the characteristics required by the Decree (under Article 6), and, at the same time,

supervision of the Model's implementation and compliance must have been entrusted to the Supervisory Body;

- f. the effective adoption of the Model (and its exempting capacity) is measured on a substantive, not formal, basis: the Model must be “alive”, truly known and applied by its recipients, constantly tested to verify its effectiveness, and subject to the broad and continuous supervision of the Supervisory Body. Only in this way does the 231 Model evolve from being a mere “document” into a genuine and concrete **tool for the internal organisation of individual corporate processes**, within a framework that ensures the consistent implementation of a **strategy to mitigate the offence risk** that may, in principle, characterise all corporate activities;
- g. the 231 Model, therefore, is the relevant *regulatory* organisational instrument. The Supervisory Body (SB), by contrast, is the special *supervision* mechanism devised to monitor the Model's application and effectiveness, operating in the company's exclusive interest. The SB is responsible for ensuring the dissemination of the Model within the company and its functioning, and for ensuring it is properly understood and consistently applied or implemented. Moreover, the SB is an essential and highly useful point of contact, always accessible to each employee and corporate representative, to which they may address not only reports of potential violations of the Model but also queries, requests for clarification or suggestions for improving corporate operations in compliance with the Protocols set out in the Model;
- h. although not a statutory obligation, the company has adopted this Model because it considers it an essential organisational tool for mitigating the risk of commission of one of the offences envisaged under Legislative Decree 231/01;
- i. during the drafting of the Model, and after the risk assessment was conducted, the types of offences of greatest relevance to Manufactures Dior's normal everyday operations were selected from within the catalogue of predicate offences outlined in Legislative Decree 231/2001;
- j. for all cases where the “231 System” fails to function correctly and effectively, the Decree stipulates the **sanctions** that may be imposed on the entity in the event of liability for the administrative offences provided for therein. Specifically, these include monetary fines, disqualification sanctions, confiscation and publication of the conviction;
- k. the Decree specifically links each administrative offence to the commission of predicate offences as well as the corresponding sanction (type and severity). The list of administrative offences, along with their associated predicate offences and sanctions, can be accessed by consulting the **Detailed Information Sheet** attached as Annex 4.

#### 4. Manufactures Dior S.r.l.

##### 4.1. History and structure of the MD Group

Manufactures Dior S.r.l. is the Italian company of the Christian Dior Couture Group (which in turn is part of the LVMH Moët Hennessy-Louis Vuitton S.E. Group), operating in the leather goods, footwear and ready-to-wear clothing manufacturing industry.

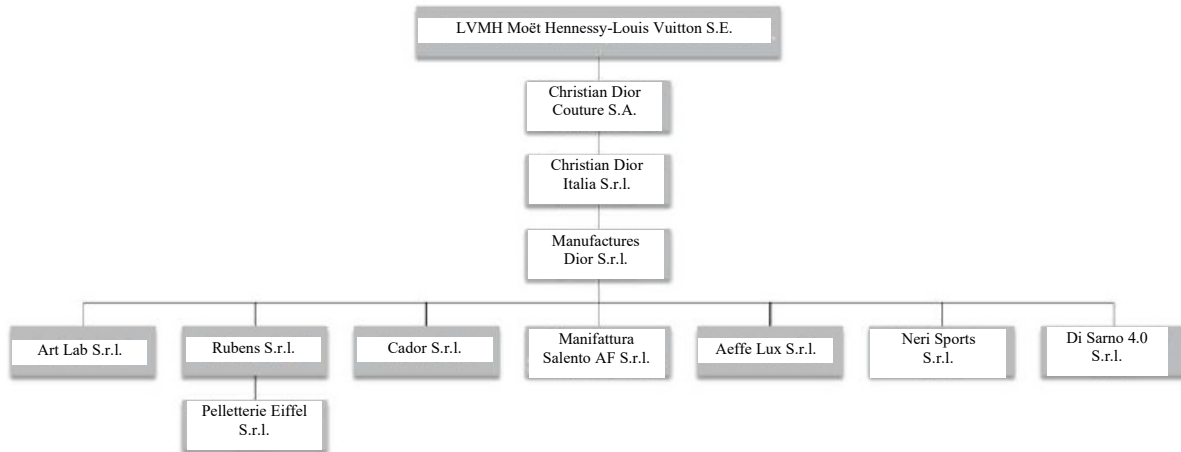
The company's activities include development, creative consultancy, manufacturing, and the sale



of Christian Dior brand collections to the parent company. Manufactures Dior embodies and upholds the values that have inspired the *Maison* since 1947 - the year *Monsieur Christian Dior*, founder of the *Maison*, launched his first collection - and that have always distinguished the fashion house for elegance and refinement.

The company was conceived with the aim of infusing the *Maison's* culture also into the manufacturing arena, across the entire production chain, delivering an excellently crafted finished product by drawing on the *savoir-faire* and exclusive expertise of artisans rooted in the Italian manufacturing tradition and the Made in Italy legacy.

As illustrated below, Manufactures Dior currently controls, directly or indirectly, the companies involved in the leather goods production process, which are also linked to the Group through collaborative partnerships. Namely, these are Rubens (which in turn controls Pelletterie Eiffel S.r.l.), Cador, Art Lab, Neri Sport, Manifattura Salento AF, Aeffe Lux, and Di Sarno 4.0.



Regarding the relationship between Christian Dior Couture and Manufactures Dior (insofar as relevant to the Model's functioning and the identification of certain risk areas), it should be noted that Christian Dior Couture is effectively the sole client and principal from which Manufactures Dior receives purchase orders for goods and/or services (with rare exceptions for orders received from other LVMH Group companies, regulated in Special Part III – “Intercompany relations”). In this context, purchase-sale dealings between CDC and MD are regulated by individual purchase orders for each production batch, while the “client” relationship is regulated by a procurement contract (also termed a “service” contract), under which certain costs linked to the production chain are borne by CDC.

With regard to the relationship between MD and CDC, it is further necessary to distinguish between two operational models. The first centres on the sale of finished products by MD to CDC (Leathergoods Industrial Division and Shoes Industrial Division – women's segment). The second involves solely the provision by MD to CDC, under the service contract, of specific logistics and industrial supply chain management services, and product development services (Ready-To-Wear Industrial Division and the remaining operations of the Shoes Industrial Division).

#### **4.2. The Manufactures Dior S.r.l. business**

The Company is structured with staff activities assigned to central functions (HR Department, Facility Department, IT, Finance Department, Audit of Industrial Activities Italy, Corporate Compliance Industrial, Legal Industrial), and production activities allocated to three divisions - Leathergoods Industrial Division, Shoes Industrial Division, Ready-To-Wear Industrial Division, as summarised below.

For further details, please refer to section 5.

##### **Leathergoods Industrial Division**

The leather goods division – spread across multiple production sites – is the company’s core business in terms of output and revenue. It operates through various facilities managed by subsidiaries of Manufactures Dior, which coordinates and oversees production across different regions, leveraging the specialised expertise and know-how developed in each location. In particular: the “Naples MD hub” mainly manages the cutting and quilting of leather as well as the production, assembly, finishing and quality control (directly or through specialist contract manufacturers) of certain leather goods; the “Piacenza MD hub” handles the production, finishing and quality control (directly or through specialist contract manufacturers) of men’s leather goods and the luggage and trunks division; the “Scandicci MD hub” handles leather cutting as well as the production, assembly, finishing and quality control (directly or through specialist contract manufacturers) of leather goods. Additionally, the “Scandicci MD hub” carries out product development, industrial supply chain (planning, procurement, and costing) and quality assurance activities. For the production of handbags and small leather goods, the company makes use of a network of carefully selected processing groups (using subsidiaries or specialist contract manufacturers), within companies that are linked to MD by long-term virtuous collaboration relationships, based on specific manufacturing know-how.

The production of “premium” products (crafted using exotic leathers) is primarily carried out at Manufactures Dior’s Scandicci facility, with the exception of premium men’s leather goods, which are also produced at the Piacenza hub.

##### **Shoes Industrial Division**

The footwear division’s production is managed by Manufactures Dior at its Fossò (VE) facility, where product development, industrialisation, Industrial Supply Chain (planning, procurement, and costing), production, and quality control activities are managed. Within the Shoes Industrial Division, MD’s

operations (in its relationship with CDC) follow distinct operational arrangements depending on whether MD acts for CDC under the aforementioned service agreement (covering “men’s shoes” and a portion of “women’s shoes”) or whether MD sells finished products to CDC (the remaining portion of “women’s shoes”). For the footwear production, the company also uses a carefully selected network of manufacturing groups (through subsidiaries as well as specialist contract manufacturers). These are businesses with a long-standing and successful collaboration with MD, chosen based on their specific manufacturing know-how.

##### **Ready-to-Wear Industrial Division**

Regarding the ready-to-wear division, headquartered in Caselle di Selvazzano Dentro (PD), the company primarily provides logistical support and quality control services for Paris-based offices

under the aforementioned service agreement. This agreement mainly focuses on the local organisation and supervision of certain production phases that CDC entrusts to selected regional suppliers (the so-called industrial supply chain).

MD's 231 Model was structured to reflect the corporate framework as described and the unique activities of each Division: production-focused in the Leathergoods Industrial Division; both production and industrial supply chain in the Shoes Industrial Division; and solely industrial supply chain in the Ready-to-Wear Industrial Division.

In this latter context, for details on the protocols applicable to MD's service activities for CDI, please refer to Section 9.

## **5. Manufactures Dior S.r.l.'s Corporate Governance system and the organisation of its main Divisions and Functions**

Manufactures Dior has adopted a traditional Corporate Governance system centred on a Board of Directors composed by three members, a Board of Statutory Auditors composed by three auditors, and a Shareholders' Meeting wholly controlled by its sole shareholder (Christian Dior Italia S.r.l.).

The Board of Directors is vested with the broadest powers of ordinary and extraordinary administration. Corporate governance powers are allocated primarily among members of the Board of Directors (through specific delegated powers) but they also extend to Functions - some of which are vested with specific powers through special powers of attorney - which, though not represented on the BoD, participate in certain decision-making and/or managerial processes. This organisational structure reflects, in some cases, the segregated management of the company's Divisions; in others, it stems from the fact that certain Functions report directly to the parent company and, consequently, are organised across all three Divisions: Scandicci-Pelletteria (*Leathergoods Industrial Division*), Fossò-Calzature (*Shoes Industrial Division*), Caselle-Preta-Porter (*Ready-to-Wear Industrial Division*).

For details on specific powers of Board members or authorised representatives holding special powers of attorney, please refer to the up-to-date chamber of commerce certificate.

The governance structure mirrors the Division-based framework: each Division operates autonomously in managing day-to-day business operations (production and/or supply chain). Accordingly, significant authority is vested in each Division's Industrial Officer.

Conversely, to ensure consistency in the management of the Group, certain non-production Functions - such as the HR Department, Facility Department, IT, Finance Department, the Audit of Industrial Activities Function, the Corporate Compliance Industrial Function and the Legal Industrial Function - are managed centrally across all divisions, without Division-specific autonomy. MD's internal control system further comprises a framework of rules, procedures, and organisational structures designed to effectively identify, measure, manage, and monitor key risks.

The actors within MD's internal control system operate across three tiers:

- first-level controls, which define and manage so-called "line controls" embedded in operational processes and their associated risks. These are carried out by MD's internal staff and division resources;

- second-level controls, carried out by competent corporate structures (independently from first-level functions), whose purpose is to monitor major risks, ensuring their effective mitigation and alignment with corporate objectives. At MD, this tier is overseen by the Corporate Compliance Industrial Function;
- third-level controls, performed by CDC's Audit of Industrial Activities Function (comprising MD auditors), which provide independent and objective assurance on the design and efficacy of the overall Internal Control System.

Additionally, MD has established an organisational Occupational Health and Safety system under Legislative Decree 81/2008, compliant with current regulatory requirements (with particular attention to Article 16 of Legislative Decree 81/2008). For

further details on this system's structure and components, please refer to Special Part X – Occupational Health and Safety.

Lastly, MD leverages certain CDC Group Functions - based at CDC's headquarters - also in order to implement specific Protocols and controls. These functions include the Legal, Ethics & Compliance Director Function, the Internal Audit Function, the Tax Function, the Risk Management Function, the *Propriété Intellectuelle* Office and the CDC Group's *Environnement et Développement Durable* Function.

## **6. Offences of relevance to Manufactures Dior S.r.l.**

As previously noted, MD's Model was designed and structured based on a careful and targeted assessment of offence risks present across all business processes. This enabled the identification of activities with a non-negligible exposure to the risk of commission of offences. This exposure risk was measured with a cautious approach, prioritising the primarily preventative purpose (intervening well before risks materialise) of the entire 231 System adopted by MD.

Following the self-risk assessment conducted (and subsequently updated on multiple occasions), it has been determined that MD's operations are currently potentially exposed to the following categories of predicate offences as outlined in Legislative Decree 231/2001:

- A.** Offences against the Public Administration and against the administration of justice (Art. 24, Art. 25, Art. 25-decies of Legislative Decree 231/2001 and Art. 10 of Law 146/2006);
- B.** Cybercrimes and unlawful data processing (Art. 24-bis of Legislative Decree 231/2001);
- C.** Organised crime offences (Art. 24-ter of Legislative Decree 231/2001);
- D.** Falsification of instruments or identification marks, offences against industry and commerce and copyright infringement offences (Art. 25-bis, Art. 25-bis.1, Art. 25-novies of Legislative Decree 231/2001);
- E.** Corporate offences (Art. 25-ter of Legislative Decree 231/2001);
- F.** Offences against the individual and employment of undocumented foreign nationals (Art. 25-quinquies, Art. 25-duodecies Legislative Decree 231/2001);
- G.** Market abuse (Art.25-sexies of Legislative Decree 231/01);

- H. Manslaughter and serious or grievous bodily harm, committed in violation of accident prevention and occupational hygiene and health rules (Art. 25-septies of Legislative Decree 231/2001);
- I. Handling stolen goods, money-laundering, use of money, goods or benefits of unlawful origin and self-laundering (Art. 25-octies of Legislative Decree 231/2001);
- J. Offences involving non-cash payment instruments and fraudulent transfer of valuables (Art. 25-octies.1 of Legislative Decree 231/2001);
- K. Environmental offences (Art. 25-undecies of Legislative Decree 231/2001);
- L. Tax offences (Art. 25-quinquiesdecies of Legislative Decree 231/2001);
- M. Smuggling (Art. 25-sexiesdecies of Legislative Decree 231/2001).

Based on the Risk Assessment, the following categories of predicate offences under the Decree were considered non-relevant:

- A. Offences for the purpose of terrorism or to subvert the democratic order (Art. 25-quer of Legislative Decree 231/2001);
- B. Female genital mutilation (Art. 25-quer1 of Legislative Decree 231/01);
- C. Racism and xenophobia (Art. 25-terdecies of Legislative Decree 231/01);
- D. Fraud in sports competitions, illegal gaming, betting and gambling using prohibited devices (Art. 25-querdecies of Legislative Decree 231/01);
- E. Offences against the cultural heritage (Art. 25-septiesdecies of Legislative Decree 231/01);
- F. Crimes of laundering cultural heritage assets and devastation and looting of cultural and landscape heritage (Art. 25-duodecies of Legislative Decree 231/01).

## 7. Model's Recipients

The following individuals and entities are required to fully comply with MD's Model in all its aspects (including the Code of Conduct and Corporate procedures), also if operating abroad for work-related reasons, and to actively promote its dissemination and compliance:

- individuals holding senior management positions (members of the BoD, Statutory Auditors, Heads of Functions, Managers and Heads of Control Functions);
- all company employees;
- all individuals collaborating with the company under quasi-subordinate working relationships, such as project-based contractors, temporary workers, workers under staff leasing arrangements;
- individuals vested with the power to represent the company, or those acting on its specific mandate such as agents, sales representatives, brokers;

- all individuals operating within an outsourced corporate function. Since outsourcers, where present, are external to MD in that they have their own organisational autonomy and are characterised by processes and risks distinct from those of MD, each outsourcer is required to observe and apply the Model's General Part (in the sections specifically dedicated to managing dealings with outsourcers), and to observe only the Special Part that governs the process that has been outsourced to it (accordingly, each Special Part shall expressly reference – in the list of Functions involved - any outsourcers that may be involved in the process);
- the corporate functions of the CDC Group that participate, in whole or in part, in MD processes, as expressly identified in the Special Parts of the Model. These Functions may, alternatively, apply the Protocols adopted at Group level where deemed consistent with those provided for in the Special Parts of MD's Model.

Parties entering into any form of contractual relationship (paid or unpaid) with the Company shall be informed - through the relevant liaison - of the existence of the 231 Model and of the LVMH Supplier and Business Partner Code of Conduct and, where applicable, shall sign MD's General Terms of Purchase ("GTP"), along with any further contractual documents governing, *inter alia*, the topic of administrative liability of Entities.

In particular, the provisions and requirements set out in this Model should be understood as binding, in the respective applicable parts, on all suppliers (see Section 8 below), consultants and, more broadly, on all counterparties acting on behalf of or in the interest of MD in the context of the at-risk activities falling within the scope of Legislative Decree 231/2001.

## 8. The Model and suppliers of goods and services

Since MD may engage external parties in the production process or as suppliers of raw materials (leather and metal accessories), it is deemed necessary to regulate such relationships in order to control - insofar as practicable for MD - any risks potentially associated with the performance of the related activities in which they are involved.

For this purpose, MD actively encourages the external parties mentioned earlier (those with whom the Company might engage in the production process) to familiarise themselves and comply with the Company's principles of conduct and control, which are in place as safeguards against the offence risks associated with the activities they carry out.

Their non-compliance with the stipulated provisions is sanctioned by reference to the provisions of the Disciplinary System set out in section 15.

Note that, in line with prevailing best practices and guidelines, MD has organised the management of offence risks associated with dealings with the aforementioned external parties by adopting specific provisions (see Special Parts II and X), to which reference may be made for further detail.

In particular, the management of offence risks is predicated on the following essential control measures and organisational safeguards: (i) prior **qualification** of suppliers according to pre-defined quality standards and by carrying out specific **audits** as a condition for their inclusion and/or continuing presence in the **supplier register**; (ii) **formalisation and traceability** of the contractual relationship with the qualified supplier; (iii) inclusion of specific "**231 clauses**" in the



General Terms of Purchase (GTP); (iv) contractual clauses committing suppliers - for themselves and their sub-suppliers, if any - to comply with the **LVMH Supplier and Business Partner Code of Conduct** as a fundamental safeguard, defining the compliance standards to be met by suppliers in managing their dealings with MD; (v) **constant monitoring** (by means of scheduled and unannounced audits, as well as by carrying out documentary checks) of suppliers' respect of the compliance standards throughout the term of the relationship, as well as by establishing specific **“sanctioning” consequences arising from non-compliance with contractual clauses**, as well as in cases of violation of the qualification requirements and compliance standards with which the supplier has declared to comply; (vi) supervisory activities by the SB with regard to sensitive activities involving external parties.

## 9. The Model in group relations

With reference to the relations between MD and its subsidiaries:

MD encourages all Italian legal entities directly or indirectly under its control to adopt their own 231 Model.

All subsidiaries, when defining their own Model, shall adhere to the control principles and controls outlined in MD's Model as the reference standard (which MD therefore shares with its subsidiaries), while retaining full autonomy in identifying and adopting additional or distinct control principles and safeguards tailored to the specific (and potentially additional) offence risks associated with their respective activities and organisational structure.

Furthermore, in line with Confindustria's Guidelines and respecting the autonomy and parity of the SBs of MD and of its subsidiaries, MD promotes the exchange of information between these bodies. Such exchanges shall primarily focus on planned and completed activities, initiatives undertaken, implemented measures, and any critical issues identified during supervision activities. These information exchanges aim to raise awareness, focusing on identifying broad or interconnected business areas across the entire Group that present specific risks, and/or those requiring large-scale organizational changes, or those that need to be coordinated by the Group and then implemented within individual companies. Think, for instance, of adopting Transfer Pricing documentation at the Group level, or managing Group VAT, tax consolidation, or consolidated financial statements. For details on information flows from subsidiaries' SBs to MD's SB, please refer to section 13.1 below.

With reference to the relationship between MD and CDC:

The service activities that MD delivers to CDC are governed by the 231 Protocols provided for by this 231 Model (particularly the Special Part “Intercompany relations”) where applicable based on the extent they align with the underlying activities. If MD representatives, while delivering these services, should operate in contexts (e.g. interactions with suppliers selected by CDC) that deviate from the operational standards set by MD's Model, they must immediately notify MD's SB of this and, for operational solutions, also CDC's Legal, Ethics & Compliance Director EMEA at [compliance@christiandior.com](mailto:compliance@christiandior.com).

Additionally (as outlined in section 7), CDC Group functions participating in whole or in part in MD processes - as expressly identified in the Model's Special Parts - shall apply both CDC

Group protocols and, where relevant, MD's 231 Model provisions.

## 10. Violation of the Model: definition and consequences

Compliance with the Model by all recipients ensures legality within the company and serves as a fundamental tool for preventing conduct that may entail offence risks or in any case a breach of the ethical principles upheld by the Company. Consequently, any violation of the Model - regardless of whether it constitutes a criminal offence or triggers the Company's liability under Legislative Decree 231/01 - will prompt MD to:

- a. initiate disciplinary proceedings and, where applicable, sanction the responsible party under the rules detailed in section 15;
- b. amend or supplement the Model (in all its components) if the violation exposes deficiencies in the 231 Protocols, acting on the SB's recommendations.

In this context, therefore, a **violation of the Model** is defined as any conduct by one or more Model's Recipients that contravenes:

- the LVMH Code of Conduct adopted by MD;
- the General Principles of conduct listed in each Special Part;
- the Specific Prevention Protocols listed in each Special Part in relation to each offence-risk activity identified;
- the rules governing information flows to the SB (see section 13) and Whistleblowing (see section 14);
- the Corporate procedures (however defined) specifically referenced in the Special Parts.

MD's response to violations is most effective when breaches of the Model are promptly reported. To this end, as detailed in section 14 (to which reference is made), anyone witnessing or becoming aware of a violation of the Model must report it through the Company's designated channels.

Notably, MD has deliberately adopted a precise and narrowly defined concept of "violation of the Model", grounded in principles of certainty and exhaustiveness, rather than falling back on more general clauses. This approach minimises the risk of discretionary interpretation and uncertainty in aligning one's conduct with the Model, when reporting potential violations to the SB, when the SB commences its actions and when initiating disciplinary proceedings – thus ensuring the 231 System's efficient, effective and timely implementation.

## 11. Changes and updates to the Model

MD's BoD is responsible for adopting and amending the Model, either independently or upon the SB's recommendation. Corrections or updates to the Model should

always be evaluated and (as applicable) implemented when:

- a. violations of 231 Protocols occur or non-compliant conduct reveal their unsuitability,



inadequacy, or ineffectiveness regarding their intended role in mitigating and containing offence risk;

- b. regulatory changes occur which affect Legislative Decree 231/01, its list of predicate offences, or their scope (e.g. new administrative offences are introduced into the list pursuant to Articles 24 and 25 et seq. of Legislative Decree 231/01, amendments to the criteria for attributing liability set out in Articles 5, 6 and 7 of Legislative Decree 231/01, etc.);
- c. significant organisational changes within MD potentially impact the adequacy and/or scope of application of the existing 231 Protocols (e.g. activation of new/modified corporate processes, new corporate functions, IT system overhauls, mergers or other extraordinary transactions, opening of new industrial sites, etc.);

Moreover, as many of the 231 Protocols in MD's Model are operationalised through the corporate procedures referenced in the Special Parts, any changes to these procedures must be promptly notified to the SB by the Internal Manager (designated in the procedure). This enables the SB to assess their potential impacts on the linked 231 Protocols and take corrective action.

Lastly, it is specified that procedures may be modified or new procedures may be adopted by Internal Managers, subject to approval by the BoD. Should existing procedures undergo merely formal and non-substantive amendments, it shall be sufficient for the internal managers to provide documented and timely notification to the BoD and the SB.

## 12. The Supervisory Body

### 12.1. Function and activities

Pursuant to Article 6(1)(b) of Legislative Decree 231/2001, MD establishes a Supervisory Body (SB) to which it entrusts the duty of *"monitoring the implementation and observance of the models and ensuring their updating"*. Specifically, the SB carries out activities grouped into three broad categories:

1. analysing, monitoring and controlling compliance with and functioning of the Model. This includes: direct SB controls and oversight of all processes regulated by the Special Parts; analysis of the outcomes of controls performed by other control functions; assessment of information flows and Whistleblowing reports received. The SB retains unrestricted access to company documentation, to all MD premises, and - within contractual limits - to the premises of MD's suppliers. It may also request information from any MD representative at any time;
2. prompting updates to the Model in the event of identified violations, deficiencies in controls or safeguards, or significant amendments to Legislative Decree 231/2001, as further detailed in section 11 above.
3. supporting the HR Department in delivering training on the Model's content and operation to all company personnel.

To fulfil its mandate, the SB must draft and implement an annual Control Plan (subject to *ad hoc* additions for unplanned or unannounced audits), and also assist the HR Department in drafting an annual 231 Training Plan (which can be delegated to other corporate functions).

Additionally, the Supervisory Body must adopt its own internal SB Rules, regulating organisational and procedural aspects such as: meeting convening procedures, quorum requirements, and minute-taking; management of email accounts, documentation archiving, management of whistleblowing reports, etc. The Rules should explicitly regulate the forms of documentation recording the SB's activities (including minutes, emails, worksheets, etc.) and their archiving, as well as the confidentiality obligations binding upon all its members.

The Supervisory Body meets at least quarterly, or more frequently as required by its control and supervisory duties. Between formal meetings, it carries out ongoing activities, maintaining written records of these. It always ensures collegiality, i.e. joint responsibility and consensus, as well as prior joint agreement on any external communication made in its name (e.g. sending emails, making phone calls, etc.).

The SB operates by means of direct controls (conducted by the SB itself), and indirect controls (delegated to other functions, e.g. the Industrial Activities Audit Function, or through external consultants). Nevertheless, it retains full autonomy of initiative and remains the sole “director” of any control activity and in evaluating its outcome.

The SB, for conducting its activities, is allocated a dedicated budget by the Board of Directors, sufficient to fulfil its functions. It submits an annual budget proposal to the Board of Directors and reports on the costs incurred. In any case the SB, if it deems necessary, can access additional resources beyond those indicated in the annual budget, subject to prior communication to the Board of Directors.

## 12.2 Prerequisites of the SB and grounds for ineligibility

The SB must, by law and in line with current standards, ensure compliance with the following subjective requirements: **autonomy, independence, professionalism, integrity, and continuity of action**, as summarised below (for full details, refer to Confindustria and CNDCEC [Italian National Council of Chartered Accountants and Accounting Experts] Guidelines):

- a. **Autonomy:** a statutory requirement mandating that the SB be granted all necessary powers to effectively perform its duties and tasks without any form of interference or influence from the Entity or its senior executives. Therefore no restrictions may be imposed on the SB's powers and authority, and consequently the BoD must allocate an annual expenditure budget for its supervisory and control activities, that can be accessed and used without prior approval (the procedures for using and accounting for the budget are regulated in the SB Rules).
- b. **Independence:** this requirement ensures that there can be absolutely no conflicts of interest and requires the SB to be totally separate from the company and its management, thereby debarring the SB from any operational role. Whereas autonomy refers to freedom of action and self-determination requiring an allocation of powers supported by spending capacity, independence relates rather to the mindset and *modus operandi* of SB members. Consequently, they must be wholly exempt from operational or managerial tasks and duties (see Italian Supreme Court of Cassation, Criminal Division, 23401/22, the *Impregilo* ruling).
- c. **Professionalism:** this requirement indicates the necessary specialist expertise that each SB member must possess, with a view to ensuring - within the collegial whole - a good balance among the diverse specialist skills required for the SB's activities (e.g. criminal law, internal

control and risk assessment, expertise specific to the company's particular operations, etc.).

- d. **Integrity:** all SB members must possess ethical and professional credibility and integrity commensurate with their role.
- e. **Continuity of action:** this requirement entails that the Supervisory Body must be dedicated exclusively to supervisory activities. Therefore, although it may advise on the development or construction of the Model, it cannot be assigned operational functions. Accordingly, the SB must schedule its activities in a way that ensures such continuity of action. This involves planning oversight activities at predefined intervals, while retaining flexibility to conduct additional unscheduled checks. In this context, the SB ensures the traceability and retention of documentation relating to its activities (including meeting minutes, specific reports or notices, sent or received reports, findings from investigations in which it is involved, etc.).

In order to guarantee full compliance with the aforementioned requirements of autonomy, independence and integrity, MD identifies the following **grounds for ineligibility**, according to which the Supervisory Body's members must not:

- be spouses, cohabiting partners, relatives or in-laws up to the fourth degree of directors, of persons holding significant quotas/shares in the company (or its subsidiaries or controlling companies) or of auditors appointed by the audit firm;
- be, or have recently been, a key representative (i.e. a member of the BoD or a manager with strategic operational responsibilities) of MD or of any affiliated company, or of a company that controls it or is able to exercise significant influence over it;
- have, or have recently had, directly or indirectly, a significant commercial, financial or professional relationship with MD or with another company of the same Group, or with a person/entity that controls the company or is able to exercise significant influence over it;
- be in a position of special personal proximity or economic dependence with respect to directors or major shareholders;
- be in any other situation of actual or potential conflict of interest;
- have been subject to preventive measures issued by the judicial authorities pursuant to Italian Law no. 1423 of 27 December 1956 (*law on preventive measures against persons detrimental to public safety and security and public morality*) or pursuant to Italian Legislative Decree 159/2011, as amended, (*anti-mafia provisions*);
- be under investigation or have been convicted, including by a non-final judgment or one issued pursuant to Articles 444 et seq. of the Italian Code of Criminal Procedure (plea bargaining), or also with suspended sentence on probation, without prejudice to the effects of rehabilitation:
  - (i) for one or more offences expressly provided for by Legislative Decree 231/2001;
  - (ii) to a term of imprisonment not less than two years for any offence with criminal intent;
- be disqualified, incapacitated, bankrupt or have been convicted, including by a non-final judgment, to a penalty involving disqualification (temporary or otherwise) from holding public office or the legal incapacity to hold managerial positions.

### **12.3 Appointment, removal, replacement, disqualification and resignation**

The Board of Directors appoints the Supervisory Body, justifying the choice of each member based on the specific skills required.

MD has opted for a collegial SB currently consisting of three external members with specific expertise in criminal law, labour law, occupational health and safety and internal control techniques.

The term of office is three years (to ensure continuity of action and the structuring of an internal control plan that is actionable and verifiable over the long term, with the possibility of reviewing and revising the results collected and introducing corrective measures), renewable once at most.

Subject to the provisions of the preceding paragraph, the occurrence of any of the grounds for ineligibility shall result in disqualification from office. The loss of integrity requirements shall also result in disqualification from office.

SB members may be removed, but only following a Board of Directors resolution and only for just cause. Legitimate grounds for removal for just cause include:

- failure to fulfil the obligations inherent in the entrusted role;
- lack of good faith and lack of diligence in the performance of their duties;
- failure to cooperate with the other SB members;
- unjustified absence from more than two SB meetings;
- supervening incapacity or inability to perform the duties.

If there is just cause, the Board of Directors shall revoke the appointment of the SB member who is no longer suitable and, after adequate justification, shall immediately replace him/her.

Each SB member may resign at any time, subject to a minimum notice period of one month, with written notice to the Board of Directors stating the reasons.

In the event of disqualification or resignation of one SB member, the Board of Directors shall promptly have him/her replaced as well.

### **12.4. The 231 Model and the SB within MD's internal control system**

MD's 231 System forms part of the company's broader internal control system that spans multiple operational areas with the participation of various control functions - health and safety controls assigned to the Prevention and Protection Service Manager (RSSP), privacy compliance controls, audits and monitoring of suppliers entrusted to the Industrial Activities Audit Function, support and monitoring activities entrusted to the Corporate Compliance Industrial Function, etc.).

MD considers it essential to establish ongoing coordination between the different control functions and the Supervisory Body, in order to enable the sharing of results from control activities carried out by other Functions and relating to processes falling within the operational scope of the 231 Model.

### 13. Information flows

Article 6(2)(d) of Legislative Decree 231/01 requires the 231 Model to establish “*reporting obligations to the body entrusted with supervising the functioning and observance of organisation models*”. All the Model’s Recipients, therefore, are required to cooperate as fully as possible, transmitting to the SB any information useful for the performance of its functions. In turn, the SB will report on the outcome of its activities to the BoD, through a specific information flow, so that the management body can promptly and effectively implement all the necessary corrections to the Model and to the company organisation in light of the reports and recommendations received from the SB. The **Information Flows to the SB** and **those from the SB** will therefore be distinguished and described below.

#### 13.1 Information Flows to the SB

Article 6 of Legislative Decree 231/2001 stipulates the obligation to send specific information flows to the SB as a prerequisite for effective and consistent supervisory activity regarding the adequacy and observance of the provisions of the organisational Model.

Note, by way of introduction, that the provisions on information flows to the SB must be observed **by all the Model’s Recipients**, insofar as respectively applicable, as detailed above in section 7. Failure to comply with the provisions on information flows to the SB constitutes a disciplinary offence and is sanctioned in accordance with the provisions of the Disciplinary system set out in section 15.

As a general rule, the SB must be duly informed by all company persons, and also by third parties required to comply with the provisions of the Model, of any news that may be relevant for the purposes of supervising the effectiveness, actual implementation and updating of the Model, including any information relating to potential violations thereof.

In MD, information flows to the SB have also been established, structured as follows:

i) mandatory information flows (pre-defined by the Model), divided into:

- periodic information flows, concerning sensitive activities and related processes, which must be transmitted to the SB by company functions according to the timelines established by the latter;
- event-driven information flows, consisting of particularly relevant and significant information with respect to the Organisation and Management Model, which, precisely because of their nature, must be sent promptly to the SB;

ii) information flows upon request of the Supervisory Body, i.e. any information specifically requested by the SB, deemed relevant for its monitoring of the effectiveness, actual implementation, and updating of the Company’s Model.

#### (i) Mandatory information flows (periodic and event-driven):

Regarding mandatory flows, it is envisaged that the SB meets or otherwise discusses periodically with the following company figures or, alternatively and where provided for, receives periodic

reports prepared by these functions in the course of their activities:

- Prevention and Protection Service Manager (RSPP)
- Employer and/or its representatives
- Chief Financial Officer & Business Development
- Board of Statutory Auditors
- Audit Firm
- Corporate Compliance Industrial Function
- Audit of Industrial Activities
- Industrial Legal
- Legal, Ethics & Compliance Director of CDC

Furthermore, the Special Parts of the Model provide for “Specific Flows” that the Model’s Recipients (respectively identified as the “Reporting Function”) must transmit to the SB, adhering to the indicated timelines.

Without prejudice to the provisions of section 14 (see below), the SB must also be informed by persons required to comply with the 231 Model regarding events that could give rise to liability of MD under Legislative Decree 231/01, representing a potential risk indicator or a possible violation of the Model.

In particular, all company functions must promptly report to the SB any information relevant to the observance and functioning of the Model and, in particular:

- measures and/or information coming from judicial police bodies, or from any other authority (while observing legal secrecy obligations), which indicate the existence of investigations (including against unknown persons) for offences relevant to those listed in Legislative Decree 231/2001, where such investigations involve the Company or the Model’s Recipients;
- measures and/or information concerning the existence of significant administrative proceedings or civil disputes (while observing legal secrecy obligations), which reveal the existence of any ongoing investigations (including against unknown persons) related to requests or initiatives from independent authorities, from the tax authorities or from local administrations; contracts with the Public Administration; requests for and/or management of public funding;
- criminal proceedings for predicate offences or administrative offences involving, respectively, company representatives and/or the Entity itself, or other non-formal charges or accusations (e.g. administrative charges for breaches of environmental, “CITES”, or tax rules) related to company processes that are regulated by the Model;
- requests for legal assistance submitted to the Company by personnel in the event of criminal or civil proceedings against them for offences under Decree 231;
- changes to the entity as described in section 11, particularly changes to the governance model, organisational structure and corporate organisation chart. Also any extraordinary transactions, changes to the internal control system or updates to the Corporate procedures



referenced in the Special Parts;

- any information regarding the malfunctioning of safeguards referenced in the Model.

## **(ii) Information flows upon request**

In addition to the above, the SB retains the right to organise meetings and establish dedicated communication channels at any time for the discussion of specific topics with the heads of the responsible functions and bodies involved in first, second, and third-level control activities.

All mandatory information flows and those upon request are transmitted to the SB by ordinary mail or a dedicated email address, as specified below:

**By ordinary mail:** Via Tiziano 32, 20145 Milan (for the attention of the SB's Chairman) **E-mail** [odvmd@christiandior.com](mailto:odvmd@christiandior.com)

### **13.2 Information Flows from the SB**

The SB reports **half-yearly** (and promptly at any time if communications require an urgent BoD's response) to the Board of Directors and the Board of Statutory Auditors, with a report containing:

- details of activities carried out during the reporting period, indicating in particular the specific checks and verifications performed and their outcome;
- details of any critical issues identified, reports received, and potential violations of the Model detected;
- details of planned corrective actions and their status of implementation;
- an indication of the need for any updates to the MD Model, revisions/additions to the risk assessment process, or the need to adopt new safeguards to address identified critical issues/reports/violations;
- information about the Control Plan for the following period;
- a summary of reports received during the reporting period that have "231 relevance", submitted by the Local Region Compliance Correspondent as part of the Whistleblowing flow (as regulated in section 14).

At the same time, the SB is constantly in contact (through documented and traceable communications and/or meetings) with the Corporate Compliance Industrial Function i.e. the company representative appointed by the BoD to serve as a permanent liaison between the SB and the Company, and as a further informational channel between the SB and the BoD, one that can be more "agile" and continuous.

Without prejudice to the foregoing, the Chairman, the Board of Directors and the Board of Statutory Auditors retain the right to convene the SB at any time. Conversely, the Supervisory Body may request, through the relevant functions or parties, to report to the aforementioned bodies whenever deemed it appropriate.

## **14. Whistleblowing rules**

The Italian Law no. 179 of 30 November 2017 introduced specific provisions for private companies dedicated to protecting whistleblowers who make detailed reports of unlawful

conduct relevant for the purposes of Legislative Decree 231/01, which are based on precise and consistent factual evidence, or reports of Model's violations which they became aware of within a public or private employment context. These provisions were recently updated by Italian Legislative Decree 24/2023, which expanded the scope of reportable violations<sup>1</sup>. The Company has incorporated these requirements into its "**Whistleblowing Policy**", to which reference should be made, which establishes proper procedures for reporting violations while ensuring robust protection for whistleblowers.

The above Policy's purpose is to create, within the Company's 231 System, a **fully-independent** protocol that regulates – in accordance with the aforementioned legislation – the receipt, examination and handling of whistleblowing reports from any source, including those submitted confidentially or anonymously, while safeguarding whistleblowers. Notably, this Policy was structured based on the full implementation of the specific provisions of Italian Legislative Decree 24/23 and of the revised Article 6, para. 2-bis of Legislative Decree 231/01, constituting for all intents and purposes a 231 Protocol that forms an integral part of the Company's 231 Model.

The Policy also identifies **internal and external reporting** channels (detailed within the Policy itself, to which full reference should be made) and designates – through specific appointment – the LVMH Compliance and CDC Compliance Functions as well as the Local Region Compliance Coordinators as Report Handlers. These are functions/individuals formally tasked with receiving and managing reports submitted through the channels established by the Whistleblowing Policy.

As specified in the Whistleblowing Policy, the Alert Line platform can be accessed either via LVMH.com or directly at <https://alertline.lvmh.com>.

Additionally, oral reports may be made through in-person meetings with the Local Region Compliance Correspondent.

The Whistleblowing Policy, moreover, expressly regulates possible interactions between reports submitted to the designated recipients and the activities of the SB. It requires that the SB should receive from the Local Region Compliance Correspondent, and record: (i) immediately, all reports that have "231 relevance"; and (ii) annually, reports containing "unsubstantiated" allegations. The Local Region Compliance Correspondent also transmits all internally received reports to the SB in anonymised form, enabling assessment of their potential relevance under Legislative Decree 231/01.

In this context, it is further specified that any conduct violating the Whistleblowing Policy constitutes a disciplinary offence, punishable under the disciplinary system established by this 231 Model. The following are expressly considered disciplinary offences:

- any form of retaliation – defined as any conduct, act or omission (whether attempted or

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<sup>1</sup> According to the provisions of Italian Legislative Decree 24/23, reports through the Whistleblowing channel may concern:

- the attempted or actual commission of offences provided for in Legislative Decree 231/01;
- any irregular conduct or violation (by act or by omission) committed or attempted, of the Code of Ethics, of the 231 Model, including rules, guidelines, policies and internal procedures;
- violations of European legislation, i.e. offences provided for in Annex 1 to Legislative Decree 24/2023 and the Italian provisions implementing it, related to a number of specific sectors provided for by the legislation (e.g. public contracts, environmental protection, public health, etc.)



threatened) motivated by a report (of an official complaint to the judicial/accounting authorities or of a public disclosure) - that causes or could cause direct/indirect unjust harm to the whistleblower (or to the person who made the formal complaint/public disclosure) and/or to other individuals specifically identified by the provision; also, any failure to properly verify and analyse whistleblowing reports received;

- conduct or actions that obstruct or attempt to obstruct a whistleblowing report;
- breaches of confidentiality obligations.

Additionally, a whistleblower's conduct constitutes a disciplinary offence if they are found liable (including by a judgment at first-instance) for defamation or slander (or for the same offences committed in connection with making an official complaint), or civilly liable due to wilful misconduct or gross negligence.

Regarding the reported conduct, if a report proves well-founded, the sanctions provided by this Model shall apply where the conduct constitutes a violation of the Model under its provisions.

## 15. Disciplinary system

### 15.1 General Principles

It is essential to establish an adequate system of sanctions for violations of the Model's provisions, to ensure the Model's effectiveness. In this regard, Articles 6, para. 2(e) and 7, para. 4(b) of the Decree require that organisational and management Models must "*introduce a disciplinary system capable of sanctioning non-compliance with the measures specified in the model*".

For the purposes of this sanctions system, and in conformity with the provisions of collective bargaining (where applicable), sanctionable conduct includes any actions or conduct that violate the Model as defined in preceding section 10, as well as violations of the Whistleblowing provisions under section 14.

When determining and applying sanctions, the principles of proportionality and appropriateness relative to the alleged violation must be observed. The following factors may be of relevance:

- type of offence alleged;
- specific circumstances of the offence;
- manner in which the alleged conduct occurred;
- severity of the violation, including the perpetrator's subjective attitude (degree of negligence or intent);
- multiple violations within the same conduct;
- multiple individuals participating in the violation;
- any prior offences of the perpetrator.

These disciplinary system rules must be published and made known to all recipients, including through posting in visible, high-traffic areas.

Upon receiving reports of potential violations of the Model, the Supervisory Body shall immediately launch the requisite inquiries/investigations – while always maintaining the confidentiality of both whistleblowers and individuals involved in the matter

under review. Where appropriate, it shall request the relevant department to initiate disciplinary proceedings.

Sanctions are imposed by competent corporate bodies in conformity with the company Articles of Association. Specifically for employees (including Managers), the HR Department takes action; for Directors and Board Members, the Board of Directors acts in compliance with applicable law and with the company Articles of Association; for Statutory Auditors, the Chairman of the Board of Directors takes action, authorising the Board of Directors to take all appropriate measures.

### **15.2 Measures taken against directors, board members and statutory auditors**

In the event of a violation of the Model (see the definition of “violation” in section 10) by one or more Directors, Board Members and/or Statutory Auditors of MD, the SB shall immediately inform the Board of Directors. The Board will then take one of the following actions, taking into account the severity of the violation and in accordance with the powers granted by law and/or the company’s Articles of Association:

- recording declarations in the meeting minutes;
- issuing a formal warning;
- revoking delegated authority;
- requesting or convening a Shareholders’ Meeting with an agenda item on the adoption of appropriate measures against those responsible for the violation, including potential legal action to determine the liability of the Director and/or Statutory Auditor towards the Company and to seek compensation for any loss incurred or likely to be incurred.

Given that MD’s Directors and Board Members are appointed by the Shareholders’ Meeting, if violations of the Model are identified that compromise the relationship of trust with the corporate officer in question, or if serious grounds exist that concern the protection of the Company’s interests and/or reputation, a Shareholders’ Meeting shall be convened to decide on the potential removal from the office.

### **15.3 Measures taken against employees**

Conduct by employees in violation of the Model (see definition of “violation” in section 10) constitutes a “disciplinary offence” within the meaning of the applicable CCNL for the relevant category of workers.

The sanctions that may be imposed are those set out in the relevant CCNL and must be applied in compliance with Article 7 of the Workers’ Statute and applicable legislation.

The theoretical categories of non-compliance describe the conduct that can be sanctioned, for which disciplinary measures will be applied according to the principles of proportionality and appropriateness.

#### **15.3.1 Managers**

In cases where Managers violate the provisions of the Model, the most appropriate disciplinary measures will be adopted in accordance with the provisions of the CCNL for Managers applied.

The imposition of sanctions against Managers must also respect the procedures set out in Article 7 of the Workers' Statute.

Specifically:

- if the violation of one or more provisions of the Model is so serious as to compromise the relationship of trust, making even temporary continuation of the employment relationship impossible, the Manager will face dismissal without notice;
- if the violation is less severe but still serious enough to irreparably compromise the relationship of trust, the Manager will face justified dismissal with notice;
- for violations that do not compromise the relationship of trust, the same sanctions shall be applied as those that are applicable to blue-collar workers, white-collar workers and middle managers.

#### **15.3.2 Blue-collar workers, white-collar workers and middle managers**

In accordance with the provisions of the CCNL for Workers in the Footwear Industry:

- workers who violate the Model (conduct that conflicts with their duties as employees) may face verbal warnings, written warnings, fines or suspension from work and pay, depending on the severity of the violation;
- workers who commit a significant violation of the Model shall be liable to dismissal with notice;
- workers who intentionally act in order to commit an offence punishable under the Decree, or whose actions violate the Model and cause serious moral and/or material harm to the Company, or constitute a criminal offence, shall be liable to dismissal without notice.

#### **15.4 Measures taken against collaborators, consultants, suppliers and other contractual partners**

Any conduct, enacted in the context of contractual dealings with third parties, that violates the Model (see the definition of "violation" in section 10) shall trigger the application of penalty clauses, up to and including termination or withdrawal from the contractual relationship, as appropriate, under the clauses provided for by MD's General Terms of Purchase (GTP) or, alternatively, in accordance with the Supplier Qualification Procedure.

### **16. Communication and training**

MD considers widespread dissemination of the 231 Model and staff training on its contents essential to 231 Model's effective implementation and overall effectiveness.

To this end, the Company considers it necessary to adopt specific tools to achieve this objective and to continuously monitor the effectiveness of dissemination and training activities.

The HR Function is responsible for ensuring proper staff training on the application of the Organisational, Management and Control Model.

MD's training programme must:

- be tailored to the individual's position within the organisation (new hires, clerical staff, middle manager, managers, etc.);
- differentiate content according to the individual's activity and role within the organisation (risk-related activities, control functions, non-risk activities, etc.);
- establish the frequency of training, also taking into account internal changes (e.g. organisational changes or document updates to the Model) and external developments (such as regulatory updates, guidelines, case law);
- ensure strong management commitment, so as to lend authority to the training activities;
- plan for qualified speakers/trainers in order to ensure quality of content, and to emphasise the importance of the training for the Company and its strategic objectives;
- make participation in training programmes mandatory, with specific mechanisms to monitor attendance (e.g. collecting participants' signatures).

Beyond general introductory training, therefore, the level of training and information provided to the Model's Recipients will vary in depth, with particular attention given to employees working in high offence-risk areas.

The SB, in agreement and close coordination with the HR Function, will be responsible for verifying the effectiveness of the training programme by reference to course content, delivery methods, refresh, monitoring of mandatory participation and measures to be taken against those who fail to attend without justification.

## 17. Potential investigations involving the Company

If the Company is investigated or charged in proceedings for an administrative offence under Legislative Decree 231/2001, MD "participates in the criminal proceedings through its legal representative, unless said representative is charged with the predicate offence to which the administrative offence is attributed" (Article 39 of Legislative Decree 231/01). In the latter case – i.e., where there is a potential conflict of interest and the Articles of Association do not assign legal representation to other Board Members – MD may, in order to exercise its independent right to defence:

- a. appoint a new legal representative entirely extraneous to the predicate offence; or
- b. appoint a legal representative *ad litem* solely for the purpose of the court proceedings.

Upon being notified of the investigation against the Company, the Chairman of the BoD (or another director not under investigation) shall convene a Board of Directors' meeting as a matter of urgency, in order to appoint a new legal representative according to procedures described above. MD's legal representative thus appointed may then appear in court in accordance with Article 39 of Legislative Decree 231/01 and appoint defence counsel, in compliance with the protocols provided for in Special Part II – Purchase of goods and services.

## **Special Part II**

### **Purchase of goods and services**

This Special Part focuses on identifying the 231 protocols applicable in relation to the “Purchase of goods and services” process, aimed at mitigating the offence risks to which the same is exposed.

To this end, the specific sensitive activities involved in the process have been isolated, with reference to which the following are identified, in order:

- (i) the *Internal Manager* and the main departments involved;
- (ii) the predicate offences to which the individual activity is exposed (indicating some examples of ways in which the conduct may be carried out);
- (iii) the specific prevention protocols;
- (iv) the specific flows to the SB.

The general principles of conduct, on the other hand, given their nature as essentially cross-sectional controls within the individual sensitive activities, are shown in a single list in the introduction.

#### **General principles of conduct**

In taking part, in any way or at any specific stage, in the process identified above, all Model’s Recipients are required to observe and enforce, in addition to the LVMH Code of Conduct and the Supplier and Business Partner Code of Conduct, the following general principles of conduct:

- it is prohibited to exploit supply or consultancy relationships as a means of giving or promising to a Public Official or Person in charge of a public service money or other benefits or for any other purpose inconsistent with the real nature and characteristic of the relationship;
- when selecting the counterparty of a supply relationship for goods or services, MD makes its choice based upon qualitative criteria related to the good or service offered and to the working conditions (in terms of environment, safety and workers’ contribution and remuneration conditions) in which the supplier/consultant operates;
- any business relationship with any supplier of goods or services must be established in writing, by means of a contract/general terms of purchase always countersigned for acceptance or order;
- before paying for the good or service in accordance with the contractual terms/order, MD always carries out a consistency check between the contractual terms and the characteristics of the good/service received;
- as part of the purchasing process, it is prohibited to promise, offer or grant, directly or through an intermediary or consultant, an undue advantage of any kind whatsoever to corporate officers of a public company or of private companies in order to perform or omit an act in breach of a duty connected with their role;
- as part of the purchasing process, it is prohibited to give or promise money or other benefits to suppliers or consultants who boast or exploit privileged relations with Public Officials or Person in charge of a public service as the price for their unlawful mediation activities or to

remunerate the Public Official or Person in charge of a public service in connection with the performance of an act contrary to their official duties or the omission or delay of an act of their office;

- it is prohibited to have business dealings with persons known or suspected to belong to criminal organisations or who otherwise operate in a context of suspected illegality;
- it is prohibited to involve the Company in financial transactions with counterparties whose assets or cash flows are certain or likely to be of unlawful origin;
- in the purchasing process, the use of money transfer methods that do not facilitate the full traceability of the flow (e.g., use of cash) is prohibited;
- it is prohibited to make payments to parties other than the contractual counterparty or to encrypted or numbered accounts or to accounts in countries other than those where the supplier is based or operates;
- it is prohibited to include in tax returns information that is false, incomplete or inconsistent with reality, using invoices for non-existent transactions or documents intended to be recorded in compulsory accounting records;
- it is prohibited to use false documents or other fraudulent means or to engage in sham transactions (related to dealings with suppliers) with the aim of obstructing the assessment and misleading the tax authorities;
- for non-EU purchases, it is compulsory to comply with customs regulations and to use forwarding agents that undergo a qualification process.
- with reference to persons who have business dealings with MD (e.g. suppliers, consultants, manufacturers, etc., so-called “third party recipients”), the same are required to observe - in addition to the provisions of the aforementioned documents and, to the extent applicable, this 231 Model, as specified in par. 7 of the General Part - also what is set out in the General Terms of Purchase (GTP) and in the relevant “231 contractual clauses” contained therein. In particular, on the basis of the provisions of the GTP:
  - it is prohibited to entrust work to suppliers who have not previously undergone the qualification process in accordance with the standards adopted by all MD companies and whose maintenance over time is not periodically monitored;
  - subcontracting work that has not been communicated to the company in advance and for which respect of the “supply chain” compliance requirements imposed by MD is not guaranteed and verified in advance by the subcontracting supplier and demonstrated to MD is prohibited. The establishment of tier 3 subcontracts (supplier of the sub-supplier) is in any case prohibited;
  - it is prohibited to entrust work to subcontractors which, in terms of volume or delivery times, is not compatible with the subcontractor’s production capacity (which also takes into account the subcontracting capacity communicated by the supplier);
  - it is prohibited to outsource work to subcontractors that do not comply with group standards and regulations on working conditions (presence of dormitories, wages in violation of the National Collective Bargaining Agreement (CCNL), remote monitoring tools, unpaid overtime, etc.) and occupational health and safety.



**1. Qualification and selection of “core” suppliers of goods and services (raw material - leather and metallic accessories - and processes)**

*1.1 Internal Manager and main departments involved*

- Purchasing Department (*Internal Manager*)<sup>1</sup>
- Industrial/Production Directors
- Product Development Department
- Finance Department (Industrial Controlling, Accounts Payable, Treasury Department), Special Attorneys with specific purchasing powers (“Delegates”)
- Requesting Department
- Costing Department
- Audit of Industrial Activities Italy (AIA)
- Corporate Compliance Industrial/RTWC (CCI)
- Employer, or its delegate, as well as with the support of the Prevention and Protection Service Manager for aspects related to compliance with Legislative Decree 81/08
- Supplier Evaluation Committee (SEC)

*1.2 Predicate offences potentially connected to the sensitive activity and examples of the manner in which the conduct may be implemented*

**Article 24-ter of Legislative Decree 231/2001 “Organised crime offences” (Sub-Articles 416 of the Italian Criminal Code “Criminal conspiracy”; 416-bis of the Italian Criminal Code “Mafia-type association, even foreign”) also in transnational form pursuant to Article 10 of Law no. 146/2006**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* knowingly and voluntarily assigning a contract to a supplier with criminal connections.

**Article 25 of Legislative Decree 231/2001 “Embezzlement, undue use of money or moveable property, extortion, undue inducement to give or promise benefits, bribery” Legislative Decree 231/2001 (Sub-Articles 318 of the Italian Criminal Code “Bribery for exercise of the function”, 319 of the Italian Criminal Code. “Bribery for an act contrary to official duties”, 319-ter of the Italian Criminal Code “Bribery in judicial acts”, 319-quater of the Italian Criminal Code “Undue inducement to give or promise benefits”, 320**

**of the Italian Criminal Code “Bribery of a person in charge of a public service”, 321 of**

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<sup>1</sup> The term “Purchasing Department” refers to the set of the following corporate departments: for the Leathergoods Industrial Division and for the Shoes Industrial Division: (i) the Purchasing Department for the Leathergoods Industrial Division and the Supply Chain Department (Woman and Man) for the Shoes Industrial Division, which are in charge of purchases that directly contribute to obtaining the finished product with the exception of external processes; ii) the Production Directors (for the Naples and Piacenza plants) and the Production Progress Department (for the Scandicci plant) for the Leathergoods Industrial Division and the Supply Chain Department for the Shoes Industrial Division, which deal with purchases relating to external processes; iii) the Facility Department, both for the Leathergoods Industrial Division and for the Shoes Industrial Division, which deal with purchases that do not contribute directly to the Company's production cycle (e.g. general services), and iv) the Requesting Department, as far as consultancy services are concerned.

the Italian Criminal Code “Penalties for the briber”, 322 of the Italian Criminal Code “Instigation to corruption”, 346-bis of the Italian Criminal Code “Trafficking of unlawful influences”)

*Example of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* signing a fictitious or “inflated” supply contract in favour of counterparties attributable to a Public Official or Person in charge of a public service in order to obtain an undue advantage in the interest of the company or a benefit intended for a corrupt practice; assigning work to a supplier (e.g. an architectural firm/construction company) linked by family ties or closeness to a Public Official or Person in charge of a public service so that they use their influence to obtain undue advantages in connection, for instance, with an application for an authorisation, concession or licence.

**Article 25-bis of Legislative Decree 231/2001 “Forgery of money, public credit cards, revenue stamps and instruments or signs of recognition” (Sub-Articles 473 of the Italian Criminal Code, “Counterfeiting, alteration or use of trademarks or distinctive signs or patents, models and designs”; 474 “Introduction into the State and trading of counterfeit products”)**

*Example of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* introducing into Italy, purchasing and using for the purpose of placing on the market (including as a component of one’s own product) a counterfeit product or a product with counterfeit or altered trademarks or distinctive signs or in any case in violation of an industrial property right.

**Article 25-bis1 of Legislative Decree 231/2001 “Crimes against industry and trade” (Sub-Articles 515 of the Italian Criminal Code “Fraud in the exercise of trade”, 517 of the Italian Criminal Code “Sale of industrial products with counterfeit marks”, 517-ter of the Italian Criminal Code “Manufacture and trade of goods produced in violation of industrial property rights”)**

*Example of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* a specialist contract manufacturer - in order to create a parallel market in the awareness of MD - makes products with distinctive signs or characteristic Dior elements by means of, for example, the use of stamps granted on loan by MD or of leftover or defective metal accessories; purchase of raw materials (e.g. leather) with untrue indications as to the quality or origin of the raw material in order to save money on the purchase and obtain a higher margin at the sales stage.

**Article 25-ter Legislative Decree 231/2001 “Corporate offences” (Sub-Articles 2635 of the Civil Code “Bribery between private individuals”; 2635-bis of the Civil Code “Incitement to bribery between private individuals”; Article 2621 of the Civil Code “False corporate communications”; 2621-bis of the Civil Code “Minor offences”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* offering a sum of money or other utility (hiring a relative, granting an assignment/contract, giving gifts or gratuities, directly or through interposing third persons/consultants/suppliers) to a corporate representative of a supply company in order for it to provide a service at more advantageous economic conditions compared to market standards.

**Article 25-quinquies Legislative Decree 231/01 “Offences against the individual” (Sub-**



**Articles 601 of the Italian Criminal Code “Human trafficking” and 603-bis of the Italian Criminal Code “Unlawful intermediation and exploitation of labour”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* entrusting subcontractors with work at a price that is particularly advantageous for MD, in the knowledge that the goods will be manufactured by the subcontractor or its sub-supplier under conditions that may constitute “exploitation of labour” according to

the provisions of Article 603-bis of the Italian Criminal Code. Outsourcing of work to subcontractors lacking the production capacity to manage orders internally, and therefore induced to subcontract to sub-suppliers that do not respect the compliance standards (in terms of occupational health and safety, working conditions, tax and remuneration policies, environmental compliance, etc.) implemented by MD and all CDC Group companies and/or in breach of the regulations in force on working conditions. Management of the supply chain by allowing subcontracting to sub-suppliers that implement labour policies in violation of the regulations in force or in any case the compliance standards promoted by MD and all CDC Group companies (presence of dormitories, unpaid or otherwise excessive overtime, absence of holidays or sick leave, etc.).

**Article 25-septies of Legislative Decree 231/01 “Crimes of manslaughter and serious or grievous bodily harm, committed in violation of the rules on accident prevention and protection of occupational health and safety” (Sub-Articles 589 of the Italian Criminal Code “Manslaughter”, 590 of the Italian Criminal Code “Grievous bodily harm”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* a workplace accident at a subcontractor or a specialist contract manufacturer’s premises, in some way causally determined by the management of a process (delivery times, volumes incompatible with the subcontractor’s production capacity) directed by MD.

**Article 25-octies of Legislative Decree 231/2001 “Handling stolen goods, laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering” (Sub-Article 648 of the Italian Criminal Code “Handling stolen goods”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* purchase of a product at a price significantly lower than the market price because it is counterfeit or originates from an offence, for use in the company’s production process.

**Article 25-quinquiesdecies of Legislative Decree 231/2001 “Tax offences” (Sub-Articles 2 of Legislative Decree 74/2000 “Fraudulent tax return using invoices or other documents for non-existent transactions”, 3 of Legislative Decree 74/2000 “Fraudulent tax return through artifice and deception”; 10 of Legislative Decree 74/2000 “Concealment or destruction of accounting documents”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* lack of qualification of suppliers used for the issuance of invoices for non-existent services for the purpose of indicating fictitious payable elements by making use of the aforementioned false invoices. Use of suppliers who fully subcontract the work but then issue the respective invoice to MD, thus constituting subjectively false invoices.

**Article 25-undecies of Legislative Decree 231/01 “Environmental offences” (Sub-Articles 256 of Legislative Decree 152/2006 “Offences relating to unauthorised waste management”, 258 of Legislative Decree 152/2006**

**“Breach of the obligations of communication, keeping of compulsory registers and forms”, 259 of Legislative Decree 152/2006 “Illegal trafficking of waste”, 452-quaterdecies of the Italian Criminal Code “Organized criminal activities for illegal trafficking of waste”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* management by the subcontractor/specialist contract manufacturer of the disposal activity of waste created in the context of the process entrusted to it by MD in violation of industry regulations. Purchase of hazardous and/or polluting raw material without safety precautions or adequate informative documentation resulting in the violation of the provisions of the AUA (Single Environmental Authorisation) (if any), other environmental authorisations or the TUA (Consolidated Law on the Environment) as a consequence of its use within the company’s production cycle

**Article 25-duodecies of Legislative Decree 231/2001 “Employment of undocumented foreign nationals” (Sub-Article 22, paragraph 12-bis of Legislative Decree 286/1998 “Employment of undocumented foreign nationals”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* entrusting a processing operation to a supplier who employs foreign workers from third countries without a residence permit or with an expired (and whose renewal has not been requested) or revoked or cancelled residence permit.

### *1.3 Specific prevention protocols*

In relation to the sensitive activity described above, the Company has adopted the following specific prevention protocols:

Identification of the requirement:

- for “core” purchases, the requirement for raw materials, components, accessories and processing is defined upstream by the Requesting Departments when the Bill of Materials is compiled; specifically, the Purchasing Department analyses the purchase requirements of raw materials, components and accessories based on the Sales Orders received by CDC;
- CDC’s Supply Chain sends the Sales Orders via the system to the Production Planning Department for the Leathergoods Industrial Division and to the Purchasing Department for the Shoes Industrial Division, via an email including the list of reorders and seasonal orders. The Materials Department checks the existence of the product code for the ordered articles and the Costing Department checks its consistency with the Bill of Materials. The Production Planning Department, for the Leathergoods Industrial Division, and the Purchasing Department, for the Shoes Industrial Division, enter the Customer Commitment into the system;
- the Production Planning Department, for the Leathergoods Industrial Division, and the Purchasing Department, for the Shoes Industrial Division, analyse the purchasing requirement for raw materials, components and accessories, while the Production Process

Department, for the Leathergoods Industrial Division, and again the Purchasing Department, for the Shoes Industrial Division, analyse the processing requirement;

- the list prices of raw materials (Leathergoods) are negotiated by the Head of the Purchasing Department; the Costing Department monitors the entry of the price list in the management system (for further information see Special Part III - Intercompany Relations);
- the prices of the raw materials (Shoes Industrial Division) purchased from suppliers are negotiated by the Supply Chain Department Managers;
- for the Leathergoods Industrial Division, at the same time, based on the requirements calculated by the Production Planning Department and the Production Process Department, the Purchasing Department creates the Order Proposal and sends it to Industrial Controlling to carry out a further check of the requirement based upon the data recorded in the warehouse. For the Shoes Industrial Division, the Purchasing Department issues the Order Proposal.
- in order to guarantee the traceability of the purchasing requirement planning activities, the Purchasing Department and the Production Planning & Logistics Department use specific worksheets in which they enter the relevant evaluations, before sharing them with Industrial Controlling.

Production planning and monitoring (Leathergoods/Shoes):

- the Production Planning & Logistics Department, in cooperation with the Production Progress Department (for the Leathergoods Industrial Division)/the Supply Chain Department (for the Shoes Industrial Division), determines the plans (both in terms of quantity and product type) to be initiated for both in-house and outsourced production;
- the Production Planning & Logistics Department defines the distribution of outsourced production based upon the individual production and technical capacities of the manufacturers/subcontractors;
- the Production Progress Department uses the company's management system to prepare the processing sheets for each stage necessary for product production and sends them by email to the suppliers and manufacturers;
- on a weekly basis, the Production Planning & Logistics Department carries out a check to ensure that the production plan is aligned with that required by CDC, monitoring the progress of production both internally and for manufacturers and subcontractors.

(for further details, see Special Part IV - Product Development, Industrialisation and Quality Control).

Qualification and monitoring of “core” suppliers:

- all suppliers undergo a formalised qualification process before being included in the Supplier Register;
- the qualification is entrusted to the Purchasing Department, assisted by the competent departments involved in the process in order to carry out an overall assessment of the third

party; suppliers who successfully complete the qualification are included in the Supplier Register. The related creation of the Master Data Sheet, on the other hand, is the responsibility of the Finance Department;

- the qualification of each raw material and processing supplier always requires the following documents to be obtained by the Purchasing Department:
  - a. Supplier Code of Conduct signed for acknowledgement;
  - b. signing of the General Terms of Purchase, containing specific 231 clauses;
  - c. letter of “Commitment to comply with REACH, Proposition 65, GB Standards, BPA regulations, LVMH PRSL”;
  - d. ordinary chamber of commerce company search;
  - e. latest available financial statements;
  - f. bank certificate of account ownership;
  - g. acknowledgement and acceptance of the abstract of the 231 Model applicable to suppliers;
- The Purchasing Department, with the support of the relevant corporate departments (such as the Finance Department, Corporate Compliance Industrial/RTWC, etc.), together with the above-mentioned documentation, for all suppliers above a pre-established threshold<sup>2</sup>, collects and analyses additional documentation (for example but without limitation, subcontracting chain declaration with reference to the subject of the contract, financial statements of the last two financial years and consolidated financial statements of the last financial year, valid DURC (Single Insurance Contribution Payment Certificate) and DURF (Single Tax Compliance Certificate) to be updated on the expiry date indicated in the documents). For further details on the documentation required and analysed, see the provisions of the “**Qualification and Monitoring of Suppliers**” Procedure;
- For suppliers above the predetermined threshold, further analyses are carried out together with the analysis of the documents collected. In particular, (a) open-source analyses by Corporate Compliance Industrial/RTWC, consisting of searches on aggregator databases of press and web news in order to monitor the supplier’s reputation (e.g. adverse media, any protests/judicial proceedings, bankruptcy proceedings, presence of Politically Exposed Persons, entry of the company and/or its senior executives on watchlists and/or sanction lists); (b) technical audit of a sample of the good subject to qualification carried out by the Industrialisation, Production, Quality Department and (c) a qualification audit (Full Audit), activated by the Audit of Industrial Activities (AIA) Department and carried out by a specialist third party company, which, where necessary, may be supported by an MD employee. For further details on the Full Audit activities, see the provisions of the “**Qualification and Monitoring of Suppliers**” Procedure;
- In the field of occupational health and safety, with reference to the assignment of work, services and supplies (e.g. supplies of machinery for production and related maintenance) to the contracting company or to self-employed workers within its own company, or within a single production unit thereof, as well as within the entire production cycle of the company

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<sup>2</sup> Threshold assessed in terms of annual purchase forecasts.

itself, provided that it has the legal availability of the places where the work/service is carried out, the Employer or its delegate, with the support of the Prevention and Protection Service Manager, guarantees that suppliers possess suitable technical and professional requirements both from a formal and substantive point of view:

- a. from a formal point of view, possession of the requirements must be verified by the Employer or its delegate by means of registration with the Chamber of Commerce and the guarantee, documented by means of a self-declaration by the contractor, of compliance with insurance and social security obligations with respect to its own personnel, also through the presentation of the DURC;
  - b. from a substantive point of view, it must be verified that the technical and professional capacity is proportionate to the abstract type of activity commissioned and the concrete methods of performing it using, for example, tools and information obtained through open-source searches;
  - c. the contracting out of a work takes place by means of a written contract, specifying the individual duties of the contractor as regulated by Article 26 of Legislative Decree 81/08 and this Special Part;
  - d. the contract specifies that the party performing the services is responsible for its own activities and equipment, as well as for the personnel assigned to the work;
  - e. MD informs the party performing the services (in the contract, its annexes or other written documents) about the behavioural and organisational rules to be followed during the work, as well as the specific rules existing in the environment in which it is to work and the prevention and protection measures established therein;
  - f. MD prepares, if necessary and in agreement with the party performing the services, the Single Document on the Assessment of Interference Risks (“DUVRI”) in order to identify and regulate interference risks. The DUVRI is always attached to the contract;
  - g. MD carries out regular checks (audits) on external companies and suppliers in order to verify their compliance with the health and safety regulations;
- the scheduling of audit plans (possibly by accessing the group audit database), the assessment of the results (and their compatibility with inclusion in the Supplier Register) and the possible requirement for - and related monitoring of - corrective actions is the responsibility of the Audit of Industrial Activities, in coordination with the Industrial Director of the individual Division;
  - if, as a result of the qualification activity, (i) the supplier is associated with a risk level higher than the pre-established threshold, or (ii) the audit activities reveal findings, an in-depth analysis must be carried out, involving a so-called “Supplier Evaluation Committee”, composed of persons internal to MD and involved, in various capacities, in the process. The Committee’s evaluation process must be formally defined and forwarded to the Head of the Purchasing Department;
  - upon successful qualification, the Finance Department opens the supplier’s Master Data Sheet (the “administrative” moment that marks its inclusion in the Qualified Supplier Register);
  - if the qualification activities reveal findings that are so serious as to prevent any mitigating



action from being taken, or in cases where, after the assignment of the Action Plan, the supplier has been unable to carry out the proposed mitigating actions, the supplier is not qualified and is therefore barred from doing business with MD;

- when suppliers sign the GTP, in particular, a written declaration is always acquired whereby they commit, for themselves and for any subcontractors, to comply at all times with all legal and regulatory rules as well as the provisions contained in the LVMH Supplier and Business Partner Code of Conduct; in addition, by signing the GTP, suppliers must always declare, for themselves and for any subcontractors, (i) that they have not been convicted and that there are no convictions, at any time, against the entity or its senior executives for offences of the nature established by Legislative Decree No. 231/2001, (ii) that they are not and will not be, at any time, the recipient of an anti-mafia disqualification measure and/or of a final provision applying preventive measures and (iii) in the event that suppliers carry out activity exposed to the risk of mafia infiltration pursuant to Article 1, paragraph 53 of Law no. 190 of 2012 as amended and supplemented, that they possess and maintain, at all times, registration on the lists of suppliers, service providers and executors not subject to mafia infiltration attempts (“White List”);
- if a supplier belonging to the category of manufacturer, subcontractor or sub-supplier relies on a subcontract or sub-supply of work, even if only partial, the same must inform MD in writing in advance, even in the case of changes to the subcontract, specifying the subject and purpose of the contract. Information on subcontractors and sub-suppliers of work must be stored in a specific section of the Supplier Register;
- the responsibility for the correct qualification of the subcontractor is entrusted, also on a contractual basis, to the supplier which, moreover, guarantees to apply the same quality standards to the subcontractor as those applied by MD to it. In any case, MD contractually reserves the right to carry out audits both at its supplier’s premises and at those of any subcontractors in order to assess compliance with the conditions set out in this point and the point above;
- the qualified supplier status is valid for a maximum of three years (depending on the risk level associated with the supplier resulting from the qualification activity); therefore, six months prior to the expiry of the qualification, the Corporate Compliance Industrial/RTWC Department notifies each qualified supplier of the expiry date and plans the renewal activities with the support of the corporate departments involved in the activities. Suppliers are also subject to continuous monitoring of their qualification status through “Audit Focus” and “Controls Security Capacity”. For further details on the renewal methods, see the provisions of the “**Qualification and Monitoring of Suppliers**” Procedure;
- the supplier has a duty to inform the Company’s SB, in the manner indicated in the 231 clauses included in the GTP, if information emerges of the possible commission of offences pursuant to Legislative Decree 231/2001 by the supplier itself or by third parties with whom it has dealings by virtue of the assignment received from the Company;
- with reference to “urgent” purchases or in the case of purchases to be made within a tight timeframe, with a value below a pre-established threshold, a simplified qualification procedure is applied; this procedure is initiated by the Purchasing Department; in any case, full traceability of these types of purchases and of their possible inclusion in the “urgent” category is always guaranteed;

- the “simplified” qualification process for “core” suppliers, initiated by the Corporate Compliance Industrial/RTWC Department, requires the acknowledgement of the GTP and Supplier Code of Conduct, as well as the request for the following documentation: i) ordinary chamber of commerce company search and latest available financial statements; ii) bank certificate of current account ownership; iii) acknowledgement and acceptance of the abstract of the 231 Model applicable to suppliers;
- if suppliers undergoing the simplified qualification process become recurrent suppliers, the Purchasing Department must supplement the documentation and analyses in order to arrive at a “final” qualification.

Identification and Selection of “core” suppliers:

- given the peculiarities and importance of the distinctive elements for the procurement of both raw materials and finished products, MD only uses “historical” suppliers which ensure continuity and the guarantee of the required quality standards over time. If it is necessary to use a new supplier, the same are only selected and qualified for specific production requirements (e.g., if a collection requires special processing techniques). In such cases, the Style Department sends an email to the Industrialisation and Raw Material Department - IRMD (Research Department) in order to initiate the identification of a new supplier. The IRMD carries out analysis activities both domestically and internationally and shares the results with the Style Department in order to select the supplier most in line with specific production requirements;
- the decision to entrust a job or an order to a qualified supplier is made by the Purchasing Department.

Preparation and issuing of purchase orders:

- the relationship with the supplier is always regulated in writing by contract or order. In both cases, the contract and the order refer to the GTP signed during the qualification stage and referred to above;
- if a contract is signed, it is verified by a specifically appointed lawyer;
- within Leathergoods, the Purchasing Department and the Production Progress Department deal with the creation of purchase orders, respectively for raw materials and accessories and for processes, in the appropriate management system;
- the purchase order/processing order is downloaded from the management system by the Purchasing Department and the Production Progress Department respectively and sent by email to the supplier;
- in Shoes, following the release of the collections, orders are placed through the special portal made available for external manufacturers and the company portal for in-house production, and distributed among manufacturers according to their specific technical skills and production capacity.
- orders are formally sent by CDC and approved by the Chairman of the Board of Directors of CDC;
- the manufacturers send an order confirmation via a special computer portal or, alternatively, by email; the contract/order is approved by the Purchasing Department or by the

Purchasing Department of the Hubs, attorneys or persons having the necessary purchasing powers, as indicated in the power of attorney. Segregation is always guaranteed between those who approve the purchase order/contract, those who defined the requirements, and those who manage the administrative aspects (opening of master data, invoice registration, preparation of payment);

- the contract/order must always clearly indicate the good/process (identified by code or description), the quantities and the prices applied;
- with reference to occupational health and safety and environmental risks connected to the goods or services purchased by MD, all Protocols envisaged, respectively, by Special Part X “Occupational Health and Safety” and Special Part XI “Environment”, to which reference is made, also apply;
- with reference to risks associated with the infringement of property rights of others or counterfeiting, reference is made to the Protocols envisaged by Special Part IV “Product Development, Industrialisation and Quality Control”;
- the above-mentioned protocols are illustrated in the “**Qualification and Monitoring of Suppliers**” Procedure and the “**Management of Operational and Administrative Aspects of the Purchasing Cycle**” Procedure.

Monitoring and verification of goods/performances received:

- Leathergoods: dedicated personnel carry out quantitative (warehouse personnel) and qualitative checks on the goods received from suppliers (Quality Control); in particular, Quality Control performs checks on the conformity of the goods with the quality standards required by CDC. If the materials received are not compliant, they are returned to the supplier and a credit note is issued;
- Shoes: warehouse operators check that the goods received correspond to what is indicated in the transport documents and thereafter check the conformity of the contents of the goods and store them.

(for further details, see Special Part IV - Product Development, Industrialisation and Quality Control)

**2. Qualification and selection of “non-core” suppliers of goods and services (general services, utilities, construction, etc.)**

*2.1 Internal Manager and main departments involved*

- Facility Department (*Internal Manager*)
- Construction Department (*Internal Manager*)
- Special attorneys with specific powers for purchases (“Delegates”)
- Finance Department
- Requesting Department
- Audit of Industrial Activities (AIA)
- Corporate Compliance Industrial/RTWC (CCI)



- Legal Industrial

1.2 *Predicate offences potentially connected to the sensitive activity and examples of the manner in which the conduct may be implemented*

**Article 24-ter of Legislative Decree 231/2001 “Organised crime offences” (Sub-Articles 416 of the Italian Criminal Code “Criminal conspiracy”; 416-bis of the Italian Criminal Code “Mafia-type association, even foreign”) also in transnational form pursuant to Article 10 of Law no. 146/2006**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* knowingly and voluntarily assigning a contract to a supplier with criminal connections.

**Article 25 of Legislative Decree 231/2001 “Embezzlement, extortion, undue inducement to give or promise benefits, bribery and abuse of office” Legislative Decree 231/2001 (Sub-Articles 318 of the Italian Criminal Code “Bribery for exercise of the function”, 319 of the Italian Criminal Code “Bribery for an act contrary to official duties”, 319-ter of the Italian Criminal Code “Bribery in judicial acts”, 319-quater of the Italian Criminal Code “Undue inducement to give or promise benefits”, 320 of the Italian Criminal Code “Bribery of a person in charge of a public service”, 321 of the Italian Criminal Code “Penalties for the corruptor”, 322 of the Italian Criminal Code “Instigation to bribery”, 346-bis of the Italian Criminal Code “Trafficking of unlawful influences”)**

*Example of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* signing a fictitious or “inflated” supply contract in favour of counterparties attributable to a Public Official or Person in charge of a public service in order to obtain an undue advantage in the interest of the company or a benefit intended for a corrupt practice; assigning work to a supplier (e.g. an architectural firm/construction company) linked by family ties or closeness to a Public Official or Person in charge of a public service so that they use their influence to obtain undue advantages in connection, for instance, with an application for an authorisation, concession or licence.

**Article 25-ter Legislative Decree 231/2001 “Corporate offences” (Sub-Articles 2635 of the Civil Code “Bribery between private individuals”; 2635-bis of the Civil Code “Incitement to bribery between private individuals”; Article 2621 of the Civil Code “False corporate communications”; 2621-bis of the Civil Code “Minor offences”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* offering a sum of money or other utility (hiring a relative, granting an assignment/contract, giving gifts or gratuities, directly or through interposing third persons/consultants/suppliers) to a corporate representative of a supply company in order for it to provide a service at more advantageous economic conditions compared to market standards.

**Article 25-septies of Legislative Decree 231/01 “Crimes of manslaughter and serious or grievous bodily harm, committed in violation of the rules on accident prevention and the protection of occupational health and safety (Sub-Articles 589 of the Italian Criminal Code “Manslaughter”, 590 “Grievous bodily harm”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* a workplace accident involving a maintenance worker or cleaning staff

due to internal organisational shortcomings in relation to interference risks.

**Article 25-octies of Legislative Decree 231/2001 “Handling stolen goods, laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering” (Sub-Article 648 of the Italian Criminal Code “Handling stolen goods”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* purchase of a product at a price significantly lower than the market price because it is counterfeit or originates from an offence.

**Article. 25-quinquies of Legislative Decree 231/01 “Offences against the individual” (Sub-Articles 601 of the Italian Criminal Code “Human trafficking”, 603-bis of the Italian Criminal Code “Unlawful intermediation and exploitation of labour”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* entrusting internal maintenance activities or a general service (cleaning, custodian, waste disposal, etc.) to a company that implements policies for managing its staff which constitute circumstances of “exploitation” of workers as defined in Article 603-bis of the Italian Criminal Code.

**Article 25-quinquiesdecies of Legislative Decree 231/2001 “Tax offences” (Sub-Articles 2 of Legislative Decree 74/2000 “Fraudulent tax return using invoices or other documents for non-existent transactions”, 3 of Legislative Decree 74/2000 “Fraudulent tax return through artifice and deception”; 10 of Legislative Decree 74/2000 “Concealment or destruction of accounting documents”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* lack of qualification of suppliers used for the issuance of invoices for non-existent services for the purpose of indicating fictitious payable elements by making use of the aforementioned false invoices.

**Article 25-undecies of Legislative Decree 231/01 “Environmental offences” (Sub-Articles 256 of Legislative Decree 152/2006 “Offences relating to unauthorised waste management”, 258 of Legislative Decree 152/2006 “Breach of the obligations of communication, keeping of compulsory registers and forms”, 259 of Legislative Decree 152/2006 “Illegal trafficking of waste”, 452-quaterdecies of the Italian Criminal Code “Organized criminal activities for illegal trafficking of waste”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* entrusting by MD of the waste transport and disposal service to a supplier who does not comply with industry regulations.

**Article 25-duodecies of Legislative Decree 231/2001 “Employment of undocumented foreign nationals” (Sub-Article 22, paragraph 12-bis of Legislative Decree 286/1998 “Employment of undocumented foreign nationals”; Article 12 paragraphs 3, 3-bis, and paragraph 5 of Legislative Decree 286/1998 “Provisions against illegal immigration”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* entrusting a processing operation to a cleaning company that employs foreign workers from third countries without a residence permit or with an expired (and whose renewal has not been requested) or revoked or cancelled residence permit.

### *2.3 Specific prevention protocols*

In relation to the sensitive activity described above, the Company has adopted the following specific prevention protocols:

Identification of the requirement:

- for purchases of “non-core” goods and services, the Requesting Department analyses the requirements based upon the assigned budget and issues the Order Proposal to the Facility Department; there is also a prior check of budget capacity and a formal approval, in accordance with the delegations and powers of attorney in place, of any extra-budget (for more details on budget definition and monitoring, see the sensitive activity “Management of the administrative aspects of the purchasing cycle”);
- the Order Proposal must be detailed and indicate in a clear, unambiguous and complete manner: the description of the good/service requested; the presumed economic value; the expected timing and manner of provision of the service; the reasons justifying any need to resort to direct assignment to a single supplier; other particular information envisaged for the good/service to be procured, if necessary.

Qualification and monitoring of “non-core” Suppliers:

- all suppliers initially undergo a formalised qualification process and are entered, if successful, in the Supplier Register with the exception of purchases not exceeding EUR 5,000/year with the same supplier and for purchases from large retailers, as well as utilities related to telephony, electricity, gas, etc.;
- the qualification is entrusted to the Facility Department; if the supplier successfully completes the qualification activity, it is included in the Supplier Register. The related creation of the Master Data Sheet is entrusted to the Finance Department;
- the qualification of suppliers always requires the acquisition of the following documents:
  - a. Supplier Code of Conduct signed for acknowledgement;
  - b. General Terms of Purchase of Services (GTP Services), including the “231 Clauses” signed by the supplier;
  - c. historical company search and/or documentation identifying personal data (registered office, VAT, etc.) and bank details (i.e. bank certificate of current account ownership);
  - d. any references from the supplier’s main customers;
  - e. any certifications (if required), any evidence of approval of the 231 Organisation Model self-declarations, including the declaration concerning tax pending charges and/or the subcontracting chain (even partial, with reference to the subject of the contract), especially for subcontracted suppliers. A Full Audit of these suppliers may be carried out;
  - f. valid DURC and DURF (to be updated on the expiry date indicated in the documents).
  - g. registration on the so-called prefecture White Lists, if available, compulsory for suppliers of the services listed in Article 1, paragraph 53 of Law 190/12;
- The documentation listed above is gathered by the Facility Department and duly analysed with the support of the competent corporate departments;

- In the field of occupational health and safety, with reference to the assignment of work, services and supplies to the contracting company or to self-employed workers within its own company, or within a single production unit thereof, as well as within the entire production cycle of the company itself, provided that it has the legal availability of the places where the work/service is carried out, the Employer or its delegate, with the support of the Prevention and Protection Service Manager, guarantees that suppliers possess suitable technical and professional requirements both from a formal and substantive point of view:
  - a. from a formal point of view, possession of the requirements must be verified by the Employer or its delegate by means of registration with the Chamber of Commerce and the guarantee, documented by means of a self-declaration by the contractor, of compliance with insurance and social security obligations with respect to its own personnel, also through the presentation of the DURC;
  - b. from a substantive point of view, it must be verified that the technical and professional capacity is proportionate to the abstract type of activity commissioned and the concrete methods of performing it using, for example, tools and information obtained through open-source searches;
  - c. the contracting out of a work takes place by means of a written contract, specifying the individual duties of the contractor as regulated by Article 26 of Legislative Decree 81/08 and this Special Part;
  - d. the contract specifies that the party performing the services (e.g. for maintenance activities) is responsible for its own activities and equipment, as well as for the personnel assigned to the work;
  - e. MD informs the party performing the services (in the contract, its annexes or other written documents) about the behavioural and organisational rules to be followed during the work, as well as the specific rules existing in the environment in which it is to work and the prevention and protection measures established therein;
  - f. MD prepares, if necessary and in agreement with the party performing the services (e.g. maintenance), the Single Document on the Assessment of Interference Risks (“DUVRI”) in order to identify and regulate so-called interference risks. The DUVRI is always attached to the contract;
  - g. MD carries out regular checks (audits) on external companies and suppliers in order to verify their compliance with the health and safety regulations;
- upon successful qualification, the Finance Department opens the supplier’s Master Data Sheet (the “administrative” moment that marks its inclusion in the Qualified Supplier Register);
- the aforementioned “231 clauses” must necessarily include a commitment to constant compliance, under penalty of termination of the contract, by the supplier with all provisions of the Group’s Supplier Code of Conduct and with the regulations in force in the country where the supplier resides and operates on the subject of relations with the Public Administration, quality of the goods or services provided the protection of working conditions, health and safety of workers and the environment, and prevention of money laundering offences; furthermore, the “231 contractual clauses” establish the obligation for

the supplier to declare (i) the presence or absence of final convictions against the entity or its senior executives for offences of the kind contemplated by Legislative Decree 231/2001; (ii) that it is not the recipient of anti-mafia disqualification measures; (iii) that it is not in a situation of conflict of interest, to the best of its knowledge, due to any personal/kinship relationships/connections with officials of the Public Administration offices with which MD has an active relationship;

- if the supplier carries out a work activity within the company premises, or within an individual production unit of the company (e.g. cleaning services), the Facility Department Manager notifies the Employer and the Prevention and Protection Service Manager before assigning the work so that they may activate all fulfilments required by Article 26 of Legislative Decree 81/08.
- if a supplier belonging to the category of subcontractor or sub-supplier relies on a subcontractor or sub-supplier, even if only partial, the same must inform MD in advance in writing, even in the event of changes to the subcontract, specifying the subject and purpose of the contract. Information on subcontractors and sub-suppliers must be stored in a specific section of the Supplier Register;
- the responsibility for the correct qualification of the subcontractor is entrusted, also on a contractual basis, to the supplier which, moreover, guarantees to apply the same quality standards to the subcontractor as those applied by MD to it. In any case, MD contractually reserves the right to carry out audits both at its supplier's premises and at those of any subcontractors in order to assess compliance with the conditions set out in this point and the point above;
- the status of qualified supplier is valid for a maximum of three years, after which it must be renewed on the instructions of the Facility Department;
- the supplier has a duty to inform the Company's SB, in the manner indicated in the 231 clauses included in the contracts, if information emerges of the possible commission of offences pursuant to Legislative Decree no. 231/2001 by the supplier itself or by third parties with whom it has dealings by virtue of the assignment received from the Company.

Identification and Selection of “non-core” suppliers:

- different procurement criteria are applied in the process of identifying and selecting “non-core” suppliers which include:
  - a. the involvement of several suppliers in order to ensure competitive dynamics;
  - b. the identification of the conditions in which direct assignment (to an already qualified supplier) and purchase under “emergency” conditions can be applied;
  - c. adequate justification in the event that it is strictly necessary to turn to a “single” already qualified supplier.
- evaluation parameters, both of technical and economic nature, are defined for the purpose of assessing the supplier's offer, and these are determined prior to the supplier's evaluation;
- the evaluations and motivations that led to the selection of the supplier are formalised;
- With reference to suppliers (e.g. general contractors, construction companies and technical consultants) in the context of “property development/construction” activities, the



identification and selection process envisages the sending by the Head of the Construction Department of invitations to participate in tenders called by the Company to several suppliers, in order to ensure competitive dynamics.

- the invitation to tender sent to suppliers defines the evaluation parameters, both of technical and economic nature, for the purpose of evaluating the supplier's offer, and these are determined prior to the supplier's evaluation;
- the evaluations and motivations that led to the selection of the supplier are formalised;
- if the supplier is a "General Contractor", the Construction Department performs a "pre-qualification" activity by requesting certain documents during the selection phase, including, for example, a valid certificate of registration at the Chamber of Commerce, Industry and Crafts, a copy of the latest INAIL (National Insurance Institute for Workplace Accidents) and INPS (National Insurance Institute) payment or (valid) DURC, a copy of the latest three approved financial statements, anti-mafia self-certification, etc., which are analysed with the support of Technical Advisors;
- if the supplier is a "Technical Consultant", see the control protocols set out in section 3 "Qualification and Selection of Professional Consultants".

Preparation and issuing of purchase orders and definition of contracts for the acquisition of goods and services:

- the relationship with the supplier is always regulated in writing by contract or order. In both cases, the contract and the order refer to/contain the General Terms of Purchase (GTP) and the relevant 231 Clauses referred to above and signed at the qualification stage;
- if a contract is signed, it is verified by a specifically appointed lawyer;
- the process of preparing and issuing the order is formalised as it is done through a special company system;
- authorisation thresholds are established in the system for the approval of orders; the contract/order is signed by the attorneys or persons with the necessary purchasing powers, as indicated in the power of attorney. Segregation is always ensured between those who sign the purchase order/contract, those who defined the requirements and those who handle the administrative aspects (opening of master data, invoice registration, preparation of payment);
- the contract/order must always clearly indicate the good/service (identified by code or description), the quantities and the prices applied;
- the above-mentioned protocols are illustrated in the "**Qualification and Monitoring of Suppliers**" Procedure and the "**Management of Operational and Administrative Aspects of the Purchasing Cycle**" Procedure.

Monitoring and verification of the service received:

- following the performance of the service, suppliers prepare an intervention report or a document certifying the actual performance of the activity/delivery of the good, which is countersigned by the Head of the Requesting Department;

- the Facility Department personnel insert a “flag” in the company platform to certify that the service has been performed;
- if the performance of the service does not comply with the order/contract, the Facility Department personnel will contact the supplier and, if necessary, request the issue of a credit note. If the “non-compliance” is particularly serious, the supply will be suspended.

### **3. Qualification and selection of professional consultants**

#### *3.1 Internal Manager and main departments involved*

- Finance Department (*Internal Manager*)
- Managing Directors/Special Attorneys with specific purchasing powers (“Delegates”)
- Requesting Department
- Audit of Industrial Activities (AIA)
- Corporate Compliance Industrial /RTWC (CCI)
- Legal Industrial

#### *3.2 Predicate offences potentially connected to the sensitive activity and examples of the manner in which the conduct may be implemented*

**Article 24-ter of Legislative Decree 231/2001 “Organised crime offences” (Sub-Articles 416 of the Italian Criminal Code “Criminal conspiracy”; 416-bis of the Italian Criminal Code “Mafia-type association, even foreign”) also in transnational form pursuant to Article 10 of Law no. 146/2006.**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:*

entrusting an assignment to a consultant with criminal connections.

**Article 25 of Legislative Decree 231/2001 “Embezzlement, extortion, undue inducement to give or promise benefits, bribery and abuse of office” Legislative Decree 231/2001 (Sub-Articles 318 of the Italian Criminal Code “Bribery for exercise of the function”, 319 of the Italian Criminal Code “Bribery for an act contrary to official duties”, 319-ter of the Italian Criminal Code “Bribery in judicial acts”, 319-quater of the Italian Criminal Code “Undue inducement to give or promise benefits”, 320 of the Italian Criminal Code “Bribery of a person in charge of a public service”, 321 of the Italian Criminal Code “Penalties for the corruptor”, 322 of the Italian Criminal Code “Instigation to bribery”, 346-bis of the Italian Criminal Code “Trafficking of unlawful influences”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* signing a fictitious or inflated consultancy contract in favour of consultants referable to a Public Official or Person in charge of a public service in order to obtain an undue advantage in the interest of the company or a benefit intended for corrupt practice.

**Article 25-ter Legislative Decree 231/2001 “Corporate offences” (Sub-Articles 2635 of the Civil Code “Bribery between private individuals”; 2635-bis of the Civil Code “Incitement to bribery between private individuals”; Article 2621 of the Civil Code “False corporate communications”; 2621-bis of the Civil Code “Minor offences”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* granting fictitious consultancy appointments as a utility intended for corrupt practices towards senior executives of a private counterparty; signing a consultancy contract indicating inflated fees (and/or non-existent services), resulting in an increase in costs to be allocated to the financial statements and/or the formation of hidden reserves; in the case of MD obtaining ISO certifications, giving or promising money or another benefit to a representative of a certifying body in order to obtain the renewal of the certification.

**Article 25-quinquies of Legislative Decree 231/2001 “Offences against the individual” (Sub-Article 603-bis of the Italian Criminal Code “Unlawful intermediation and exploitation of labour”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* granting consultancy activities to a Company that implements staff management policies that constitute circumstances of “exploitation” of workers as defined in Article 603-bis of the Italian Criminal Code.

**Article 25-septies of Legislative Decree 231/2001 “Offences related to occupational health and safety” (Sub-Article 589 of the Italian Criminal Code “Manslaughter”, Article 590, paragraph 3 of the Italian Criminal Code “Grievous bodily harm”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* a workplace accident involving an external Consultant at MD’s premises, in some way causally determined by internal organisational deficiencies in relation to interference risks. **Article 25-octies of Legislative Decree 231/2001 “Offences relating to handling stolen goods, laundering and use of money, goods or benefits of unlawful origin” (Sub. 648.1 of the Italian Criminal Code “Self-money laundering”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* payment of a fictitious consultancy using funds of unlawful provenance in order to disguise their fraudulent origin.

**Article 25-duodecies of Legislative Decree 231/2001 “Employment of undocumented foreign nationals” (Sub-Article 12, paragraphs 3, 3-bis and 3-ter, paragraph 5 of Legislative Decree 286/1998 “Provisions against illegal immigration”, Article 22, paragraphs 12 and 12-bis of Legislative Decree 286/1998 “Employment of undocumented foreign nationals”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* granting professional consultancy to a company that employs foreign workers from third countries without a residence permit or with an expired (and whose renewal has not been requested) or revoked or cancelled residence permit.

**Article 25-quinquiesdecies of Legislative Decree 231/2001 “Tax offences” (Sub-Articles 2 of Legislative Decree 74/2000 “Fraudulent tax return using invoices or other documents for non-existent transactions”, 3 of Legislative Decree 74/2000 “Fraudulent tax return through artifice and deception”; 10 of Legislative Decree 74/2000 “Concealment or destruction of accounting documents”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* lack of qualification of consultants used for the issuance of invoices for



non-existent services for the purpose of indicating fictitious payable elements by making use of the aforementioned false invoices.

### *3.3 Specific prevention protocols*

In relation to the sensitive activity described above, the Company has adopted the following specific prevention protocols:

Qualification and monitoring of professional consultants:

- all consultants and professionals undergo a formal qualification process by the Requesting Department; consultants and professionals who successfully complete the qualification process are included in the Supplier Register and the related creation of the Master Data Sheet is the responsibility of the Finance Department.
- the qualification process, in particular, always requires (unless it is a consultant already qualified by a Group company), the acquisition by the Requesting Department of at least:
  - a. the consultant's chamber of commerce company search and/or the consultant/professional's website and/or CV and the professional's registration, if any;
  - b. the consultant's approval of the Supplier Code of Conduct;
  - c. the consultant's approval of the GTP, including the "231 clauses";
  - d. the declaration by the consultant which includes certification of: (i) possession of the technical-professional requirements; (ii) absence or reporting of so-called conflicts of interest; (iii) any registration on the White List. The analysis of this documentation is entrusted to the Corporate Compliance Industrial Department.
- at the end of the qualification process, the Requesting Department sends a report with the consultant/professional's data to the Finance Department so that, once it has verified the completeness of the documentation received, it can include the consultant/professional in the Register;
- the status of qualified supplier is valid for a maximum of three years, after which it must be renewed on the instructions of the Requesting Department;
- the consultant/professional always has a duty to inform the Company's SB, in the manner indicated in the 231 clauses included in the contract, if information emerges of the possible commission of offences pursuant to Legislative Decree no. 231/2001 by the consultant itself or by the professional or by third parties with whom it has dealings by virtue of the assignment received from the Company;

Identification and Selection of Professional Consultants:

- different procurement criteria are applied in the process of identifying and selecting professional consultants which include:
  - o the involvement of several consultants in order to ensure competitive dynamics;
  - o the identification of the conditions in which direct assignment for "historic" consultants/professionals with whom a relationship of trust has been established over time and who are already qualified) and purchase under "emergency" conditions can be applied;

- adequate justification and approval by the Head of the Requesting Department if it is strictly necessary to use an already qualified “single” consultant;
- a rotation criterion is applied in the event that excessive consolidation over time of the relationship with the consultant/professional may lead to a risk factor;
- the relationship with all consultants/professionals is always governed by a written contract which includes the commitment, under penalty of possible termination of the contract, to comply with the provisions of the LVMH Supplier and Business Partner Code of Conduct and the GTP including the “231 clauses”;
- The contract is submitted for review to a specially appointed lawyer;
- the “231 clauses” must necessarily establish the commitment by the consultant/professional to comply constantly, under penalty of termination of the contract, with all provisions of the Group’s Supplier Code of Conduct; in addition, the “231 contractual clauses” require the consultant to declare (i) the presence or absence of final convictions against the entity or its senior executives or the professional for offences of the kind contemplated by Legislative Decree 231/2001, (ii) that he/she is not the recipient of anti-mafia disqualification measures, (iii) that he/she is not in a situation of conflict of interest, to the best of his/her knowledge, due to any personal/kinship relationships/connections with officials of Public Administration offices with which MD has an active relationship
- the Head of the Requesting Department, with appropriate signing powers, approves the contract/order after verifying the information contained therein;
- the above-mentioned protocols are illustrated in the “**Qualification and Monitoring of Suppliers**” Procedure and the “**Management of Operational and Administrative Aspects of the Purchasing Cycle**” Procedure.

Performance monitoring and verification:

- the services of consultants and professionals are monitored during the execution of the assignment, in order to verify the actual performance of the service and respect of the agreed contractual conditions, both in qualitative and quantitative terms.
- the company departments responsible for managing the relationship with the consultant or professional must monitor and verify, with the support of any other departments where necessary:
  1. the full correspondence between the services provided, the contractually agreed terms and the invoices or fees received;
  2. compliance with the agreed timetables and the progress of the activities;
  3. compliance with the agreed contractual clauses;
  4. the appropriateness of any expenses claimed for reimbursement.
- any non-conformities with respect to what has been agreed are promptly communicated to the Legal Industrial Department, in order to assess any corrective actions;
- all documentation attesting to the actual performance of the assignment (e.g. periodic reports, work progress, minutes, etc.) received by the Company is filed in hard copy or

electronic format by the company departments responsible for managing the relationship with the consultant or professional.

#### **4. Management of administrative aspects of the purchasing cycle**

##### *4.1 Internal Manager and main departments involved*

- Finance Department (*Internal Manager*)
- Purchasing Department
- Industrial Directors
- Production Directors
- Special attorneys with specific powers for purchases and payments (“Delegates”)
- Requesting Department
- Industrial Legal

##### *4.2 Predicate offences potentially connected to the sensitive activity and examples of the manner in which the conduct may be implemented*

**Article 25-ter of Legislative Decree 231/2001 “Corporate offences” (Sub-Articles 2621 of the Civil Code “False corporate communications”; 2621-bis of the Civil Code “Minor offences”).**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* accounting for fictitious liabilities by issuing purchase orders for non-existent goods or services; accounting for fictitious costs wholly or partially unsupported by documentation proving receipt of the goods/service.

**Article 25-octies of Legislative Decree 231/2001 “Handling stolen goods, laundering and use of money, goods or benefits of unlawful origin” (Sub-Articles 648 of the Italian Criminal Code “Handling stolen goods”, 648-bis of the Italian Criminal Code “Money laundering”, 648-ter of the Italian Criminal Code “use of money, goods or benefits of unlawful origin and 648-ter.1 of the Italian Criminal Code “Self-money laundering”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* payments to suppliers made using illegal proceeds, e.g. proceeds of tax evasion, in such a way as to obstruct the reconstruction of the origin of the flow; management of supplier records in such a way as to obstruct the traceability of cash flows in their favour (IBANs not consistent with the registered office or company name, etc.).

**Article 25-octies1 of Legislative Decree 231/2001 “Offences in relation to non-cash payment instruments” (Sub-Article 493-ter of the Italian Criminal Code “Misuse and counterfeiting of non-cash payment instruments”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* making a transfer via *home banking* in the absence of authorisation to transact on the account and in order to make a profit for the company.

**Article 25-quinquiesdecies of Legislative Decree 231/2001 “Tax offences” (Sub-Articles 2 of Legislative Decree 74/2000 “Fraudulent tax return using invoices or other documents for non-existent transactions”, 3 of Legislative Decree 74/2000 “Fraudulent tax return through artifice and deception”, 4 of Legislative Decree 74/2000 “Inaccurate tax return”, 10 of Legislative Decree 74/2000 “Concealment or destruction of accounting documents”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:* establishment of a relationship with a foreign supplier included in a typical “carousel fraud” scheme and related accounting; conclusion of a contract not justified by an actual need for procurement and without precise definition of the subject (characteristics of the good or service) thus creating a fictitious payable element in the accounts and in the subsequent tax return by issuing a purchase order for non-existent goods or services in order to be able to record fictitious payable items and evade income tax; paying invoices for services not performed in full or in part or issued by a supplier other than the real supplier; concealing or destroying invoices or other accounting documents relating to transactions for the purchase of goods or services, so as to obstruct the reconstruction of income or turnover in order to evade tax. Cases of purchase from an Italian supplier (A) of goods which the latter has in turn purchased from an EU supplier (B) without paying it VAT (paid under the *reverse charge* mechanism), where the VAT paid to supplier A is deducted by MD and not paid by A to the Treasury. Cases of purchase from an Italian supplier (which does not pay VAT) of goods with subsequent resale of the finished goods to an EU customer, without applying VAT for the purpose of establishing a VAT credit position (also possibly to be used for offsetting purposes).

**Article 25-sexiesdecies of Legislative Decree 231/2001 “Smuggling” (Sub-Articles 282 of Presidential Decree 43/1973 “Smuggling in the movement of goods across land borders and customs areas”; 283 of Presidential Decree 43/1973 “Smuggling in the movement of goods in border lakes”; 289 of Presidential Decree 43/1973 “Smuggling in cabotage and in circulation”; 292 of Presidential Decree 43/1973 “Other cases of smuggling”; 295 of Presidential Decree 43/1973 “Aggravating circumstances of smuggling”)**

*Examples of the manner in which the offence may be committed or conduct instrumental to the commission of the offence may be implemented:*

importing raw materials from non-EU suppliers without paying customs duties or paying duties at a lower value than those due, using illegal means of import or false documentation prepared by the supplier company and/or forwarding agent.

#### *4.3 Specific prevention protocols*

In relation to the sensitive activity described above, the Company has adopted the following specific prevention protocols:

Budget definition and monitoring (“core” and “non-core” purchases):

- Annually, the Leathergoods and Shoes Director and the Industrial Director define the budget available to each MD department (both for “core” and “non-core” purchases and consultancy);
- the budget is approved by the BoD in April and is formalised in the corresponding minutes;

- on a monthly basis, Industrial Controlling monitors - using a specific work file - any deviations of the data from the defined budget targets;
- any extra-budget purchases are allowed only and exclusively for proven reasons of urgency and in exceptional cases, and are subject to formal approval by those with authority, according to the system of delegations and powers of attorney; with reference to “non-core” purchases, the budget is defined by CDC based upon the projects planned during the year, while the Facility Department is in charge of monitoring it;
- in the event of deviations from the initial budget, the Facility Department - after discussion and validation by Industrial Controlling - makes the appropriate adjustments and allocations between the different hubs.

Management of supplier master data:

- once the qualification documentation has been acquired, the Purchasing Department communicates by email to the Finance Department (Accounts Payable) the data of the qualified supplier for the opening of the Data Sheet;
- the Master Data Sheet is entered into the company’s systems (depending on whether they are “core” or “non-core” suppliers) by personnel of the Accounts Payable Department, and the Head of the Department performs a check on the accuracy of the data loaded into the system;
- there are certain “blocking” fields within the SAP management system; if these fields are not filled in, the process of loading the Master Data Sheet cannot be completed;
- the Treasury Department is responsible for carrying out certain verification activities on the bank details (IBAN) indicated by the supplier, by requesting the bank certificate issued by the Credit Institution;
- access to the supplier database is restricted to employees of the Accounts Payable Department, in addition to the Administrative Manager and the Head of the Finance Department;
- if the supplier notifies of changes to its data/information, the Accounts Payable Department receives the new documentation at a dedicated email address;
- any change to the IBAN to be used for the payment may only be made by a person in the Finance Department (other than the person who registers the invoice and the person who issues the payments), who is responsible for entering the supplier’s IBAN, upon receipt of the certified information from the supplier. When updating, a check is carried out by a person in the Finance Department (other than the person who created/amended the Master Data) by means of a confirmation request to the bank;
- Purchase Orders may only refer to suppliers and consultants listed in the Qualified Supplier Register; all orders for purchases other than consultancies are made through the company management system, which facilitates the full traceability and verification of the powers of anyone who access it; MD adopts, whenever possible, contractual standards/orders for homogeneous categories of suppliers and takes advice from the Legal Department in assessing any significant discrepancies/exceptions.

Management of purchase invoicing and preparation of payments:

- There is a purchasing authorisation workflow which guarantees segregation between the department requesting the purchase, the person authorising the purchase by signing the contract or issuing the order, the person authorising the payment, and the person making the payment; furthermore, segregation is guaranteed between those having authorisation to access the management system in order to register the supplier/consultant in the Master Data and those making the payment;
- for purchases requested by the Finance Department, in order to implement full segregation, the purchase order is issued with the prior authorisation of the Special Attorneys having specific powers for purchases;
- the contract/purchase order is signed according to the purchasing powers defined by the BoD;
- prior to the payment of suppliers and consultants, the correct performance of the service by the supplier/consultant is certified in writing (for “core” purchases by the Logistics Department; for “non-core” purchases and consultancies by written notification to the Finance Department by the Requesting Department);
- the invoice, once authorised, is registered in the accounting system on the company management system, which performs an automatic consistency check on the supplier’s master data and the contract/order forecasts; in order to register the invoice on the company’s systems, the goods must be registered as received;
- the Accounts Payable Department prints out the invoices received and checks the consistency and congruity of the data with the Purchase Order and the Delivery Note; if the invoice does not include the order number, it is recorded in the accounts but is blocked for payment;
- invoices sent by Italian suppliers are stored and archived on an online portal, as well as in paper format, together with orders and delivery notes and “foreign” invoices in specific folders;
- if any discrepancies are found between the invoice, the Purchase Order and the goods receipt, the Accounts Payable Department contacts the Purchasing Department or the Production Planning & Logistics Department/Warehouse Accounting Department to resolve these issues. Approval is required from the relevant managers before the Accounts Payable Department can register the invoice;
- if a deviation above a pre-established threshold is found, the Accounts Payable Department asks the Head of the Department that issued the purchase order for clarification and, if the supplier has made a mistake, issues a credit note;
- the Finance Department arranges for payments to be made suppliers, based upon the data previously registered in the Suppliers’ Master Data and after having received written evidence of that the service has been performed/the goods have been loaded in the warehouse and after having registered the invoice; payments are always made only by bank transfer to current accounts in the name of the legal entity or natural person who signed the supply and consultancy contract;
- payment is always authorised by the person with payment powers according to the system of



- internal powers of attorney and proxies;
- the Treasury Department prepares the payment list in SAP and automatically uploads it to a dedicated portal that interfaces with home-banking;
- if the invoice payment is made to a bank account with a “non-regular” IBAN, the system issues an automatic alert. In addition, if the payment is of a significant amount, it is the Credit Institution itself that directly contacts the persons with the appropriate approval powers in relation to the payment transactions in order to obtain confirmation that those transactions are correct;
- the above-mentioned protocols are illustrated in the “**Management of Operational and Administrative Aspects of the Purchasing Cycle**” and “**Preparation and Closure of Financial Statements**” Procedures;
- in relation to purchases from non-EU suppliers, the Protocols established by Special Part V - Administration, Finance, Taxation and Customs Compliance and the “**Management of Tax and Customs Compliance**” Procedure apply.

#### Specific Information flows to the Supervisory Body

In addition to the standard flows indicated in Section 13 of the General Part, the following specific flows are established, to be sent by email to [odvmd@christiandior.com](mailto:odvmd@christiandior.com) by the Departments and at the times identified below:

Reporting Department	Flow Subject	Time of Submission
Finance Department	All measures and/or notices from the judicial authorities or any other authority or source (e.g. journalistic reports) from which it can be inferred that investigations/assessments are being carried out concerning suppliers or consultants of the company for the administrative crimes or offences referred to in Legislative Decree 231/01 that the entity can be charged with.	By event
Finance Department	List of cases of termination of contracts with the company’s suppliers and consultants for reasons related to disputes concerning violations of the “231 contractual clauses” as set out in the “GTP” or the “ <i>Supplier Code of Conduct</i> ”.	By event
	All declarations by consultants listed with Professional Associations in which they	

Requesting Department Finance Department	or	communicated “any relationships of kinship or personal closeness with public officials involved in managing current and relevant administrative or judicial cases with the Company or with competitors or suppliers of goods and services of the Company, as well as any situation for which the consultancy could represent a fee for a favour or a benefit or a tool of interference”, deemed by the competent Department as “not relevant” and therefore not having precluded the conclusion of the consultancy contract”.	By event
Purchasing Department Supplier Evaluation Committee	/	Information on any significant critical issues that have arisen as a result of supplier qualification and monitoring activities.	By event



## **Special Part X**

### **Occupational health and safety**

This Special Part identifies the 231 protocols applicable in relation to the management of “Occupational health and safety” obligations.

To this end, the specific sensitive activities comprising the process, the functions involved, the specific prevention protocols, and the flows towards the SB have been isolated, according to a structure that is in part different from that used for the previous Special Parts (given the uniqueness of both the process at risk and the risk of offences to which it is exposed).

The general principles of conduct, on the other hand, given their nature as essentially transversal safeguards within the individual sensitive activities, are collected in a single list.

#### **Introduction on legislative framework**

The inclusion, by Law No. 123 of 3 August 2007, in Article 25 *septies* of the catalogue of predicate offences under Legislative Decree No. 231/01<sup>1</sup>, of offences of injury and manslaughter committed in violation of the regulations on safety in the workplace represents a further piece of a legislative policy that entrusts companies with the fundamental task of ensuring, for their workers, the highest standards of accident prevention and hygiene, health and safety; MD has always shown the utmost sensitivity and attention regarding these issues, implementing business and investment policies that place safety among its main and inalienable objectives.

Therefore, this Special Part is nothing more than a further tool for the management of the risk related to occupational safety and health (OHS), supplementing - and harmonising, with a view to creating a mutual synergy - the internal organisational and regulatory structure already existing in MD and extensively implemented, in compliance with and in implementation of the provisions of Legislative Decree No. 81/08.

In this context, for the specific purpose of avoiding (as also suggested by the Confindustria Guidelines) ineffective and confusing duplication of safeguards, MD has chosen to structure this Special Part by strongly emphasising the differential and additional elements that Legislative Decree No. 231/01 requires to be added to the already structured and operational safety

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<sup>1</sup> Specifically, Article 25 *septies* of Legislative Decree No. 231/01 provides: "1. In relation to the offence under Article 589 of the Italian Criminal Code, committed in breach of Article 55, paragraph 2 of the legislative decree implementing the delegated power referred to in Law No. 123 of 3 August 2007 on health and safety at work, a monetary sanction of 1,000 quotas shall be imposed. In the event of conviction for the offence referred to in the previous sentence, the disqualification sanctions referred to in Article 9, paragraph 2 shall apply for a period of not less than three months and not more than one year.

2. Without prejudice to the provisions of paragraph 1, in relation to the offence under Article 589 of the Italian Criminal Code, committed in breach of the rules on the protection of health and safety at work, a monetary sanction of not less than 250 quotas and not exceeding 500 quotas shall apply. In the event of conviction for the offence referred to in the previous sentence, the disqualification sanctions referred to in Article 9, paragraph 2 shall apply for a period of not less than three months and not more than one year.

3. In relation to the offence referred to in Article 590, paragraph 3 of the Italian Criminal Code, committed in breach of the rules on the protection of occupational safety and health, a monetary sanction not exceeding 250 quotas shall apply. In the event of conviction for the offence under the previous sentence, the disqualification sanctions referred to in Article 9, paragraph 2 shall apply for a period not exceeding six months.

management system outlined by Legislative Decree No. 81/08, therefore without replacing or overlapping with those organisational and control duties on the prevention of the risk of accidents already provided for in detail by that special regulation, to which reference should be made.

In doing so, this Special Part is based on a broader risk analysis, moving from accident risks alone to the entire decision-making process aimed at prevention, while determining protocols necessary to mitigate and prevent risks of offences to which these pages are dedicated (the CNDCEC 2019 Guidelines have expressed this view).

In more detail, Article 30 of Legislative Decree No. 81/08 - a fundamental rule for the functioning and structuring of this Special Part - entrusts the 231 Model with the structuring of a true Company System on Occupational health and safety (hereinafter referred to as the “Company OHS System”), whose purpose is to ensure that the company:

- i) fulfils the *legal obligations* on OHS already set out in Legislative Decree No. 81/08 and summarised in Article 30, paragraph 1; that is, specifically:
  - a. compliance with the technical and structural standards of the law relating to equipment, plants, workplaces, chemical, physical and biological agents;
  - b. risk assessment activities and the preparation of the resulting prevention and protection measures;
  - c. activities of an organisational nature, such as emergencies, first aid, contract management, regular safety meetings, consultation of workers’ safety representatives;
  - d. health surveillance activities;
  - e. information and training activities for workers;
  - f. supervisory activities with regard to workers’ compliance with procedures and instructions for safe work;
  - g. acquisition of documents and certifications required by law;
  - h. periodic checks on the application and effectiveness of the procedures adopted.
- ii) keeps a documentary record of the fulfilment of the legal obligations referred to in the above paragraph (Article 30, paragraph 2);
- iii) structures a “Safety Organisation Chart” to ensure the technical skills and powers necessary for the verification, assessment, management and control of risk (Article 30, paragraph 3);
- iv) implements constant *supervision* of compliance with the Model and the related OHS Procedures, also providing for a *review* of controls and their updating when significant violations of the rules on accident prevention and hygiene at work are discovered, or when changes in the organisation and activity occur in relation to scientific and technological progress (Article 30, paragraph 4);
- v) adopts an appropriate disciplinary system to sanction non-compliance with the measures adopted by the Model (Article 30, paragraph 3).

The abovementioned five activities therefore constitute the backbone of this Special Part; reference is made to Legislative Decree No. 81/08 for determining the content of the individual *legal obligations* in force in relation to the activities listed in point i).

### **General principles of conduct**

As mentioned in the introduction, MD promotes the dissemination of a culture of safety and awareness of the risks connected with work activities at every level of the company, along with the adoption of responsible behaviour that respects the measures and instructions adopted in terms of occupational safety. The same culture of safety is also promoted when organising external events and events at the premises of suppliers,

who are required to comply with the Supplier Code of Conduct and undergo a qualification process also in terms of OHS issues.

In this context, the inspiring and founding principles of the entire company policy include that of implementing a constant and complete assessment of risks to workers' health and safety and that of the absolute importance of pursuing (dealing with and verifying the terms for adopting the consequent corrective measures) every report on OHS concerning the possible exposure of one or more workers to health and safety risks. At the same time, when faced with reports about or the emergence of significant deficiencies in the field of OHS, MD does not consider and will never implement a "savings policy", instead giving precedence to the interventions needed to remedy any such deficiencies.

Furthermore, with regard to the "General Principles of conduct" that must permeate any intervention on OHS by all the parties of the Safety Organisation Chart, MD also adopts and promotes "*success factors*" indicated by the UNI ISO 45001 standard, in addition to further principles of autonomous processing listed below, and specifically:

- leadership, commitment, responsibility and accountability to senior management;
- development, guidance and promotion by senior management of an organisational culture that supports achieving the expected results of OHS interventions;
- enhancement (as an indispensable and essential prevention tool) of communication between all the functions involved, from individual workers to the Employer, according to the different levels of the company organisation;
- promoting consultation and participation of workers and workers' representatives;
- structuring and maintaining a clear and up-to-date definition of tasks and roles, with the attribution of the relevant spending powers, within the Safety Organisation Chart, ensuring that the persons in charge have the specific expertise required by the role held; in this context, proxies must be expressly accepted, drawn up in writing and the functions assigned must be clearly, specifically and unambiguously determined;
- allocation of the economic resources necessary to maintain the highest quality standards of OHS interventions;
- implementing OHS policies that are compatible with the organisation's overall strategic objectives and policies;
- implementing effective processes to identify hazards and keep OHS risks under control;
- continuous performance evaluation and monitoring of OHS interventions to improve OHS performance;
- integration of OHS interventions into the organisation's business processes;

- adoption of OHS objectives that are aligned with the OHS policy and take into account the organisation's OHS hazards, risks and opportunities;
- structuring interventions in accordance with legal requirements;
- promotion of training activities that are effectively geared to the concrete risks associated with individual functions and also in favour of temporary workers or workers that are not employees and casual workers;
- encourage the adoption and implementation of operating procedures to facilitate compliance with safe behaviour by all personnel, the concrete and effective prevention of the risks identified in the DVR and to facilitate the full implementation of the 231 protocols listed herein, in addition to all the specific obligations provided for by Legislative Decree No. 81/08, to which reference should be made;
- encouraging the use of collective and individual protective measures to facilitate safe conduct by staff;
- constant risk assessment, reviewed and updated periodically and, in any case, whenever significant changes or accidents occur;
- in the case of consultancy assignments on OHS issues, careful selection of the consultant with the quality of service prevailing over any other selection factors;
- the obligation for each member of the Safety Organisation Chart to handle, within the limits of their powers, all OHS reports received, forwarding the report to the higher levels of the Organisation Chart and implementing or verifying the effective and efficient adoption of the corrective measures indicated in the report.

On the other hand, all workers and all Model's Recipients are required to direct their choices and conduct in compliance with the following additional General Principles of Conduct:

- in accordance with their own training and experience, as well as with the instructions and means provided or arranged by the Employer, not to behave in a manner that is imprudent or otherwise dangerous to their own health and safety and that of other workers, independent contractors, suppliers, customers, etc;
- it is mandatory to comply with legislation, internal company procedures and instructions received from the superior on OHS;
- for the purpose of collective and individual protection, it is mandatory to exercise all appropriate controls and activities to safeguard the health and safety of external contractors and/or outsiders who may be present in the workplace;
- it is mandatory to use working tools and means of transport and other work equipment correctly, as well as the safety devices of any machinery;
- it is mandatory to make appropriate use of personal protective equipment provided;
- it is mandatory to immediately report to those in charge (according to the responsibilities assigned), and in any event always to the hierarchical superior and/or to the Prevention and Protection Service Manager (Safety Manager) of the competent site and/or to the RLS (Workers' Safety Representative), any anomalies of the means and devices referred to in the above points, assignment to a new task without prior or exhaustive training, any other

dangerous conditions or organisational deficiencies of which they become aware, as well as any non-compliant or dangerous conduct by colleagues or by anyone inside the premises;

- it is mandatory to undergo the required health checks;
- it is mandatory to participate with attention and pro-actively in all training events planned or otherwise proposed by MD;
- it is mandatory to contribute to the performance of all obligations imposed by competent authorities or which are otherwise necessary to protect the safety and health of workers at work.
- it is prohibited to remove or amend safety or signalling or control devices without authorisation;
- it is prohibited to carry out, on one's own initiative, operations or manoeuvres that are not within one's competence or that may endanger one's own safety or that of other workers and, in any case, for which one has not received specific training.

### **1. Main areas at risk of offence**

Considering the substantial uniqueness of the process exposed to the risks of offences set forth in Article 25 *septies* of Legislative Decree No. 231/01 (Offences of Manslaughter and serious or grievous bodily harm, committed in violation of the regulations on accident prevention and on protection of hygiene and health at work), this Special Part is structured in a partially different manner from that used in the previous Special Parts. Specifically, the activities at risk are all listed in this paragraph, and the protocols applicable in relation to each activity are indicated in paragraphs 2 and 3 below.

Generally speaking, safety at work, understood in a broad sense, certainly involves the entire company, to the extent that it is not possible to identify company processes and functions that are completely unrelated to this category of risks.

In such context of widespread risk, the activity of identifying the areas at risk and the consequent structuring of suitable measures and controls for the prevention of the risk-offence under this Special Part was implemented in accordance with the precise provisions contained in the sector legislation (Legislative Decree No. 81/08), specifically dedicated to the creation of safe workplaces, further enriched and supplemented, where necessary, by the indications provided by the UNI-ISO 45001 Standard and the UNI INAIL Guidelines, by which this Special Part is inspired.

This resulted in the following identification and categorisation of the main activities at risk:

- 1. Areas at risk of accident and occupational disease**, as specifically identified by the DVR (Company Risk Assessment Document - Article 28 of Legislative Decree No. 81/08) for MD's establishments and appurtenances, to which reference is made as a fundamental source of risk identification in relation to the individual MD work activities directly exposed to an "OHS risk"; in particular, this is a list of activities at risk of injury which may constitute the first fragment of conduct potentially constituting the predicate offences under consideration; therefore, among the risks of injury and occupational disease the risks of contagion from Covid-19 in the corporate environment must also certainly be included today.

2. **Areas at risk of offence**, understood as the activities of a more organisational/control/decision-making nature (and therefore not directly exposed to the risk of injury or disease, already included in point 1) from which the offences set out in Article 25-*septies* of the Decree could potentially originate, due to an organisational/control defect, as identified in accordance with the provisions of Article 30 of Legislative Decree No. 81/08, specifically:
  - 2.1) **Structuring of the “Safety Organisation Chart”** to ensure the necessary technical expertise and powers for risk verification, assessment, management and control;
  - 2.2) **Compliance with specific legal obligations regarding:**
    - 2.2.a) identifying applicable regulations for compliance with the statutory technical and structural standards relating to equipment, plants, workplaces and chemical, physical and biological agents;
    - 2.2.b) risk assessment activities, drafting and updating of the DVR, preparation of the resulting prevention and protection measures;
    - 2.2.c) activities of an organisational nature regarding emergency management, first aid and fire risk;
    - 2.2.d) activities of an organisational nature relating to the management of contracts, works and temporary or mobile construction sites;
    - 2.2.e) health surveillance activities;
    - 2.2.f) information and training activities for workers;
    - 2.2.g) supervisory activities with reference to workers’ compliance with procedures and instructions for safe work;
    - 2.2.h) acquisition of documents and certifications required by law;
    - 2.2.i) periodic checks on the application and effectiveness of the procedures adopted.
  - 2.3) **Registration and documentation of compliance with legal obligations** under point 2.2. above;
  - 2.4) **Supervisory and control activities, internal communication on OHS, Management Review and subsequent implementation of corrective measures;**
  - 2.5) **Management of maintenance activities aimed at compliance with applicable technical, health and safety standards;**
  - 2.6) **Management of financial resources in safety matters;**
  - 2.7) **Relationships with suppliers of goods and services, including any sub-suppliers** (outside of procurement contracts pursuant to Article 26 of Legislative Decree No. 81/08, already included in risk area 2.2.d);
  - 2.8) **Management of relationship with suppliers of goods and services and certifications compulsory by law in OHS matters.**

#### **1. Main functions involved**

In the light of the above, with regard to the main functions involved, two macro-categories can



be distinguished:

- I) **with reference to the activity at risk under point 1**, all workers and company representatives (regardless of the professional classification), visitors<sup>2</sup> and contractors working within MD are involved, according to the individual measurements and specifications set out in the DVR, to which reference should be made, given that the primary persons obliged to comply with the company provisions on OHS are precisely the workers, supervisors, managers according to their respective functions and assignments, in addition to all those who are, for any reason, in the company premises;
- II) **with reference to the activities at risk under point 2**, the main functions involved coincide first and foremost with the “guarantors” who are part of the Safety Organisation Chart, in accordance with the provisions of Legislative Decree No. 81/08, each within the scope of the tasks specifically entrusted to them by law or by this Special Part (and the related Procedures).

We refer, in particular, to the following figures, with some variations for each Division and Production Unit due to their different size and internal organisation:

- Employer;
- Delegated Managers and any sub-delegates;
- Supervisors;
- Prevention and Protection Service Manager (role currently held by several external parties - pursuant to Article 31 of Legislative Decree No. 81/2008);
- Occupational Physician;
- Workers’ Safety Representative;
- First-aid officers;
- Emergency workers.

These guarantors are further supported, if necessary, by other professional figures expressly referred to in this Special Part in relation to specific duties, including the HR Department and the Head of the Facility Department.

In this regard, we believe it is useful to add that precisely because of the absolute importance of full and accurate management of accident risk within MD, the Company has chosen to structure an autonomous Company OHS System and an autonomous “Safety Organisation Chart” for **each Division** (Leathergood Industrial Division, Shoes Industrial Division, Ready-To-Wear Industrial Division), albeit within a safety policy that is certainly shared at local company and Group level. The **Safety Organisation Chart** of each Division is therefore specified in the

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<sup>2</sup> On the requirement that the protection afforded by the provisions on safety at work also apply to third parties who are not part of the undertaking when they are inside the workplace, see, for example, the judgment of the Supreme Court, 4th Division, 27 January 2015, No. 3774). We refer, in this regard, to persons who, for whatever reason, have had access to it (see Supreme Court, 4th Division, 24 August 2016, No. 35336; Supreme Court, 4th Division, 8 February 2013, No. 6363; Supreme Court, 4th Division, 14 January 2013, No. 1715; Supreme Court, 4th Division, 13 July 2012, No. 28353; Supreme Court, 4th Division 1 December 2010, No. 4246); have entered it (see Supreme Court, 4th Division, 21 February 2012, No. 6865); or, again, attend it (see Supreme Court, 4th Division, 6 August 2009, No. 32302; Supreme Court, 4th Division, 25 March 2009, No. 13068).

individual DVRs in force in the three Divisions, to which reference is made, and circulated within the production sites.

### 3. Specific prevention protocols

a. In relation to **risk area No. 1 (activities at risk of accident or occupational disease)** the following Protocols apply:

- the Risk Assessment Document, to which reference is made, sets out specific measures for the prevention of accidents and occupational diseases and is therefore the fundamental document to be complied with in order to prevent the materialisation of the risks it covers;
- the indications of the DVR that identify, regulate and provide for the following must therefore always be complied with, observed and applied:
  - the prevention and protection measures implemented and the personal protective equipment adopted in the DVR;
  - the programme of measures deemed appropriate to ensure the improvement of safety levels indicated in the DVR over time;
  - the procedures for the implementation of the measures to be carried out, as well as the roles in the company organisation that must see to them, to which only persons with appropriate expertise and powers are assigned;

In relation to **risk area No. 2 (activities at risk of offence)** the Protocols subdivided for each sub-category of identified risk area (2.1. to 2.7) apply.

b. In relation to **risk area No. 2.1 (Structuring of the “Safety Organisation Chart”)**, the following Protocols apply:

- Each production unit has a “Safety Organisation Chart” defining the individuals who hold roles as safety guarantors in accordance with the provisions of Legislative Decree No. 81/08 and, specifically:
- the Employer, a role covered by the Leathergoods & Shoes Director, is defined by Article 2 of Legislative Decree No. 81/2008 as the person who has an employment relationship with the worker or the person who, according to the type and structure of the organisation within which the worker performs their work activities, is responsible for the organisation itself or the production unit as he or she exercises decision-making and spending powers;
- the Delegated Manager and any Sub-Delegate of the Employer, coinciding with the Plant or Production Manager, who implement the Employer’s instructions, organising the work activity and supervising it;
- the Prevention and Protection Service Managers operate in close cooperation with the Employer to whom they report hierarchically and from whom they receive a mandate (or appointment, as a non-delegable requirement of the Employer);
- the Supervisors, whose task is to supervise the work activity, ensuring the implementation of the instructions received, as well as the organisational, procedural



and control measures, controlling their execution on the basis of and within the limits of hierarchical and functional powers appropriate to the task;

- the Occupational Physician, each covering different MD sites, with the tasks of supporting the Employer in carrying out the health surveillance of workers;
  - the Workers' Safety Representatives (hereinafter also "RLS") formally identified for each site and with precise prerogatives and rights of participation/consultation in the most important decision-making processes concerning health and safety in the workplace and with control functions over the initiatives taken in this area by the Company
  - the Emergency Manager, Fire Fighters and First Aid Officers, i.e. the workers in charge of implementing the measures provided for by law, regulations and company measures for fire prevention and fire fighting, as well as evacuation in the event of serious and immediate danger;
  - The safety organisation chart is reproduced in the DVR (directly in the body of the document or as its annex) and updated by the Employer or his delegate whenever there are new developments or changes;
  - The Safety Organisation Charts are disseminated to the Company's staff via the plant notice board and intranet section. In addition, any substantial changes are notified by email to all workers in the plant impacted by the change;
  - The duties and responsibilities of the individual "guarantor" are specifically identified in Legislative Decree No. 81/08, to which reference is made, which is to be understood as a compulsory and mandatory regulation;
  - MD has defined its system of delegation of Company functions in line with the provisions of Legislative Decree No. 81/2008 in order to optimise the management of these issues and to maximise their effectiveness. The delegation of powers on health, safety and the environment has been carried out in full compliance with the provisions of Legislative Decree No. 81/2008, which specifically provides: i) that they be formalised in writing, bearing a certain date and signed by the parties; this requirement has been ensured through the signing of notarial powers of attorney; ii) that they be assigned after verifying that the recipients possess all the requirements of professionalism and experience required by the specific nature of the delegated functions and/or following training courses iii) that all powers of organisation, management and control required by the specific nature of the delegated functions are assigned to the delegated person; iv) that spending autonomy necessary to perform the delegated functions is provided for, through the assignment of a specific power; v) that they are made public in a timely manner by registration with the Chamber of Commerce;
  - The structure of the Safety Organisation Chart is associated with a specific information flow from the bottom to the top, regulated within the framework of the Protocols envisaged in relation to the activity at risk **e)**, to which reference should be made;
- c. In relation to **risk area No. 2.2 (compliance with legal obligations listed in Article 30 of Legislative Decree No. 81/08)**, the Protocols indicated below apply for each

subcategory.

**c.1 The following Protocols apply in relation to risk area No. 2.2.a (identifying applicable regulations for compliance with statutory standards):**

- The Employer, possibly relying on an external Consultant, with the support of the Prevention and Protection Service Manager, is responsible for verifying the continued full compliance of the MD Company OHS System (in all its parts) with current sector legislation, through:
  - establishing a Register of Applicable Regulations, specifying OHS standards and good practices applicable to MD's organisation and individual business processes;
  - keeping the Register with constant legislative updates, possibly also using databases and external consultants;
- if it emerges, within the scope of the abovementioned controls on applicable regulations, that there is a need to acquire or update documentation and certifications required by law or deemed necessary with a view to continuous improvement and in accordance with the principles of caution, the Facility Department Manager will initiate, within the limits of their spending powers or involving the Employer or their Delegate, all the necessary steps, also verifying in good time the acquisition and/or updating of said documentation/certifications.

**c.2 In relation to risk area No. 2.2.b (risk assessment activities, drafting and updating of the DVR, preparation of the resulting prevention and protection measures), the following Protocols apply:**

- The Risk Assessment Document is drawn up by the Employer (without any possibility of delegation) and with the cooperation of the Prevention and Protection Service Manager and the Occupational Physician, on the basis of and in strict compliance with the compilation and assessment standards, both formal and substantive, prescribed by Article 28 of Legislative Decree No. 81/08 (and the regulations referred to therein), to which reference is made in full;
- The identification and detection of risks is carried out in accordance with the principle of truthfulness, completeness and accuracy;
- All data and information needed to assess risks and consequently to identify protective measures (e.g. technical documentation, instrumental measures, results of internal surveys, etc.) are clear, complete and truthfully represent the state of the Company, the individual Divisions and each production unit;
- The data and information are collected and processed in a timely manner, under the supervision of the Employer, also through persons identified by it and in possession of suitable requirements, certifiable in the cases provided for, of technical and, where appropriate, instrumental skills. On request, any documents and sources from which the information is taken are also sent together with the data and information;
- The DVR is periodically reviewed and, in the immediate future, whenever there are significant changes to the production process, which may have an impact on the health and safety conditions of workers, or following accidents from which it emerges that the measures may be inadequate or, finally, if health surveillance results reveal problems or

deficiencies;

- In any case of redrafting the DVR, the relevant prevention and protection measures adopted must also always be updated accordingly;
- The DVR identifies, for each task and in relation to the associated risks, the PPE to be assigned to each worker, identifying their essential characteristics, the manner in which they are assigned (which must be documented) and their use;
- At least once a year, the Employer calls a periodic meeting pursuant to Article 35 of Legislative Decree No. 81/2008 for each individual plant, which is also attended by the Employer's Delegates for their plant, as well as the respective Prevention and Protection Service Manager, Occupational Physician and RLS. At the end of the meeting, minutes are taken and signed by the Employer and the meeting participants.

**c.3 In relation to risk area No. 2.2.c (activities of an organisational nature regarding emergency management, first aid and fire risk), the following Protocols apply.**

Emergency management is implemented through the formalised adoption of specific plans that specifically and imperatively deal with:

- Identifying individual emergencies (distinguishing between internal and external emergencies) and necessarily including fire risk and, with reference to external emergencies, seismic risk;
- Providing, for each identified emergency, an emergency plan and, where appropriate, evacuation plan, as well as all the necessary equipment and facilities for rapid response and first aid (both according to the measurement and type of risk and according to legal requirements);
- Establishing emergency personnel with the specific skills required by the role and regulatory requirements;
- Providing for specific times to update the emergency management plans and to verify their suitability and effectiveness;
- Training and/or informing the personnel with respect to the operation and contents of the emergency management plans, keeping a documentary record of the actual training activity carried out for each worker, and also providing specific training dedicated to fire, first aid, emergency management, etc. personnel (as per Article 37 of Legislative Decree No. 81/08);
- Determining the methods and responsibilities for managing emergency tests to verify the effectiveness of emergency management plans.

**c.4 In relation to risk area No. 2.2.d (activities of an organisational nature relating to the management of contracts), the following Protocols apply:**

- For the general regulation of tenders or contracts for work (hereinafter referred to generically as "tender contracts") concerning work entrusted to external parties, strict compliance with the individual provisions of Article 26 of Legislative Decree No. 81/08 is required, and specifically:
  - for the qualification and selection of contractors, the specific prevention protocols

provided for in this Model in relation to the Qualification and Selection of Suppliers (Special Part II) and the related Procedure for the Qualification of Suppliers, to which reference is made, shall apply as a basic safeguard, where applicable;

- MD provides for a limitation and regulation of access to the company according to which, in the event of access by external companies or self-employed workers from outside MD, the Facility Department or its delegate must be consulted in order to verify and ensure compliance with the Protocols listed above.

With specific reference **to temporary or mobile construction sites**, the following additional specific protocols apply (referring, more generally, to the provisions of Title IV of Legislative Decree No. 81/08):

- When MD uses a Project Manager, it selects such Project Manager, in its capacity as Purchaser, subjectively by delegation of functions or by written assignment, defining the tasks assigned;
- In the event that more than one contractor is involved, a Design Coordinator and a Coordinator for the execution of the works (which must meet the requirements of Article 98 of Legislative Decree No. 81/08) are appointed subjectively and in writing;
- The Project Manager is never the same person as the Employer and is appointed by the Employer;
- The Purchaser or Project Manager always checks in advance the technical and professional suitability of the contracting companies, the contractors and the self-employed workers, keeping a documentary record of the outcome of these checks;
- In the cases provided for by Article 99 of Legislative Decree No. 81/2008, the Purchaser or the Project Manager shall send a preliminary notification, drawn up pursuant to Annex XII of Legislative Decree No. 81/2008, to the Local Health Unit and to the Provincial Labour Directorate;
- The Safety and Coordination Plan and the file containing information for safety purposes are always prepared and kept by the Design Coordinator;
- The existence of the Operational Safety Plan drawn up by the employer of the contractor is always checked by the Design Coordinator;
- On-site inspection reports of the Coordinator for the performance of the works are always drawn up in writing and kept on file.
- During the operation of the building site until its closure, the Purchaser shall ensure that the safety of persons who are on the building site in any capacity is always guaranteed. For this purpose, it:
  - defines check-lists to monitor compliance with the standards,
  - receives from the Project Manager and the Coordinator for execution any reports of anomalies detrimental to safety and the relevant corrective measures taken,
  - receives from the Coordinator for execution all updates of the Safety and Coordination Plan (PSC) following the first revision, or receives the on-site

inspection reports of the Co-ordinator for the execution of the works, which are always in writing and archived.

**c.5 In relation to risk area No. 2.2.e (health surveillance activities), the following protocols apply:**

- Prior to assigning any task to a worker, or before a worker is hired and in the event of a change of job, it is necessary to check the worker's requirements with regard to both technical aspects (see sensitive area 2.2.f) and health aspects, if these are found during the risk assessment. Where applicable, a medical examination is also carried out in the event of termination as provided for in specific cases by the regulations in force pursuant to Article 41 of Legislative Decree No. 81/2008;
- MD's Occupational Physician carries out and documents in writing a verification on the worker's suitability for their job, consequently issuing an opinion on suitability, partial suitability or unsuitability; to make the opinion, the Occupational physician examines the worker, collects their information and evaluates the information in the light of the concrete characteristics of the workplace, the individual task and work; all of this information is collected in the worker's Health Records;
- Following the examination, the Occupational Physician issues a written opinion on suitability for the specific task for which the medical examination was carried out, giving a copy of it to the worker and the Employer;
- For each task, the Occupational Physician draws up and defines - keeping a written record of it and filing and updating it - a Health Surveillance Protocol applicable to the worker during their working period and updates it in the event of changes to the task or the outcome of periodic visits;
- Each year, the Occupational Physician also draws up a Health Report (containing the collective anonymous results of health surveillance), which he sends to the Employer, the Prevention and Protection Service Manager and the RLS, with a summary of the results of the activities carried out and any corrective measures to be taken or reports on areas of concern;
- The employer may appoint more than one company doctor, identifying among them a doctor with coordinating functions.

**c.6 In relation to risk area No. 2.2.f (information and training activities for workers), the following Protocols apply:**

- MD provides adequate training in occupational safety to all workers; the content of this training is easy to understand and enables the workers to acquire the knowledge and skills necessary to perform their job safely;
- The main party responsible for planning the training activity is the HR Department, in agreement with the Facility Department, and they implement a training plan for each worker, on the basis of the information contained in the DVR and the Prevention and Protection Service Managers' instructions, also updating and supplementing it in the event of technological innovations, new equipment, the introduction of new work procedures, new tasks, new risks and related new safety procedures.

- The content is appropriate to the risks of the task to which each of the Workers is concretely assigned and refers to training mandatory by law, including, for example: use of work equipment, personal protective equipment, manual handling of loads, video terminals, as well as any other matters that, from time to time, are considered necessary to achieve the company's objectives in terms of OHS;
- The training provided is documented and the participation of each worker is recorded; the status of the training in relation to the programmes set out in the training plan and statutory deadlines is periodically checked; the effectiveness and understanding of the content of individual training activities is verified by means of evaluation questionnaires;
- Workers who change their work tasks and transferred workers must be provided specific, prior and/or additional training, where necessary, for their new assignment; workers assigned to specific emergency tasks (e.g. fire prevention and first aid evacuation) receive specific training;
- The Employer, Managers and each Supervisor receive appropriate and specific training and periodic updating in relation to their OHS duties;

The Prevention and Protection Service Managers support the Employer in carrying out information activities towards MD workers on the following topics:

- a) occupational safety and health risks related to the company's activities in general;
- b) first aid, fire fighting and evacuation of workplaces procedures;
- c) names of the workers in charge of applying the measures set out in Articles 45 (first aid) and 46 (fire prevention) of Legislative Decree No. 81/2008;
- d) the names of the persons in charge of and the persons responsible for the prevention and protection service and the company doctor.

In addition, they carry out job-specific information activities on the following topics:

- a) the specific risks to which the worker is exposed in relation to the activity carried out, the safety regulations and the relevant company provisions;
- b) the hazards associated with the use of hazardous substances and mixtures on the basis of the safety data sheets required by current legislation and good engineering practice;
- c) the protection and prevention measures and activities adopted.

**c.7** In relation to **risk area No. 2.2.g (supervisory activities with reference to workers' compliance with procedures and instructions for safe work) and sensitive area 2.2.i (periodic checks on the application and effectiveness of the procedures adopted)**, reference should be made to the Protocols provided for sensitive area 2.4, which regulate, respectively, the activity of the persons in charge of constant supervision and periodic checks on compliance with and effectiveness of the procedures, and that of the Top Management on the entire Company OHS System, as well as the information flows concerning the outcome of such supervision and control activities.

**c.8.** In relation to **risk area No. 2.2.h (acquisition of documents and certifications required**



by law), the following Protocols apply:

- the Head of the Facility Department, possibly with the support of external consultants, keeps track of all expiry dates of mandatory certifications and is responsible for the correct filing (with indication of the relevant regulatory source) of the mandatory documentation;
- the Head of the Facility Department coordinates with the Employer, the Prevention and Protection Service Managers and any consultants that may have been appointed (entrusted with the activity of determining the applicable legislation for compliance with the statutory standards referred to in sensitive area 2.2.a above) for legal compliance so as to be constantly aware of any new legislation applicable to MD's Company OHS System;

d. In relation to **risk area No. 2.3 (Registration and documentation of compliance with legal obligations referred to in risk areas under point b)**, the following Protocols apply, which are provided for the purpose of contributing to the full application of the Company OHS System and to the constant monitoring of its effectiveness and compliance:

- The respective competent functions always file the following documents electronically and in hard copy, and update them in the event of changes and updates:
  - the DVR;
  - the accident register;
  - documentation of all visits and inspections carried out by the Prevention and Protection Service Manager, the Occupational Physician and any competent external control authority in the field of OHS (ATS, etc.);
  - the register of complaints, where established;
  - the

Health Report and Health Surveillance Protocol;

- the documentation required in the event of contracts for works with an interference risk: DUVRI (Interference Risk Assessment Document), Safety and Coordination Plan, Work File, Coordination Minutes, Operational Safety Plans, etc.
- the training plans for individual workers, with a summary of the information/training activity provided and a certificate of attendance by the recipients of said activity;
- manuals and instructions for the use of machinery and equipment, and PPE;
- all the OHS procedures adopted by MD;
- certifications and mandatory documentation;
- reports, notifications and evidence sheets governed by the "*Documented Information Management*" procedure.
- The Health Records are drawn up, updated and kept exclusively by the

Occupational Physician, who hands it over to the Employer upon termination of the employment relationship in compliance with professional secrecy.

- In general, each person holding a role within the safety organisation chart is required to keep documentary evidence of each activity they have performed in the exercise of their duties or otherwise provided for by this Special Part and related procedures;
  - In addition, all persons who have made reports/communications governed by the “*Documented Information Management*” procedure adopted by MD and recipients of such reports/communications must keep the relevant hard and/or electronic copies for at least 10 years.
- e. In relation to **sensitive area 2.4 (Supervisory and control activities, internal communication on OHS, Management Review and subsequent implementation of corrective measures)** the following Protocols apply.
- e.1 With regard to supervisory and control activities:
- Each year, the Employer, in cooperation with the Prevention and Protection Service Managers and making use of the corporate functions competent for the specific issue addressed, prepare a **Monitoring Plan** (possibly adopted during the annual Safety meeting), which defines the methods, the subject matter, the persons in charge and the frequency of controls with reference to compliance and effectiveness of the Company OHS System and all the Protocols provided for by this Special Part, the OHS Procedures adopted by MD, the preventive and protective measures indicated in the DVR, the documentation created and collected annually on OHS issues, as regulated above, as well as the provision of a specific budget, to be allocated to the measures to be adopted on OHS matters and provided for by the Monitoring Plan;
  - The Prevention and Protection Service Managers carry out audits on Occupational health and safety aspects on a weekly and/or monthly basis, depending on the schedule included in the Monitoring Plan and any critical issues that emerge at specific sites. These audit activities are formalised on a specific audit check-list, as well as through specific reports (Audit Reports) and shared with the relevant Functions impacted by the findings (e.g. General Services and/or Facility), where present at the audited site, including the Employer’s Delegates. These documents are filed by the Prevention and Protection Service Manager;
  - For any non-conformities arising from Audit activities or from the management of accidents, near misses and occupational diseases, each Prevention and Protection Service Manager shall inform the Employer, the Employer’s Delegates, the Occupational Physician and any other Functions involved for the definition of remedial actions and the relevant due date;
  - In the event of an accident, the Employer, in cooperation with each Prevention and Protection Service Manager and the other safety guarantors competent for the individual issue addressed, immediately initiates an analysis of the dynamics and the cause to identify any deficiencies in OHS safeguards including procedures, machinery safety devices and PPE, worker training/information, machinery instructions, etc., and immediately takes the consequent urgent measures to make the machinery/process safe;



- The outcome of the activity described in the previous flow is the subject to the internal communication flow on OHS regulated below.

**e.2 With regard to internal OHS communications:**

- There is a system of check-lists filled in by the supervisors on the supervision and control activities carried out on compliance with OHS procedures and controls, which are then included in periodic feedback reports recorded and signed, to be sent to the delegated Managers or, in their absence, directly to the Employer;
- If present, the delegated Managers periodically send the Employer a written summary of the supervisory activities of the Supervisors and the management activities of each Prevention and Protection Service Manager required by law;
- The Prevention and Protection Service Managers send the Employer at least annually a **Report on the Activity Carried Out** covering all Production Units, with a description of accesses, an update on the progress of improvement programmes, corrective actions in the event of deviation from the programmes, reports received or produced, and reports on emergency and evacuation tests carried out;
- The Employer reports annually to the BoD on the outcome of its control and supervisory activities, in which it also acknowledges - in summary, unless critical situations have been reported - the periodic communications received from the delegated Managers;
- In addition to the above, all reports, notifications and documentation of activities carried out are always made, drafted in writing, sent to the Employer as required by Legislative Decree No. 81/08, and specifically:
  - all reports by the RLS;
  - all reports from workers and each Prevention and Protection Service Manager;
  - the Occupational Physician's Health Report;
  - the minutes of the annual Safety Meeting;
  - mandatory periodic inspections of technological installations and the status of all current, expiring and pending authorisations during the reference year.

**e.3 With regard to the implementation of corrective measures:**

- The Employer or its delegate, on the basis of the outcome of the supervision and control activity and on the basis of the contents of the internal communication on OHS, immediately adopts, after hearing the Prevention and Protection Service Manager of the relevant location and the other safety guarantors competent for the individual issue addressed, all the necessary corrective measures;
- Each year, the Employer or their delegate draws up a summary of reports received or collected (received by the Employer through internal communications or arising from their supervisory and control activities), indicating the corrective measures taken and the investments made.
- The summary report referred to in the above point is sent to the BoD and the SB.

**e.4 Concerning the Management Review on SASSL**

- At the conclusion of the annual internal monitoring cycle conducted on the basis of the Monitoring Plan, the Employer reviews the Company OHS System to assess whether it is adequately implemented and is suitable for achieving the company's safety objectives and policy.
- Elements such as the following will be considered and assessed in support of the Review:
  - accidents, emerging occupational diseases, indicators of Work-Related Stress, minutes/provisions of supervisory authorities;
  - results of internal monitoring as regulated in the above points;
  - corrective actions taken;
  - emergency reports (real or simulated);
  - reports on the effectiveness of the Company OHS System;
  - reports on hazard identification and risk assessment and control;
  - suitability of the resources made available;
  - business development/evolution programmes.
- f. In relation to **risk area No. 2.5 (Management of maintenance activities aimed at compliance with applicable technical, health and safety standards and management of machinery on loan)**, the following Protocols apply:
  - All of MD's equipment, machinery and systems are subject to planned maintenance protocols with predefined time schedules and procedures or based on the manufacturer/supplier's instructions and the Machinery Directive;
  - Maintenance activities may only be carried out by personnel with the expertise and qualifications to carry out such activities;
  - Maintenance activities on safety devices are recorded;
  - For equipment and plants for which the current legislation requires periodic inspections by specific external bodies (e.g. ARPA, ATS, Notified Bodies, Inspection Bodies, etc.) a specific verification contract is entered into with the appointed body;
  - The Employer or their delegate is responsible for determining the methods, timing and responsibilities for scheduling and carrying out maintenance and periodic inspections;
  - An information flow is always in place so that anomalies can be reported to one's superiors or to the Prevention and Protection Service Manager, the Facility Department Manager and the Employer;
  - Maintenance activities related to equipment, machinery and installations at the contracted facilities are carried out by the contracted facilities;
  - The decision on entering into user loan agreements is the responsibility of the head of the Production Area;
  - The General Services/Safety Department verifies the presence and files the User

Manual and the Certificate of Conformity of the free loan asset (both for new and used assets);

- In case of second-hand goods, the certification by a technician for conformity of the goods (verification that no substantial changes have been made to the loaned goods) is the responsibility of the General Services/Safety Department;
- The Administration Office sees to collecting the signatures for the User Loan Agreement by MD and the Lessee;
- The Logistics Department issues the DDT for transport/delivery of the loaned asset.

**g.** In relation to **risk area No. 2.6 (Management of financial resources in safety matters)**, the following Protocols apply:

- In the event that an OHS deficiency or non-conformity emerges which might lead to an OHS risk, the Employer is obliged to address it in full and quickly; to this end, an annual budget dedicated to OHS interventions is always provided for, with the option of supplementing it at any time if it is not sufficient for the necessary corrective measures;
- Each year, the Employer or their delegate draws up a summary of reports received or collected (received by the Employer through internal communications and arising from their supervisory and control activities), indicating the corrective measures taken, the investments made in OHS and the relevant costs.

In relation to **risk area No. 2.7 (Relationships with suppliers of goods and services, including any sub-suppliers)**, outside tender contracts pursuant to Article 26 of Legislative Decree No. 81/08), the specific protocols provided for in Special Part II - Purchase of goods and services, to which reference is made, apply.

### **Corporate procedures**

The Corporate Procedures that regulate controls in the field of Occupational health and safety at each site are as follows, and their Register is kept, supplemented and updated by the Prevention and Protection Service Manager:

<b>STATUS</b>	<b>ID</b>	<b>REV</b>	<b>RELEASE</b>	<b>Title</b>
ACTUAL	PO102	1	30/11/2021	OPERATIONAL CONTROLS AND MONITORING
ACTUAL	PO103	1	30/11/2021	MANAGEMENT OF DOCUMENTED INFORMATION
ACTUAL	PO104	1	30/11/2021	TRAINING INFORMATION
ACTUAL	PO110	11	24/04/2022	SAFETY REGULATIONS
ACTUAL	PO112	0	20/03/2019	HEALTH SURVEILLANCE
ACTUAL	PO113	0	20/03/2019	MANAGEMENT OF HAZARDOUS SUBSTANCES

ACTUAL	PO118	0	14/06/2021	PERFORMANCE OF WORK BY THIRD-PARTY COMPANIES AFTER WORKING HOURS, IN THE WEEKENDS AND/OR WHEN THE PLANT IS CLOSED
ACTUAL	PO119	0	07/12/2021	CRITERIA FOR THE IDENTIFICATION OF CONFINED OR SUSPECTED POLLUTED AREAS AND OPERATIONAL CONTROL
ACTUAL	PO121	0	16/03/2017	MANAGEMENT OF NEW CHEMICALS
ACTUAL	PO122	0	16/09/2017	HOT WORK
ACTUAL	PO123	0	NA	FLOOD EMERGENCY RESPONSE PLAN
ACTUAL	PO124	0	NA	EARTHQUAKE EMERGENCY RESPONSE PLAN
ACTUAL	PO125	0	11/10/2018	COLLECTION OF DOCUMENTS AND INFORMATION FOR THIRD PARTIES (RADIT)
ACTUAL		3	14/09/2021	INTERFERENCE RISK ASSESSMENT DOCUMENT (DUVRI) PEROSI
ACTUAL		0	15/12/2021	INTERFERENCE RISK ASSESSMENT DOCUMENT (DUVRI) CONVOI
ACTUAL		0	24/05/2021	INTERFERENCE RISK ASSESSMENT DOCUMENT (DUVRI) VIA CHARTA
ACTUAL		0	26/07/2021	SUPPLEMENTARY APPENDIX DUVRI VIA CHARTA

### Specific Information flows to the Supervisory Body

In addition to the standard flows indicated in Section 13 of the General Part, the following specific flows are established, to be sent by email to [odvmd@christiandior.com](mailto:odvmd@christiandior.com) by the Departments and at the times identified below:

Reporting Department	Flow subject (meaning for each production Unit)	Time of submission
Employer/Delegated Managers	Reported accidents or near misses during the reporting period	By event
	The annual OHS investment summary	Annual
	The Annual Monitoring Plan	Annual
	Register of applicable regulations:	Annual

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	additions during the course of the year with a review of legislative compliance and programmes (or process changes) that make this necessary	
Prevention and Protection Service Manager	The Minutes of the Periodic and Safety Report and the “Operational Control” investigation The inspection reports	Annual
	Activity Report covering all Production Units,	Annual
	A summary of the training activity carried out during the year	Annual
Prevention and Protection Service Manager	A list of mandatory periodic inspections of technological installations and the status of all current, expiring and pending authorisations in the reference year.	Annual
HR Director	A summary of the training activity carried out during the year	Annual
	Evidence of disciplinary measures and sanctions imposed as a result of HS health and safety violations	
Occupational Physician:	The Health Report if not already annexed to the minutes of the periodic meeting	Annual