

**ORGANISATION
MANAGEMENT AND
CONTROL MODEL
PURSUANT TO
LEGISLATIVE DECREE
(D.LGS. 231/01)**

GENERAL SECTION

LEO SHOES S.R.L.

DATE	SIGNATURE	VERSION/AMENDMENT	NOTES

Leo Shoes Srl (hereinafter referred to as Leo Shoes) was founded in 2010 and operates in Casarano in the province of Lecce. From the outset, Leo Shoes has specialised in the production and design of high-quality footwear and within a few years has been able to achieve recognition as a market leader in the production of luxury – Made in Italy – footwear. Furthermore, it has also been able to develop a vast network of companies operating in the Salento area, all of which collaborate with Leo Shoes in order to ensure the highest quality and standards.

The distinctive features of Leo Shoes have always been style, design and craftsmanship, values which, since its inception, have identified the company with the excellence of the Made in Italy brand in both the national and international markets.

Designing and manufacturing unique and quality footwear, thanks to the innovative and skilled craftsmanship of the best workforce in the sector, has allowed Leo Shows to create a workshop of ideas and style in which technology is at the service of tradition, hereby being able to offer total support to the greatest fashion brands around the world.

The company always listens carefully to our clients and places them at the heart of our corporate vision by offering the technical and stylistic solutions necessary in order to obtain the best final results.

Our cutting-edge, efficient and structured production system can produce over 7,000 pairs of shoes a day, and our workshop of over 670 professionals work with skill and passion to create our unique and desirable footwear lines – bringing their creations to life.

Leo Shoes aims at maximum client satisfaction – with our wide-ranging and, at the same time, detailed service, our continuously dynamic workshop of ideas, a highly competitive value-for-money ratio alongside the spirit of Italian quality and prestige, not to mention our well-defined orientation towards a high-level market in which design, quality, craftsmanship and the Made in Italy brand are considered fundamental in order to create a product of excellence.

The lasting relationship between Leo Shoes and the local area is focused on the enhancement of the rich heritage of Salentinian workmanship and the development and growth of the footwear industry and the local economy.

In this spirit, our company has been creating - with patience and determination – a network of small businesses of excellence, located entirely in their own area, and all of which revolve around a common ideal, that is to say, restoring the time-honoured craft of shoemaking in Salento to its former glory.

Our partners – especially in the early stages of processing such as cutting and stitching – must ensure, in addition to quality, an extremely rapid response to any client need that may arise. In addition, they must allow Leo Shoes to exercise significant supervision over their production processes.

This choice aims at encouraging and providing impetus to an economic and social system with enormous potential for growth.

The Made in Italy brand is safeguarded and maintained at every step by our continuous monitoring of quality throughout the production cycle. Each and every model is created by an extremely specialised team in order to ensure the highest quality standards and a final product that has been rigorously monitored so that genuine quality and excellence may always be assured.

Our Style & Creation Department is the company's flagship – dedicated to creating every footwear model in accordance with our clients' individual needs, yet at the same time keeping ahead of our reference market and the latest fashion trends. In this way, products are created that combine fashion, personalisation, quality of materials and originality of design.

At the same time, technical support is also offered for the development of exclusive ranges and for the production of external collections.

Leo Shoes has won numerous national and international awards – awards which are the result of our constant pursuit of excellence as well as the visionary spirit of our CEO – Antonio Filograna Sergio.

Our corporate decisions have not been based on mere short-term objectives, but rather on a far greater long-term vision and these have quickly strengthened Leo Shoes' position in a market where rankings have up to now remained fairly static. This in turn has led to a change in market balance during a period in which the concepts of business are rapidly evolving – no longer being bound by mere geography, but rather to a common ideal and approach – and thus leading to an important expansion of production capacity over a very brief period.

The prestigious awards that Leo Shoes has received confirm that its attitude is indeed a winning one and, in addition, have spurred Leo Shoes on in its never-ending quest for improvement and excellence – these awards include: Best Performance Award 2018 and 2019, PMI Observatory, FT 1000 Europe's Fastest Growing Companies 2017 and 2018, Industry Felix 2017, 2018 and 2019.

In order to guarantee the highest standards and reliability of its products, Leo Shoes constantly undergoes audits carried out by contracted companies and which are aimed at guaranteeing the production standards and ethical principles of the designer brand names and labels with which Leo Shoes works.

Given the structure of Leo Shoes, it has been necessary to assign specific functions and powers to qualified subjects, so that the organisational chart (in its essential functions) is structured as follows:

- ✚ Owner;
- ✚ Board Of Directors;
- ✚ Health and Safety Officer (Italian: RSPP);
- ✚ Environmental Safety Officer;
- ✚ Qualified Doctor;
- ✚ Designated Company Safety and Environmental Officer(s);
- ✚ Fire & Emergency Officers;
- ✚ First Aid & Accident Officers;
- ✚ Administrative Department;
- ✚ Finance Department;
- ✚ Manufacturing Department;
- ✚ Commercial Office.

The organisational chart is an integral part of this Organisation Management and Control Model (hereinafter referred to as the OMCM, Model or Model 231) and Leo Shoes will update it whenever necessary (see Annex 1).

1. INTRODUCTION

The Italian Legislative Decree (D.Lgs.) 8 June 2001 n. 231 (hereinafter referred to as the *Decree*) – pursuant to L. 300/00 – introduced the "*administrative liability of legal persons, companies and associations, even without legal personality*". This responsibility is in relation to any offences

committed by a person holding a high-level position within a company (legal entity), or by an employee, and concerns the offences listed in the Decree itself (*predicate offences*).

In order for the administrative liability of a company to be established, it is also necessary that an offence be committed that is in *its* interest or to *its* advantage.

The establishment of this type of responsibility arises from the consideration that the unlawful conduct frequently encountered within a company, far from being the personal initiative of an individual, indeed falls within the scope of an overall company policy and its high-level administrative decisions.

The Decree also marked the adaptation of the Italian legal system to a number of international conventions to which Italy was already signatory at the time, in particular, the *OECD Anti-Bribery Convention*.

Although liability is defined as *administrative*, it arises as the result of committing an offence and is determined in a court of law.

Those persons whose conduct is under consideration pursuant to Art. 5 D.Lgs. 231/01, are divided into two categories:

- persons who have roles/functions in the representation, administration or management of a company or one of its organisational units with financial/functional autonomy as well as those persons who exercise – even *de facto* – management or control thereof (*top management*, Art. 5 co.1(a);
- persons subject to the management or supervision of one of the aforementioned subjects (*subordinates*) Art. 5 co. 1(b).

Liability does not apply if the persons mentioned have acted in their own interests or those of third parties unconnected to the organisation and its corporate structure (Art. 5 co. 2) or when an offence has been committed by persons other than those cited.

Therefore, if an offence is committed in the interest or to the benefit of both Leo Shoes and/or an individual perpetrator, the company may be held to account. Responsibility is excluded only if/when an offence is committed in the interests of a natural person; however, and importantly, this does not include unlawful conduct (even partial) that may be in the interest or to the advantage of the company.

Therefore, in order for an offence to be attributable to a legal entity/legal person, it must be linked to that entity/person in an *objective* and *subjective* way and thus demonstrate intent or – at least – organisational culpability, which is understood as a shortfall or failure in the adoption of those precautions necessary to avoid predicate offences.

Art. 8 of the Decree establishes that companies (legal entities) are liable and their *legal responsibility* is not diminished even when the natural person who committed an offence is neither identified nor attributable or the enforcement/sanction has been prescribed (excluding amnesty), for instance, in terms of statute of limitations.

In any event, administrative liability of the company, if established, is considered a *criminal* liability in view of the natural person who committed the offence and a *civil* liability in terms of damages. The administrative liability of companies may also be established in relation to any offences committed in a foreign state, provided that said state in which the crime was committed does not instigate legal proceedings for the same offence (Art. 4, D.Lgs. 231/01), or that the foreign organisation operates in Italy through a direct offer of services, a business association or subsidiary office.

The Decree is also applicable to groups of companies for which the parent company or others within the group may be deemed answerable for an offence committed within the context of the activities of (another) member of the group even if a natural person is acting on their behalf and pursuing their interests.

Therefore, the Decree establishes a number of administrative sanctions that may be applied against the company (legal entity) held responsible (Chapter I, Section II):

- **administrative sanctions are applied according to a quota system.** For each *predicate* offence, the Decree establishes an administrative sanction of which the number (with a legal minimum of 100 and maximum of 1000) shall be determined by a court on a case-by-case basis. The court determines the sanctions to be imposed (within the legal limits) according to the severity of the offence, the company (legal entity) in question's degree of responsibility and to what extent the company has sought to eliminate or mitigate the consequences of the offence and, in addition, to prevent any such offences in the future; subsequently, the court – taking into consideration the economic capacity of the company in question – establishes the amount of the single administrative sanction (between approx. €250.00 – € 1,500.00);
- **disqualification sanctions**, such as disqualification from carrying out activity, suspension or revocation of authorisations, licences or concessions, prohibition from entering into contractual relationships with Public Administration, exclusion from concessions, loans, funding and the possible revocation of those already granted and, finally, an interdiction on advertising goods or services; this sanction is imposed when explicitly provided for, if

the company has made a significant profit or in the event of recurring offences;

- confiscation of any profits gained in relation to the offence;
- publication of the decision and sentence.

In order to encourage more widespread and greater responsibility, a system of liability has been created by the Decree in which the company (legal entity) is *not* be liable for an offence committed by top management, or exposed to risk in terms of its interests or advantage, if it can be proven that the company has indeed adopted an effective *organisation management and control model* (OMCM) that is able to prevent such offences and, furthermore, to have entrusted autonomous powers to a supervisory body and, in addition, that the offence in question was thus committed owing to fraudulent evasion of the OMCM or a failure of the company's appointed supervisory body to carry out its duties adequately (Art. 6 co. 1).

1.1. MODEL 231 (OMCM)

Articles 6 and 7 of the Decree state that, in the event that one of the predicate offences has been committed by top management or a subordinate in the interest or to the advantage of the legal entity/person, the company itself may be exempt from liability if it has adopted and effectively implemented an *organisation management and control model* (OMCM) suitable for preventing such offences.

In accordance with the Decree (Art. 6 co. 2 & co. 2-bis), the OMCM is obliged to satisfy the following requirements (in particular) in that it must:

- identify any activities in which offences may be committed;
- establish specific protocols aimed at planning the company's decision-making and procedure in terms of the offences to be prevented;
- identify methods for managing financial resources suitable for preventing offences;
- establish appropriate channels of communication/information flows in terms of its appointed supervisory body;
- introduce a disciplinary system suitable for sanctioning any non-compliance with the measures indicated in the model;
- establish a system for reporting violations to the OMCM (*whistle-blowing/informing*) which safeguards the confidentiality/identity of the person(s) submitting a report.

Not only is the OMCM to be adopted and approved by the company's directors, but it must also be communicated, disclosed, effectively implemented and periodically updated; both in terms of the evolution of legislation and any changes in the activities performed by Leo Shoes.

Although D.Lgs. 231/01 emphasises the *exemption* function of organisation management and control models, they principally have a *preventative* function in relation to the offences referred to in the Decree and – more generally – are aimed at ensuring that the activity of a *legal* entity fully satisfies *legal* parameters.

The decision to adopt the OMCM represents a powerful instrument in raising awareness of all those persons who work with and on behalf of Leo Shoes so that, while carrying out their professional tasks, they are to conduct themselves in a manner that is guided by a dutiful awareness of responsibility and, consequently, in compliance with company best practice and legislation.

By assessing potential risks and formalising those processes that may be at risk of unlawful conduct, the OMCM aims to:

- **imbue**, in all persons carrying out activities on behalf of Leo Shoes, a full awareness, of being held responsible for a punishable offence (with both criminal or administrative sanctions) in the event of a violation of whatever legislation is applicable;
- **make** such persons **aware** that any unlawful behaviour may lead to financial and disqualifying sanctions against Leo Shoes;
- **emphasise** how unlawful conduct is condemned and contrary to the interests of the company, even if/when the company might apparently benefit from it, because this conduct is contrary to the ethical and social principles of Leo Shoes and against the law;
- **allow** Leo Shoes, through its continual monitoring of sensitive processes and the risks of committing an offence, to react promptly in order to prevent and counter the committing of such offences.

1.2. REFERENCE STANDARDS

Art. 6 co. 3 of the Decree allows trade associations representing companies (legal entities) to draft their own *codes of conduct* designed for those companies which decide to adopt functional models; this is in order to encourage compliance with the principles established by the Decree; here, Leo Shoes makes particular reference to the *Linee Guida (Guidelines)* drawn up by the Confindustria

(*General Confederation of Italian Industry*) and approved by the Italian Ministry of Justice (21 July 2018).

Consequently, Leo Shoes has based the development of its OMCM on the provisions of the aforementioned *Linee Guida (Guidelines)* (at date of issue) and intends to comply with these guidelines even in the event of any subsequent amendments or additions.

An updated version of the *Linee Guida (Guidelines)* has been filed along with the original documentation of this OMCM at the company's premises so that it may be consulted by all recipients.

Indeed, the Confindustria (*General Confederation of Italian Industry*) *Linee Guida (Guidelines)* provide associated companies with methodological instructions for the creation of an organisation model suitable for preventing the offences in the Decree, thus serving as an exemption from the liability and sanctions established therein.

These general indications necessitate subsequent adaptation by individual companies, allowing for their specific characteristics, size, the geographical and economic markets in which they operate and the specific risks identified.

In preparing the OMCM, Leo Shoes has taken into account the indications provided by the Confindustria (*General Confederation of Italian Industry*) and adapted them accordingly to its specific needs.

1.3. RECIPIENTS OF THE MODEL

Based on their involvement in potential areas at risk of an offence, the following subjects are identified as recipients of the OMCM:

- company directors, partners and associates;
- employees;
- the Supervisory Body;
- third parties (stakeholders): suppliers, customers, external collaborators, members of the Public Administration/officials and the general public.

1.4. CATEGORIES AND TYPES OF OFFENCE

The Decree regulates the administrative liability of a company (legal entity) following one or more

offences by senior or subordinate person(s) pursuant to Art. 24 ff. (*predicate offences*) and which are indicated herein.

The list of predicate offences has been amended to the date of the approval of this OMCM and also takes into account the changes made by L. 9.01.2019 n. 3, in relation to the legislative decree – in Italian the *spazza-corrotti* (anti-corruption) action.

Offences relating to the Public Administration (Art. 24 D. Lgs. 231/01).

- Embezzlement to the detriment of the state or other public body (Art. 316-bis c.p.);
- Misappropriation of funds, loans or other payments from the state (Art. 316-ter c.p.);
- Fraud to the detriment of the state or other public bodies (Art. 640, co. 2, n. 1 c.p.);
- Aggravated fraud in order to obtain public funds (Art. 640-bis c.p.);
- Computer/digital (cyber) fraud to the detriment of the state/other public body (Art. 640-ter c.p.).

Offences relating to digital/computer (cyber) crime and/or the unlawful processing of data (Art. 24-bis D. Lgs. 231/2001):

- Mendacious declarations/false information in a public document/document having value as evidence (Art. 491-bis c.p.);
- Unlawful/unauthorised access to an IT/data system (Art. 615-ter c.p.);
- Unlawful/unauthorised possession and dissemination of access codes to IT/data systems (Art. 615-quater c.p.);
- Dissemination of equipment, devices or computer software aimed at causing harm or disruption to an IT/data system (Art. 615-quinquies c.p.);
- Illicit interception, impediment or interruption of computer or electronic communications (Art. 617-quater c.p.);
- Installation of equipment designed to intercept, prevent or disrupt IT/data communications (Art. 617-quinquies c.p.);
- Harm caused to IT/data systems (Art. 635-bis c.p.);
- Harm caused to IT/data systems employed by the state/a public body and/or public service or utility (Art. 63-ter c.p.);
- Harm caused to IT/data systems (Art. 635-quater c.p.);
- Harm caused to IT/data or public service or utility (Art. 635-quinquies);
- Digital/computer (cyber) fraud in relation to electronic signature certification (Art. 640-

quinquies c.p.).

Organised crime/criminality (Art. 24-ter D. Lgs. 231/2001):

- Criminal association (organised crime) including those offences pursuant to Art. 600, 601 & 602; Art. 12, co. 3-bis of the consolidated text relating to immigration and rules on the status of foreign nationals; referred to in D.Lgs. 25 July 1998, n. 286 (Art. 416 c.p.);
- Mafia-type association (including foreign mafia-type organised crime) (Art. 416 bis c.p.);
- Mafia-political corruption and electoral fraud (Art. 416-ter c.p.);
- Kidnapping for extortion/ransom (Art. 630 c.p.);
- Criminal association aimed at the unlawful trafficking of narcotic/psychotropic substances (Art. 74, D.P.R. 9.10.1990, n. 309);
- Unlawful production, trafficking and possession of narcotics/psychotropic substances (Art. 73, D.P.R. 9.10.1990, n. 309);
- Offences relating to the unlawful manufacture, importation, commerce, transportation, storing and carrying in a public place of weapons of war/war-like weapons including parts thereof, explosives, clandestine weapons as well as more common firearms (excluding those established in Art. 2 co. 3, L. 110 (Art. 407 co.2 (a), n. 5 c.p.).

Offences relating to relationships with Public Administration (Art. 25 D. Lgs. 231/01):

- Embezzlement/Corruption (Art. 314 c.p.)
- Extortion (Art. 317 c.p.);
- Corruption in (public) office (Art. 318 c.p.);
- Acts of corruption contrary to official duties (Art. 319 c.p.);
- Aggravating circumstances (Art. 319-bis c.p.);
- Corruption in judicial proceedings (Art. 319-ter c.p.);
- Undue induction to give/promise benefit (Art. 319-quater c.p.);
- Corruption/bribery of a public service official/agent (Art. 320 c.p.);
- Sanctions for persons found guilty of corruption (Art. 321 c.p.);
- Incitement to corruption (Art. 322 c.p.);
- Embezzlement/corruption, extortion, undue inducement to give/promise benefits, corruption and incitement to corruption of members of the International Criminal Court or of the bodies of the European Union/officials of the European Union or foreign states (Art. 322-bis c.p.);

- Abuse of office (Art. 323 c.p.);
- Undue influence (Art. 346-bis c.p.).

Offences relating to the counterfeiting of money, public credit documents/coupons, revenue stamps, identification instruments or signs (Art. 25-bis D. Lgs. 231/01):

- Counterfeiting of money and the spending/introduction into the state of counterfeit money (in collusion with others) (Art. 453 c.p.);
- Alteration of coins (Art. 454 c.p.);
- Spending/introduction into the state of counterfeit money (not in collusion with others). (Art. 455 c.p.);
- Spending of counterfeit money received in good faith (Art. 457 c.p.);
- Forgery of revenue stamps, introduction into the state, purchase, possession or circulation of counterfeit revenue stamps (Art. 459 c.p.);
- Counterfeiting of watermarked paper used for the manufacture of public credit documents/coupons or revenue stamps (Art. 460 c.p.);
- Manufacture or possession of watermarks or instruments intended for the counterfeiting of money, revenue stamps/watermarked paper (Art. 461 c.p.);
- Use of counterfeit/altered revenue stamps (Art. 464 c.p.);
- Counterfeiting, alteration or use of trademarks, product logos/labels/distinguishing characteristics, patents, models or designs (Art. 473 c.p.);
- Importation/trade in products with counterfeit logos/labels/distinguishing characteristics (Art. 474 c.p.).

Offences relating to trade and industry (Art. 25-bis. 1 D. Lgs. 231/01):

- Disruption of freedom of trade and industry (Art. 513 c.p.);
- Unlawful competition by coercion (Art. 513-bis c.p.);
- Fraud committed against national industries (Art. 514 c.p.);
- Fraud committed during the exercise of trade (Art. 515 c.p.);
- Sale of non-authentic alimentary products/ingredients (as authentic) (Art. 516 c.p.);
- Sale of industrial products with misleading information/labelling (Art. 517 c.p.);
- Manufacture and trade of goods produced in breach of industrial property rights (Art. 517-ter c.p.);
- Falsification of geographical indications or designations of origin on alimentary products

(Art. 517-quater c.p.).

Corporate offences (Art. 25-ter D. Lgs. 231/01):

- Untruthful corporate communications (Art. 2621 c.c.);
- Minor offences (Art. 2621-bis c.c.);
- Untruthful corporate communications (Art. 2622 c.c.);
- Untruthful reports/communications to independent auditors (Art. 2624, co.1 & 2, c.c.);
- Obstructing proper administrative control (Art. 2625 c.c.);
- False creation of capital (Art. 2632 c.c.);
- Undue return of funds (Art. 2626 c.c.);
- Unlawful distribution of profits/reserves (Art. 2627 c.c.);
- Unlawful operations relating to shares, shares of the company or parent company (Art. 2628 c.c.);
- Transactions detrimental to creditors (Art. 2629 c.c.);
- Undue distribution of company assets by liquidators (Art. 2633 c.c.);
- Unlawful influence on the general/shareholders' meetings (Art. 2636 c.c.);
- Stock/price manipulation (Art. 2637 c.c.);
- Failure to communicate conflict of interest (Art. 2629-bis c.c.);
- Obstructing public supervisory authorities (Art. 2638 c.c.);
- Corruption between private individuals (Art. 2635 c.c.);
- Incitement to corruption of private individuals (Art. 2635-bis c.c.).

Offences relating to terrorism or the subversion of democracy pursuant to the Italian Criminal Code and special laws (Art. 25-quater D. Lgs. 231/01).

- Terrorist association (including international) aiming to subvert democracy (Art. 270-bis c.p.);
- Aiding, abetting or assisting terrorist groups/activities (Art. 270-ter c.p.);
- Enlistment for terrorist purposes (including international) (Art. 270-quater c.p.);
- Training for terrorist activities (including international) (Art. 270-quinques c.p.);
- Terrorist activities (Art. 270-sexies c.p.);
- Unlawful acts of aggression for the purposes of terrorism/subversion (Art. 280 c.p.);
- Acts of terrorism with deadly/explosive devices (Art. 280-bis c.p.);
- Kidnapping for the purpose of terrorism/subversion (Art. 289-bis c.p.);

- Urgent measures for the protection of democracy and public security (Art. 1 D.Lgs. 15/12/1979, n. 625 merged and modified in L. 6/02/1980, n.15);
- Terrorist Financing Convention (formally, *International Convention for the Suppression of the Financing of Terrorism*) New York, 9 December 1999 (Art. 2).

Female genital mutilation (Art. 25-quater-1 D. Lgs. 231/01 e Art. 583-bis c.p.).

- Female genital mutilation (Art. 583-bis c.p.).

Offences against the person (Art. 25-quinquies D. Lgs. 231/01)

- Subjection of persons to slavery/servitude (Art. 600 c.p.);
- Child prostitution (Art. 600-bis c.p.);
- Child pornography (Art. 600-ter c.p.);
- Possession of pornographic material (Art. 600-quater);
- Virtual/digital pornography (Art. 600-quater.1 c.p.);
- Sex tourism relating to child prostitution (Art. 600-quinquies c.p.);
- Human/people trafficking (Art. 601 c.p.);
- Engagement in slavery/slave trade (Art. 602 c.p.);
- Solicitation of minors (Art. 609-undecies c.p.).

Offences relating to the market (Art. 25-sexies D. Lgs. 231/01):

- Undue use of privileged/private information (D. Lgs. 24.02.1998, n. 58, Art. 184);
- Manipulation of the market (D. Lgs. 24.02.1998, n. 58, Art. 185).

Transnational offences (L. 16 March 2006, n. 146, Art. 3 and 10).

- Criminal association (Art. 416 c.p.);
- Mafia-type association (Art. 416-bis c.p.);
- Criminal association aimed at smuggling foreign manufactured tobacco products (Art. 291-quater of the consolidated act referred to in the Decree of the President of the Republic of 23 January 1973, n. 43);
- Criminal association with the aim of the illicit trafficking of narcotics/psychotropic substances (Art. 74 of the consolidated text referred to in the Decree of the President of the Republic 9 October 1990, n. 309);
- Provisions against illegal immigration (Art. 12, co. 3, 3-bis, 3-ter and 5, of the consolidated

act as per D.Lgs. n. 286);

- Inducement not to make statements or to give false statements to judicial authorities (Art. 377-bis c.p.);
- Aiding and abetting (Art. 378 c.p.).

Offences relating to manslaughter (involuntary homicide) and culpable or serious bodily harm committed in violation of safety regulations/occupational hygiene/health and safety (Art. 25-septies D. Lgs. 231/01):

- Manslaughter (involuntary homicide) (Art. 589 c.p.);
- Bodily harm owing to negligence (Art. 590 c.p.).

Offences relating to receiving, laundering and using money, goods or benefits of unlawful origin (Art. 25-octies D. Lgs 231/01):

- Receiving/handling (unlawful/stolen goods) (Art. 648 c.p.);
- Money laundering (Art. 648-bis c.p.);
- Use of money, goods or benefits of unlawful origin (Art. 648-ter c.p.);
- Self-laundering (money) (Art. 648-ter.1 c.p.).

Offences relating to copyright (Art. 25-novies D. Lgs. 231/01):

- Making protected intellectual property or part(s) thereof available on computer networks/systems accessible to the public (with any type of connection) (Art. 171 co. 1, (a-bis), L. 633/1941);
- Offences referred to in the previous point relating to the work of other persons that is not intended for publication, or usurpation of authorship of said work, or with distortion, alteration or other modification of the work itself deemed as an offence to the honour and reputation of the author (Art. 171, co. 3, L. 633/1941);
- Unauthorised duplication (for profit) of computer software; the importation, distribution, sale, possession for commercial/business purposes or leasing of software on any media lacking SIAE (*Italian Society of Authors and Publishers*) validation; provision of means intended solely to allow or facilitate arbitrary removal or functional evasion of devices to protect computer software and systems (Art. 171-bis, co. 1, L.633/1941);
- Reproduction, transfer to another medium, distribution, communication, presentation or demonstration in public of the content of a database in violation of the provisions of Art.

64-quinquies and 64-sexies of L.633/1941 in order to profit, and on any media lacking SIAE (*Italian Society of Authors and Publishers*) validation; extraction or re-use of a data bank in violation of the provisions of Art. 102-bis and 102-ter of L.633/41; distribution, sale and leasing of a data bank (Art. 171-bis, co. 2, L.633/1941);

- Unauthorised duplication, reproduction, broadcast or dissemination in public by any means (in whole or in part) of intellectual property intended for television, cinema, sale or rental, discs, cassette tapes or similar media or any other medium containing audio or video information, musical, cinematographic or audio-visual works or sequences of moving images; unauthorised reproduction, transmission or dissemination in public, by any means, of works, or parts of works, literary, dramatic, scientific or educational, musical and/or dramatic, multi-media (including collective/composite works or databases); possession for sale or distribution, marketing, rental or transfer (for any reason), public screening, television broadcast (by any means), radio broadcast, public performance/listening to such duplications or unlawful reproductions mentioned; possession for sale or distribution, marketing, sale, rental, transfer (for any reason), broadcast by radio or television (by any procedure), of video cassettes, tape cassettes, any medium containing audio or visual information of musical, cinematographic or audiovisual works or sequences of moving images, or other media (pursuant to L.633/1941) without the required SIAE (*Italian Society of Authors and Publishers*) validation stamp, without the SIAE validation stamp itself or with a counterfeit/altered stamp; retransmission or dissemination by any means, in the absence of agreement with the legitimate distributor, of an encrypted service received by means of equipment or parts of equipment suitable for the decoding of conditional access transmissions; importation, possession for sale or distribution, distribution, sale, rental, assignment for any reason, commercial promotion, installation of special decoding devices or elements allowing access to an encrypted service without payment of the fees due; manufacture, import, distribution, sale, rental, assignment for any reason, advertising for sale or rental, or possession for commercial purposes, of equipment, products or components, or provision of services that have a main purpose or commercial application in the evasion of effective technological measures (Art. 102-quater, L.633/1941) or are mainly designed, produced, adapted or implemented with the aim of enabling or facilitating the evasion of such aforementioned measures; unlawful removal or alteration of electronic information (Art. 102-quinquies), or distribution, importation for distribution, broadcast by radio or television, communication or making

available to the public works or other protected materials from which the electronic information itself has been removed or altered. (Art. 171-ter co. 1, L.633/1941);

- Reproduction, duplication, transmission or unlawful dissemination, sale or marketing, transfer for any reason or unlawful importation of more than fifty copies or specimens of intellectual property protected by copyright/related rights; communication to the public, for profit, by placing it in a system of electronic networks (with any kind of connection) of intellectual property protected by copyright, or part(s) thereof; an offence relating to those referred to in the previous point by engaging (professionally/commercially) in any reproduction, distribution, sale or marketing or importation of intellectual property protected by copyright/related rights; promotion or organisation of unlawful activities referred to in the previous point (Art. 171-ter co. 2, L.633/1941);
- Failure to notify the SIAE (*Italian Society of Authors and Publishers*), by either producers or importers, of means of reproduction not subject to Art. 181-bis of L.633/1941, the identification data thereof or false declarations relating to that data, within 30 days of the date of allowing them into circulation within the national territory or of their import (Art. 171-septies, L.633/1941);
- Fraudulent production, sale, importation, promotion, installation, modification, use for either public or private utilisation of equipment (or parts thereof) suitable for decoding conditional access audiovisual broadcasts made over air, via satellite, via cable, in either analogue or digital form (Art. 171-octies, L.633/1941).

Inducement not to make statements or to make false statements to judicial authorities (Art. 25-decies D. Lgs. 231/01 e Art. 377-bis c.p.).

- Inducement not to make statements or to make false statements to judicial authorities (Art. 377-bis c.p.).

Offences relating to the environment (Art. 25-undecies D. Lgs. 231/01):

- Environmental pollution (Art. 452-bis c.p.);
- Death or injury resulting from offences relating to environmental pollution (Art. 452-ter c.p.);
- Environmental disaster (Art. 452-quater c.p.);
- Offences relating to environmental negligence (Art. 452-quinquies c.p.);
- Death, destruction, capture, removal, possession of protected wild animal/plant species

- (Art. 727-bis c.p.);
- Causing the destruction or deterioration of protected habitats/areas (Art. 733-bis c.p.);
 - Water discharge of hazardous substances in violation of Art. 137 co. 3 D.Lgs. 3.4.2006, n. 152) and/or violation of the statutory limits for those substances (Art. 137 co. 5 D. Lgs. 3.4.2006, n. 152);
 - Discharge of prohibited substances in marine waters by shipping or aircraft (Art. 137 co. 13, D. Lgs. 3.4.2006, n. 152);
 - Water discharge of hazardous substances without authorisation or with suspended/revoked authorisation (Art. 137 co. 2 D. Lgs. 3.4.2006, n. 152);
 - Water discharge in violation of the statutory limits for extremely hazardous substances (Art. 137 co. 5, p.(ii), D. Lgs. 3.4.2006, n. 152);
 - Discharge to soil, subsoil or groundwater (Art. 137, co. 11, D. Lgs. 3.4.2006, n. 152);
 - Unlawful management of non-hazardous waste (Art. 256, co. 1(a), D. Lgs. 3.4.2006, n. 152) temporary storage at the place of production of hazardous medical waste (Art. 256, co. 6, D. Lgs. 3.4.2006, n. 152);
 - Unlawful management of hazardous waste (Art. 256, co. 1(b), D. Lgs. 3.4.2006, n. 152); the construction and management of illegal dumping/landfill of non-hazardous waste (Art. 256, co. 3, p.(i), D. Lgs. 3.4.2006, n. 152); mixing of waste (Art. 256, co. 5, D. Lgs. 3.4.2006, n. 152);
 - Construction and management of unlawful landfill/dumping of hazardous waste (Art. 256, co. 3:ii, D. Lgs. 3.4.2006, n. 152);
 - Failure to clean up a site contaminated with non-hazardous waste (Art. 257, co. 1, D. Lgs. 3.4.2006, n. 152); and hazardous waste (Art. 257, co. 2, D. Lgs. 3.4.2006, n. 152);
 - Violations relating to communication, keeping of mandatory records and documentation (Art. 258, co. 4:ii, D. Lgs. 3.4.2006, n. 152);
 - Unlawful waste trafficking (Art. 259. co. 1, D. Lgs. 3.4.2006, n. 152);
 - Engagement in unlawful waste trafficking (Art. 452-quaterdecies c.p.);
 - Violation of SISTRI (*waste tracking system*) legislation (Art. 260-bis, D. Lgs. 3.4.2006, n. 152);
 - Air pollution (Art. 279, co.5, D. Lgs. 3.4.2006, n. 152);
 - Importation, exportation, transportation or any other unauthorised handling of endangered species (Art. 1, co. 1 e 2, Art. 2, co. 1, 2 L. 7.2.1992 n. 150);
 - Unlawful possession of endangered species (Art. 6, co. 4, L. 7.2.1992 n. 150);
 - Falsification/alteration of certificates/licences and the use of false/altered certificates and

licences for the importation of animals (Art. 3-bis, L. 7.2.1992 n. 150);

- Use of harmful substances (Art. 3, co. 6, L. 549/1993);
- Pollution caused by negligence (Art. 9, co. 1, D. Lgs. 202/2007);
- Pollution caused maliciously or intentionally (Art. 8, co. 1, D. Lgs. 202/2007); permanent damage caused by pollution owing to negligence (Art. 9, co. 2, D. Lgs. 202/2007);
- Permanent damage resulting from malicious/intentional pollution (Art. 8, co. 2, D. Lgs. 202/2007).

Offences relating to illegal immigration (Art. 25-duodecies D. Lgs. 231/01):

- Provisions relating to illegal immigration (Art. 12 co. 3, 3-bis, 3-ter, 5 D. Lgs. 286/98);
- Employment of undocumented workers (Art. 22 co. 12, 12-bis D. Lgs. 286/98).

Racism and xenophobia (Art. 25-terdecies D. Lgs. 231/01 e Art. 3 co. 3-bis L. 654/75, repealed by D. Lgs. 21/18 merged with Art. 604-bis c.p.).

Fraud in sporting competitions, unlawful gambling/betting and gambling with the use of prohibited devices (Art. 25-quaterdecies D. Lgs. 231/01 in relation to Art. 1 & 4 L. 401/89).

Offences relating to taxation (Art. 25-quinquies D. Lgs. 231/01):

- Fraudulent declaration by means of invoices/other documentation for inexistent transactions (Art. 2 D. Lgs. 74/0200);
- Fraudulent declaration by any other means/devices (Art. 3 D. Lgs. 74/2000);
- Untrue statements (Art. 4 D. Lgs. 74/2000);
- Failure to declare (Art. 5 D. Lgs. 74/ 2000),
- Issuing invoices/other documentation for inexistent transactions (Art. 8 D. Lgs. 74/2000);
- Concealment/destruction of accounting records (Art. 10 D. Lgs. 74/00)
- Undue compensation (Art. 10-quater D. Lgs. 74/ 2000);
- Fraudulent evasion of tax payments (Art. 11 D. Lgs. 74/2000).

Contraband/smuggling (Art. 25-sexiesdecies D. Lgs. 231/01):

- Violation of customs laws (Decree of the President of the Republic January 23, 1973, n. 43).

In the Special Section of the OMCM, individual cases or categories of offence shall be analysed in greater detail; in addition, the risk of committing these offences shall be analysed in terms of the

activities that Leo Shoes carries out and the adequate management and control procedures that shall be in place in order to prevent any risk of such offences committed in the interest or to the advantage of the company.

2. ORGANISATION MANAGEMENT AND CONTROL MODEL STRUCTURE

This *Organisation Management and Control Model* (OMCM) consists of a *General Section* and a *Special Section*.

The General Section, consisting of this document and annexes, describes in brief the Decree and its possible repercussions for the company; general principles of conduct to be followed are also established and the general structure of the OMCM is defined, clarifying its functions, objectives, operating methods, identifying the powers and duties of the Supervisory Body and introducing a disciplinary system suitable for sanctioning failure to comply with the OMCM's provisions.

The Special Section describes activities in terms of possible predicate offences, identifies the corporate areas in which such offences might be committed and regulates the prescriptions/preventive measures that are to be followed when performing these activities/working in these areas; this is aimed at safeguarding the legal conduct of Leo Shoes.

2.1. PURPOSE OF MODEL 231 (OMCM)

Leo Shoes considers it appropriate to incorporate the control system and corporate behaviour standards already in force by adopting its own OMCM in order to implement and maintain an organisational system that is formalised, clear, and suitable for ensuring best practice as well as transparent and lawful conduct in business and management – with particular reference to the prevention of the offences referred to in the Decree.

By adopting the OMCM, Leo Shoes specifically intends to achieve the following:

- identify areas of activity in which the offences referred to in the Decree might be committed and inform all those who work for/within Leo Shoes about the possible ways in which such offences might occur;
- emphasise that such conduct is condemned by Leo Shoes even if it may appear to be to the company's advantage because it is (in any case) contrary to best practice and against the

law, both of which are essential in the performance of the company's activities;

- prevent the offences referred to in the Decree through the proper management of activities at risk and the adoption of specific protocols and procedures;
- allow Leo Shoes to intervene promptly in order to prevent and/or counteract the offences referred to in the Decree through an adequate system of control and continuous information flows as well as by constantly monitoring conduct in accordance with the OMCM (in addition to those implemented) with possible disciplinary sanctions for any non-compliant conduct;
- make recipients of the OMCM aware that the behaviour expected of them in their professional tasks, duties and responsibilities must at all times comply with these rules of conduct – general and specific – as established by the OMCM and that, in the event of any violation thereof, they may commit an offence for which there may be administrative and/or criminal sanctions against both them and/or Leo Shoes.

The preventive control system established by the OMCM must be based on a defined *acceptability* threshold in terms of the risk of offences pursuant to the Decree. This threshold represents a preventative mechanism that cannot be circumvented, other than by fraudulent means, and, as such, Leo Shoes cannot be held answerable in the event of evasion thereof.

Fraudulent evasion, which is referred to in Art. 6 of the Decree, refers to the conduct of those who would endeavour to evade the OMCM by *means and deceptions* for which Leo Shoes is exempt from liability if/when the violation in question is unforeseeable as far as the due diligence to be expected from the company itself (based on its structure, organisation and size) is concerned; hence the need for Leo Shoes to adopt a meticulous OMCM, which is thorough in both its risk assessment and management and, moreover, implemented effectively.

The OMCM, without prejudice to the Decree, also allows Leo Shoes to intensify its *modus operandi* in order to protect its image and status, the expectations of its partners and associates, its employees and its external collaborators.

The OMCM must also be accompanied by a procedural system aimed at ensuring, throughout the company's activities, the effectiveness and efficiency of processes, the safeguarding of the quality and value of the activity as well as the reliability and integrity of accounts and administrative records. This incorporated system thereby allows the company to define its organisational standards according to principles of fairness and best practice in administration.

2.2. IMPLEMENTATION OF MODEL 231 (OMCM)

Leo Shoes has sought to create a model with common ideals in order to achieve the objectives indicated herein effectively; for this reason, it has involved all levels of management, including the highest level, with the implementation of Model 231 (OMCM) as well as identifying a dedicated project management working group within the company.

The various phases of research – both basic and detailed design up until the adoption of the OMCM – have been carried out within an adequate time frame and with the appropriate economic resources necessary to accomplish this objective.

The OMCM has been drawn up in order to provide an overall view of the organisational model adopted by Leo Shoes.

The General Section consists of this document and reports on the general characteristics of the OMCM, the Code of Ethics, corporate risk assessment, the makeup and powers of the Supervisory Body, corporate information channels for an effective OMCM, the disciplinary system for violations of the model and also the disclosure, review, amendment and updating of this model.

The Special Section refers to the types of offences relating to the activities/areas that are considered at risk, detailing each offence, the activities themselves at risk and the relevant principles of corporate conduct associated with them.

Leo Shoes has developed its OMCM with the aim of meeting the specific needs referred to in the Decree as summarised in Art. 7 co. 3 and more analytically defined in Art. 6 co. 2 and which subsequently form the basis for the OMCM, namely:

- identify the activities in which offences may be committed;
- provide specific protocols aimed at planning the company's decision-making and procedure in relation to the offences to be prevented;
- identify methods for managing financial resources for preventing offences;
- establish communications protocols in terms of the Supervisory Body (responsible for both supervising the functioning of the OMCM and ensuring compliance with it);
- introduce a suitable disciplinary system for sanctioning non-compliance with the OMCM.

The fundamental elements of the OMCM are as follows:

- definition of ethical principles and rules of behaviour with regard to conduct relating to offences established in the Decree;
- identification of the activities in which offences may be committed (*risk assessment*);

- verification, in potential risk areas, of the suitability of the extant organisational system so as to prevent the offences identified in each activity along with the contextual identification of any shortfalls;
- provision of specific management methods for financial resources in keeping with with extant controls;
- subsequent improvement and integration of the internal control system and extant company procedure;
- introduction of a methodology of continual detection and management of sensitive processes in accordance with organisational and/or legislative change and with the assistance of appropriate means/instruments including IT/data systems;
- establishment of the Supervisory Body, definition of the regulation of its duties and responsibilities and its reporting, communications and information channels;
- communication of the contents of the OMCM to all recipients; ensuring its constant updating and effectiveness over time;
- establishment of a disciplinary system;
- verification of unlawful conduct by external parties and suitable measures to be taken against or sanction such conduct;
- definition of roles and responsibilities entailed with the adoption and effective implementation of the OMCM.

3. PRINCIPLES OF CONDUCT

Leo Shoes operates and pursues all of its objectives in compliance with applicable regulations, therefore conformity with legislation and ethics is of fundamental importance for best practice and the good reputation of the company with regard to institutions, recipients of the OMCM and third parties.

The principles established herein form the basis on which the corporate Code of Ethics was drawn up and are an integral part of Model 231 (OMCM) in that this model contains the values, rights and duties with which all persons connected to the company are expected to comply.

3.1. EMPLOYEES CONDUCT

All Leo Shoes employees, in terms of business objectives and the conclusion of any operation, are to work with professionalism and dedication – in keeping with company policy and a spirit of social responsibility.

In view of this, and in addition to complying with current legislation and regulations, employees are to guide their actions according to the Code of Ethics and those set out in the OMCM, of which they must be fully aware and with which they must advocate compliance by any third parties with a relationship with Leo Shoes.

The rules established within the OMCM incorporate the conduct required of an employee in addition to his or her compliance with the standard rules of diligence pursuant to Articles 2104 and 2105 of the Italian Civil Code.

3.2. CONDUCT OF MANAGERS AND DIRECTORS

The conduct of Leo Shoes directors and internal managers must set an example for their employees – both in hierarchical and functional terms – so as to allow employees to understand fully that compliance with the OMCM is an essential factor in work performance and quality for *everyone*.

Rigorous observance of the rules within the OMCM is an *addition* to those obligations of best practice that are to be expected of the company's management.

Great care must be taken by the company's administration in its selection of employees, external collaborators and third-party contractors in general so that the recruitment of employees and the stipulation of contracts with external subjects is always justified, not only by genuine business needs, but also ability and expertise.

3.3. CONDUCT IN RELATIONS WITH PUBLIC INSTITUTIONS

Leo Shoes works in numerous diverse economic and institutional environments, which are in continuous and rapid evolution; this calls for efficient and transparent work as well as compliance with those rules aimed at ensuring that the conduct of any persons involved in the company's activities be guided at all times by principles of honesty, integrity and fair competition.

All persons working with Leo Shoes must at all times avoid any situation or activity in which a conflict of interest may arise in relation to their personal economic interests and their responsibilities within (or on behalf of) the company.

Relations with public institutions as well as with other companies in the sector, established in order to carry out the company's activities, are to be conducted exclusively by those to whom such responsibilities have been entrusted; these persons are not to influence, in an improper manner by corrupt or collusive behaviour, the decisions of counterparties, including those of negotiating officials, nor are they to make decisions on their behalf.

3.4. RELATIONS WITH CLIENTS

In its relationship with its clients and buyers, Leo Shoes not only complies with contractual requirements, but also aims to provide an excellent service in terms of price, quality, security, respect for the person, safety and the environment. Therefore, anyone who is involved in any area of the company's activities is required to contribute to the achievement of this added value through commitment and determination.

Any communications or interaction with clients (current or potential) regarding the services offered by Leo Shoes must always be truthful, thorough and accurate.

3.5. MARKET AND COMPETITOR RELATIONS

Leo Shoes operates in compliance with the current legislation applicable to its sector, especially with regard to accident prevention measures at work and also those measures suited to avoiding any risk of environmental pollution or, in addition, that any waste treated/transported by the company is not managed lawfully.

The position of Leo Shoes within its reference market is therefore based on fair competition and is always compliant with general rules of good faith, fairness and social responsibility.

On no account, will Leo Shoes seek to compete with its competitors by saving/cutting costs on adequate safety measures in terms of accident prevention, work or the environment.

3.6. INTERNAL CONTROL SYSTEM

The organisation of Leo Shoes is based on principles of internal control that are aimed at verifying the quality of the company's activities and procedures in terms of effectiveness and efficiency, compliance with legislation, reliability and integrity in its accounts and financial data, and the safeguarding of the company's assets.

In view of this, the internal control system is based on the principle of *prevention*, namely, the identification and analysis of risk alongside provision of the suitable and effective means to deal with any eventual irregularities or problems.

Lasting accomplishment of these objectives is made possible by a company policy that is aimed at maintaining an operational and management environment in which people – at all levels – feel both *responsible for* and *part of* the control system itself as well as its operation.

Leo Shoes has thus equipped itself with the means and methods appropriate in order to counter corporate risks by identifying, evaluating and managing them with suitable corrective action plans.

4. SUPERVISORY BODY (SB)

The mechanism for company administrative liability exemption, pursuant to Art. 6 co. 1 of the Decree and in addition to the adoption and effective implementation of an organisation management and control model (a), foresees the establishment of a Supervisory Body (b): “a body within the legal entity having autonomous powers of initiative and control,” entrusted with the task of supervising OMCM functioning and compliance as well as ensuring the model's updates and amendments.

Leo Shoes, having thoroughly analysed itself as a business, has therefore considered it proper to institute a collegial body that operates independently of top management and is unconcerned with any decision-making or administrative procedures.

The Supervisory Body (hereinafter referred to as the SB) has the task of continuously and autonomously supervising both the effective functioning and observance of the OMCM in order to verify compliance in terms of actual conduct as well as that of verifying any eventual need to update/amend the model or formulate any related proposals.

The SB's powers and duties, its responsibilities and its relations with the other bodies within the company are governed specifically by the Regulation of Establishment of the Supervisory Body

(hereinafter referred to as SB Regulations), which is also an intrinsic part of the OMCM.

The general (relevant) aspects of this regulation and of its information channels are explained herein.

4.1. COMPOSITION AND APPOINTMENT OF THE SUPERVISORY BODY (SB)

The SB is a collegial body operating with autonomy, professionalism and continuity that must satisfy the following requirements:

- **integrity, autonomy and independence** – understood as authority and autonomy of judgement and powers of initiative and control; in addition to specific integrity and eligibility requirements, the SB has a channel of communication with the company's directors, the autonomous availability of resources, no subordination constraints in terms of its reviews and any additional duties with which it may be entrusted as well as specific guarantees of stability (safeguards in terms of revocation of appointment);
- **professionalism** – understood as a set of appropriate skills fit for purpose. It is necessary that members of the SB have significant skills in both corporate (company) law and corporate criminal law, especially with reference to the liability of companies (legal entities), in the areas of corporate control and risk management activities as well as organisational areas;
- **constant activity** – understood as continual and coherent operation. The SB is to operate directly and autonomously within the company and may make use of any corporate or external structures identified from time to time. The SB is to meet on a regular basis in accordance with SB Regulations and, in any event, not less than once every six months, not excluding additional meetings convened by an SB member or the company's directors in order to deal with any issues that may arise.

4.2. SUPERVISORY BODY ROLES AND FUNCTIONS

The Supervisory Body reports on the results of its activities, the functioning of and compliance with the OMCM in accordance with SB Regulations (annexed) to the Board of Directors at least

once a year.

The functions and powers of the SB are as follow:

- issuing organisational provisions aimed at regulating the SB's activities and the management of interfaces with company areas in order to obtain from them all information relevant in terms of the effective implementation of the OMCM;
- within the limits of its budget, ensuring effective disclosure and awareness-raising of the OMCM and ensuring the necessary training activities relative to it; advising the company's directors on those activities necessary for the communication of the OMCM and the training of its recipients;
- implementing and recording/documenting reviews in order to verify compliance with the procedures and provisions of the OMCM (internal/external auditing);
- analysing violations of the OMCM that have been detected directly or of which the SB has been notified;
- communicating the results of any investigations carried out in terms of violations of the OMCM, or documenting events (with motivation) in the event of an unfounded report as well as conducting additional investigation(s) upon request;
- advising on the assessment of violations; in addition, advising on contesting and imposing sanctions;
- effecting necessary risk assessment updates in accordance with any changes in the company's operating conditions or relevant legislation;
- formulating, without delay, proposals for any OMCM updates or amendments that may be deemed urgent by the Board of Directors and, in specific biannual reports, any proposals for other updates or amendments;
- reporting on activities performed to the competent bodies;
- if required, providing explanations on the functioning of the OMCM to its recipients.

The SB's activities are documented/recorded (even as summaries) and all such documentation/records must be kept in such a way as to ensure confidentiality.

In compliance with current data protection legislation, the SB has access to all documentation relating to processes defined as sensitive in the OMCM and, in any event, to all corporate documentation which – at its sole discretion – is relevant for the performance of the SB's duties

The SB may also request any information considered useful for supervisory purposes from anyone who may be working on behalf of Leo Shoes.

4.3. SUPERVISORY BODY INFORMATION CHANNELS

There is an obligation towards the Supervisory Body to provide information on conformity with the OMCM so that it may supervise the functioning of the model and compliance with it in an effective manner.

Any event(s) that might lead to the company's being held responsible (pursuant to D.Lgs. 231/01) must be brought to the SB's attention by all persons required to comply with the OMCM.

Thus:

- the Board of Directors communicates to the Supervisory Body on the progress of Model 231 (OMCM) at least once a year – reporting the most significant matters that may have arisen during the period with reference to any problems in terms of the Decree;
- the Board of Directors, or individual directors, are to notify the Supervisory Body of changes in the structure, operational management methods, the system of delegation and any other areas that may necessitate changes to the OMCM within reasonable time;
- the company's designated contact person (responsible for compliance pursuant to D.Lgs. 231/01) is to submit a periodical report on the control activities performed with respect to his or her duties/responsibilities;
- all managers and employees must report conduct that is contrary to the OMCM by contacting the SB.

Moreover, all employees must report any information regarding an occurrence or alleged violation of OMCM procedures/provisions and/or offences committed, or reasonable risk of offences (pursuant to the Decree) to the SB.

The aforementioned notifications must comply with Art. 6 co. 2-bis of the Decree, amended by L. 179/17, on *whistle-blowing/informing*; reports must be:

- based on specific, substantiated and verifiable facts;
- confidential, in the sense that with the OMCM, the company must establish reporting channels - digital or otherwise - designed to safeguard the *whistle-blower's/informant's* confidentiality and identity.

In order to facilitate the submission of reports to the SB, its e-mail address shall be made available at www.leoshoes.it and a report submission form, to be completed by the person(s) submitting a report, shall be published and made available to all of those to whom it may be of use.

The submitted report must be signed by the *whistle-blower/informant* submitting it so as to allow the SB to carry out an appropriate investigation; however, in dealing with a report and any consequent investigation(s), the SB is required to conceal the identity of the *whistle-blower/informant* within the limits in which this is possible in terms of the careful and timely management of the submitted report.

On receiving a report, the SB promptly verbalises and archives it as well as guarantees its confidentiality.

Leo Shoes protects any person who submits a report against any form of retaliation and penalisation within the context of work (without prejudice to the rights of the company or of persons who may have been accused mistakenly or in bad faith).

5. DISCIPLINARY SYSTEM

The disciplinary system, pursuant to Art. 6 co. 2(e) D. Lgs. 231/01, establishes the sanctions/penalties for violation of the OMCM or the Code of Ethics and it is an indispensable tool in ensuring the OMCM's effectiveness and implementation.

In order to ensure maximum awareness and greatest possible compliance with the OMCM and the Code of Ethics, the disciplinary system is displayed at the company's premises and is accessible to everyone.

Given that infringements/infractions constitute a violation of the OMCM and the Code of Ethics,

disciplinary sanctions are applied regardless of the outcome of any criminal proceedings that may (also) have been instigated.

Any disciplinary sanction must be proportionate and take into account both the objective circumstances and subjective realities of the conduct of the person(s) held responsible.

On imposing a sanction, consideration is taken of the extent to which injury has been caused to the company, possible recurrence of offences, and, in addition, potential further offences by the sanctioned person(s) in question.

Health and safety at work protection along with the protection of the environment and compliance with regulatory administrative requirements are fundamental Leo Shoes values. Therefore, violation of the OMCM or the Code of Ethics, thereby compromising these fundamental values, justifies the application of the maximum disciplinary sanction established by this model in conjunction with the applicable CCNL (National Collective Labour Agreement) provisions and the Statuto dei Lavoratori (Workers' Statute).

Any disciplinary sanction for violation of the OMCM or the Code of Ethics is applied by the directors (subject to mandatory consultation with the SB).

Directors are required to justify in writing any reason(s) for which they wish to make a decision that is contrary to the opinion of the SB.

Disciplinary sanctions for violation(s) of the OMCM or the Code of Ethics perpetrated by company directors are subject to the decision(s) taken at the general meeting.

The procedure for disciplinary sanctions against directors, relating to violation(s) of the OMCM or the Code of Ethics, is the same as the disciplinary procedure for subordinate employees (pursuant to Art. 7 L. 300/70).

5.1. EMPLOYEE SANCTIONS

Non-compliance or conduct by employees that is deemed to be in violation of the OMCM will lead to disciplinary sanctions, which are imposed proportionally as pursuant to Art. 2106 of the Italian Civil Code and having taken into account - with reference to each case - the objective severity of the infringement in question, degree of blame, possible recurrence of the same conduct and intent. The disciplinary system identifies infringements of the principles, conduct and checks/control points established in the OMCM and identifies the sanctions established for employees in accordance with current legislation and the CCNL (*National Collective Labour Agreement*).

In the event of non-compliance with the OMCM, the following sanctions are to be applied:

- verbal warning in the event of minor non-compliance with the procedures set out in the OMCM or any conduct that does not comply with the provisions of the model itself; ignoring or failing to report minor irregularities committed by employees;
- written warning in the event of conduct punishable by verbal warning but which, owing to its recurrence, may have greater relevance (repeated violations of the OMCM or repeated non-compliance); ignoring or failing to report any serious irregularities committed by other employees; repeatedly ignoring or failing to report any minor irregularities committed by other employees;
- suspension from employment and salary for a period not exceeding 10 days in the event of: non-compliance with OMCM procedures or negligence in implementing the provisions of the model; ignoring or failing to report serious irregularities committed by other employees such as to expose Leo Shoes to an objective risk or such as to engender negative repercussions for the company.
- dismissal on justified grounds in the event of violation of OMCM provisions owing to conduct that might constitute a possible offence pursuant to Art. 24 ff. D.Lgs. 231/01;
- dismissal with just cause in the event of conduct that is unequivocally in violation of the provisions of the OMCM and such as to merit potential and real application, by the company, of the sanctions established by D. Lgs. 231/01 – imputable to improper conduct of such severity as to undermine any trust on which an employment relationship is based and not to permit the continuation (even temporarily) of the employment relationship in question.

5.2. SANCTIONS APPLICABLE TO COMPANY MANAGEMENT AND EMPLOYEES IN POSITIONS OF RESPONSIBILITY

Any violation of the OMCM or Code of Ethics by top management or, in any event, persons in a position of responsibility may lead to the application of disciplinary measures established both by legislation and in terms of any contractual agreement(s), in proportion to the severity of the infringement in question and the extent of any injury caused to Leo Shoes; in addition, this may lead to the dismissal of subcontracted managers (with just cause) owing to a breakdown of trust.

Managerial relationships are based on trust and a manager's conduct is reflected not only within

the company, but also externally in terms of its image within society as a whole.

The liability of Leo Shoes remains unaffected, in accordance with current legislation and the CCNL (*National Collective Labour Agreement*), in terms of its liability towards third parties owing to any violations of the OMCM or the Code of Ethics.

Apart from any violations of the OMCM, directors and managers may also be subject to disciplinary sanctions for *failures* in relation to their duties regarding communication with the Supervisory Body, the training of employees and collaborators/associated workers, the supervision of activities performed under their management (regardless of formal classification), due diligence with respect to their choice of employees within various areas of work/responsibility and failing to allow resources to be readily available to managers in order for them to be able to carry out their work properly.

In the event of any violation of the OMCM by a member of the company's direction, it is the responsibility of the Supervisory Body to identify the appropriate measures required in accordance with legislation.

The disciplinary sanctions applicable to top management and/or managers are:

- verbal warning in the event of minor non-compliance with the procedures set out in the OMCM or negligent conduct that does not comply with the provisions of the model itself; ignoring or failing to report minor irregularities committed by employees;
- written warning in the event of conduct punishable by verbal warning but which, owing to its recurrence, has greater relevance (repeated violations of the OMCM or repeated non-compliance); ignoring or failing to report any irregularities committed by other employees; repeatedly ignoring or failing to report any minor irregularities committed by other employees;
- dismissal pursuant to Art. 2118 of the Italian Civil Code in the event of non-compliance with the internal procedures provided for by the OMCM or negligence in adopting the provisions of that model; ignoring or failing to report serious irregularities committed by other employees; violation of the provisions of the OMCM with conduct such as to constitute a potential offence sanctioned by the Decree and of such severity as to expose Leo Shoes to an objective risk or such as to engender negative repercussions for the company, thereby representing significant non-fulfilment of the obligations expected of an employee in the execution of his or her duties/responsibilities;
- dismissal with just cause in the event of conduct that is unequivocally in violation of the provisions of the OMCM and such as to merit potential and real application, by the

company, of the sanctions established by D.Lgs. 231/01 – imputable to improper conduct of such severity as to undermine any trust on which an employment relationship is based and not to permit the continuation (even temporarily) of the employment relationship in question.

5.3. MANAGERS, DIRECTORS AND AUDIT COMMITTEE SANCTIONS

In the event of violation of the OMCM by one or more members of the Board of Directors or the Audit Committee, the Supervisory Board shall inform the partners and associates who, in accordance with their respective roles and responsibilities, shall proceed to take the most appropriate action in view of the severity of the violation in accordance with legislation and/or articles of association including the following:

- statements in the official minutes of meetings;
- formal warning(s);
- reduction of remuneration, reimbursements, fees or equivalent(s) due;
- dismissal;
- requested convocation/convocation of a general meeting to discuss any violation(s) of the OMCM committed by any member(s) of the company's executive body.

5.4. THIRD-PARTY SANCTIONS

With respect to the corporate, managerial or working structure of Leo Shoes, even third parties may be considered transgressors of the principles established in the OMCM or the Code of Ethics; this refers essentially to external collaborators, consultants or regular suppliers of the company who, by maintaining ongoing and constant relationships with Leo Shoes, are also expected to comply with the company's fundamental principles and values.

Third parties must be informed about the consequences of violation of the OMCM or the Code of Ethics. Leo Shoes may include unequivocal termination clauses, clauses attributing the right of withdrawal or criminal clauses to deal with any violation(s) of the OMCM or the Code of Ethics by third parties as part of any contractual agreement(s).

Any third-party violation of the OMCM constitutes a breach of contract, which may lead, in the most serious of cases, to termination of the contractual agreement(s) in question.

Furthermore, the right to claim compensation for damages caused to Leo Shoes resulting from violation(s) of the OMCM or the Code of Ethics remains unaffected.

6. ADOPTION OF MODEL 231 (OMCM)

Model 231 (OMCM) has been approved by the Board of Directors of Leo Shoes and any subsequent addition or amendment remains at the discretion of that same board (subject to Supervisory Board advice).

6.1. OMCM DISCLOSURE AND AWARENESS-RAISING

Communication and employee training are important requirements for the implementation of Model 231 (OMCM).

Leo Shoes is committed to facilitating and promoting knowledge of the model among the management, partners and associates, and employees of the company to varying degrees of in-depth analysis with respect to their position(s) and role(s) and with a view to personalising courses of action as well as meeting individual needs effectively.

Model 231 (OMCM) is disclosed and made available:

- the General Section, the Code of Ethics, SB contacts and SB report submission form are published at the company website www.leoshoes.it;
- the Special Section, SB Regulations, the Code of Ethics and annexes to the OMCM are accessible for employees, inspectors and commercial partners through the creation of a specific folder on the company server or on the company intranet, in the technical manner considered to be the most effective by the compliance contact person and pursuant to D. Lgs. 231/01.

Both the principles and contents of Model 231 (OMCM) are to be brought to the attention of all persons/parties with whom Leo Shoes has or enters into a contractual relationship.

A commitment to compliance with the legislation and the reference principles of Model 231 (OMCM) by third parties in contractual relationships with Leo Shoes is established by a special clause within the relevant contract, subject to acceptance by the third-party contractor in question.

6.2. MODEL 231 (OMCM) REVIEW AND AMENDMENT

Reviews, updates and amendments of Model 231 (OMCM) are important in order to maintain the model's functional effectiveness over time; these are deemed necessary under the following circumstances:

- legislative changes relating to the liability of companies (legal entities) in terms of administrative offences resulting from a crime;
- significant changes in the company's organisational structure or business sector(s);
- significant violations of Model 231 (OMCM) that evidence shortfalls in the model;
- checks and controls that evidence any need for amendment(s).

An OMCM review is to be carried out following an appraisal by the Supervisor Body, which, at least once a year, is required to draw up a report with regard to any eventual OMCM shortfalls.

7. ANNEXES TO THE OMCM GENERAL SECTION

In order to facilitate understanding of the OMCM by all recipients, Leo Shoes has chosen to add the following documents (to be fully referred to) as annexes:

1. Organisational chart, appointments and proxies;
2. Code of Ethics;
3. SB Regulations;
4. SB Report Submission Form;
5. SB Periodical Report.

The SB will be responsible for monitoring the updating of the Model also with reference to the aforementioned attachments, proposing to the Board of Directors to update the OMCM in the event of a change in the attached documentation.