



Organisation, Management and Control Model

General Part



Revision date	Revision no.
24 January 2020	Rev. 0
25 May 2023	Rev. 1
11 September 2023	Rev. 2
23 May 2024	Rev. 3

1. DEFINITIONS

- **Affiliates:** third parties linked to TEDDY S.p.A. by affiliation contracts with the sales networks Terranova, Calliope and Rinascimento or other sales networks owned by TEDDY S.p.A.
- **Agents:** persons who are permanently appointed by TEDDY S.p.A., under a special agency agreement, to promote the conclusion of contracts in one or more specified areas
- **Contractors:** all contractors of works or services within the meaning of the Italian Civil Code, as well as subcontractors
- **Risk areas:** the company processes in which there is a risk that the offences referred to in Italian Legislative Decree no. 231/2001 may be committed
- **Code of Ethics:** the code of ethics adopted by TEDDY S.p.A.
- **Collaborators:** persons who are not employees of TEDDY S.p.A., including self-employed workers pursuant to Article 2222 of the Italian Civil Code, occasional workers, continuous coordinated collaborators, trainees, interns and temporary workers used by TEDDY S.p.A
- **External consultants:** professionals or persons with proven technical abilities whom TEDDY S.p.A. uses to obtain information, advice and opinions on matters within their competence

- **Decree or Italian Legislative Decree no. 231/2001:** Italian Legislative Decree no. 231/2001 containing the regulations on the administrative liability of legal persons, companies and associations, including those without legal personality
- **Delegation:** the internal procedure of assigning duties and tasks within the company organisation
- **Addressees:** all the bodies and persons to whom the rules of conduct and the provisions of this Organisational Model are addressed, and in particular the Corporate Bodies, Employees, Affiliates, Agents, Contractors, Collaborators, External Consultants, Core Suppliers, No Core Suppliers, Mediators, Intermediaries, Forwarding Agents, Carriers and all those with whom TEDDY S.p.A. has a contractual relationship
- **Employees:** all employees of TEDDY S.p.A. (including managers)
- **Entities:** companies, including de facto companies, associations, foundations, consortia and in general any important entity pursuant to Italian Legislative Decree no. 231/2001
- **Core Suppliers:** suppliers of goods (goods and materials for production) and services (excluding consultancy and collaborations) that TEDDY S.p.A. uses in carrying out its core activities

- **No Core Suppliers:** suppliers of goods (goods and materials for production) and services (excluding consultancy and collaborations) that TEDDY S.p.A. uses in carrying out its non-core activities
- **Mediators:** those who put TEDDY S.p.A. into reference with third parties in order to conclude contracts and who are not linked to TEDDY S.p.A. by collaborative, dependence or representative relationships.
- **Organisational Model or Model:** the organisation, management and control model provided for by Italian Legislative Decree no. 231/2001
- **Corporate Bodies:** the Board of Directors (Chairman and Vice-Chairman of the Board of Directors – Chief Executive Officer and Managing Directors) and the Board of Auditors. For the purposes of this Model, the corporate bodies also include the Auditor
- **Supervisory Body:** the body responsible for supervising the functioning of and compliance with the Organisational Model and its updating pursuant to Italian Legislative Decree no. 231/2001
- **Intermediaries:** those who put TEDDY S.p.A. into reference with third parties in order to conclude contracts and who are bound to TEDDY S.p.A. by a business procurement contract

- **Power of attorney:** the unilateral procedure whereby TEDDY S.p.A. grants powers of representation vis-à-vis third parties
- **Protocols:** the set of rules that must be implemented in order to prevent the commission of predicate offences
- **Offences or Predicate Offences:** the relevant offences under the Decree
- **Whistleblowing Regulation:** the regulation adopted by the Company indicating the guidelines to be followed for reporting acts or events that may constitute a breach of the internal and external rules applicable to the Company's activities, the breach of the principles and rules of conduct contained in the Code of Ethics and/or the Model, as well as the guidelines to ensure that the information transmitted remains confidential
- **Internal Regulations:** the internal regulations in force approved by the corporate bodies and which are considered an integral part of this Organisational Model
- **Disciplinary and Sanctioning System:** the corporate disciplinary and sanctioning system in force – an integral part of the Model – adopted by TEDDY S.p.A. in order to sanction the breach of the rules of conduct contained in the aforementioned Model and the breach of the ethical and behavioural principles contained in the Code of Ethics

- **Company or TEDDY:** TEDDY S.p.A.
- **Forwarding Agents:** those who undertake to conclude, in their own name and on behalf of TEDDY S.p.A., a contract of carriage and who are bound to TEDDY S.p.A. by a forwarding contract
- **Forwarding Agents:** those who take on the obligation towards TEDDY S.p.A. to transfer things from one place to another and who are bound to TEDDY S.p.A. by a contract of carriage

2. ITALIAN LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

2.1. THE ADMINISTRATIVE LIABILITY OF ENTITIES

The purpose of Italian Legislative Decree no. 231/2001 concerning the "Regulations on the administrative liability of legal persons, companies and associations, including those without legal personality", issued in execution of the delegation contained in Article 11 of Law No. 300/2000, was to adapt domestic legislation on the liability of legal persons to the international conventions to which Italy has subscribed, namely:

1. the Brussels Convention of 26 July 1995 on the protection of the European Community's financial interests;
2. the Brussels Convention of 26 May 1997 on the fight against corruption involving officials of the European Community and Member States of the European Union;
3. the OECD Convention of 17 December 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions.

These international instruments and, in particular, EU instruments have, among other things, provided for liability models for legal persons and a corresponding system of sanctions targeting corporate crime.

In line with the aforementioned conventions, the Decree therefore introduced a form of liability into Italian law, which is "triggered" by the Entities when:

- a. certain offences, exhaustively provided for in the Decree, are committed;
- b. the offence, included among those listed in the Decree, is committed in the interest or to the advantage of the Entity;

- c. the perpetrator of the offence is a so-called "senior" or "subordinate" person within the Entity.

With reference to point a. above, and with the exception of certain exceptional cases, the Decree applies to the offences referred to in section III of the aforementioned legislative decree, whether committed or merely attempted insofar as they relate to the offences.

As to point b. above, it must be said that case law has repeatedly emphasised that the "interest" is to be understood in the sense of the subjective purpose of the conduct (to be assessed beforehand) while the "advantage" is to be interpreted as an objective fact (to be assessed subsequently).

Lastly, with regard to point c. above, it should be noted that a so-called "senior" person means the person who performs the representative, administrative or managerial functions in the Entities themselves or of one of their organisational units with financial and functional autonomy, or the natural person who exercises, even on a de facto basis, management and control of the Entities themselves; whereas a so-called "subordinate" person means the person who is subject to the management or supervision of one of the above-mentioned persons.

Continuing to briefly review the legislation set out in Italian Legislative Decree no. 231/01, it is important to point out firstly that the liability of Entities is in addition to the (criminal) liability of the natural person who actually committed the offence and secondly that the sanctions set out in Italian Legislative Decree no. 231/2001 are divided into:

- fines (which can also be in the order of €1,500,000.00);
- interdictory sanctions entailing disqualification from carrying out activities; suspension or withdrawal of authorisations, licences or concessions instrumental to the commission of the offence; ban on contracting with the Public Administration, except to ensure a public service is performed; exclusion from facilitations, financing, contributions or subsidies and possible withdrawal of those already granted; ban on advertising goods or services;
- confiscation of the price and proceeds of the offence, including for equivalent value (i.e. confiscation of a sum of money, goods or other utilities of a value corresponding to the price or proceeds of the offence);
- publication of the judgment, which may be ordered by the judge when a disqualification sanction is imposed on the Entity;

- precautionary measures: the Public Prosecutor may request the application of interdictory sanctions also as a precautionary measure if there are serious grounds to consider the Entity liable and there is well-founded and specific evidence to suggest that there is a real danger that offences of the same type as those already committed may be committed again.

The aforementioned fines and interdictory sanctions are reduced by between one third and one half in cases where offences are attempted, while the Entity is not liable when it intentionally prevents the action from being carried out or the event from taking place.

Lastly, it should be noted that the liability provided for in the Decree also applies in relation to offences committed abroad by the Entity with its head office in Italy, provided that the State of the place where the offence was committed does not prosecute them. In this respect, however, it should be noted that the offences committed abroad that may give rise to the Entity's liability are only those covered by Articles 7, 8, 9 and 10 of the Italian Criminal Code.

2.2. THE PREDICATE OFFENCES PROVIDED FOR BY ITALIAN LEGISLATIVE DECREE

NO. 231/01

Based on the express provisions of Chapter I, Sect. III of the Decree, the offences covered by this legislation can be subdivided into the following groups of offences:

- unlawful receipt of funds, fraud against the State or a public body or for the purpose of obtaining public funds, and computer fraud against the State or a public body, offences provided for in Article 24 of the Decree;
- computer crimes and unlawful processing of data, offences provided for in Article 24 *bis* of the Decree;
- organised crime offences, offences provided for in Article 24 *ter* of the Decree;
- embezzlement, extortion, unlawful inducement to give or promise benefits and bribery, offences provided for in Article 25 of the Decree;
- forgery of money, legal tender, revenue stamps and identifying marks or signs, offences provided for in Article 25 *bis* of the Decree;
- offences against industry and trade, offences provided for in Article 25 *bis*1 of the Decree;
- corporate offences, provided for in Article 25 *ter* of the Decree;

- offences with the purpose of terrorism or subversion of the democratic order, offences provided for in Article 25 *quater* of the Decree;
- female genital mutilation practices, offences provided for in Article 25 *quater* of the Decree;
- offences against the individual, offences provided for in Article 25 *quinquies* of the Decree;
- market abuse, provided for in Article 25 *sexies* of the Decree;
- culpable homicide and grievous or very grievous bodily harm, committed in breach of the rules on the protection of workplace health and safety, offences provided for in Article 25 *septies* of the Decree;
- receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin as well as self-laundering, offences provided for in Article 25 *octies* of the Decree;
- offences relating to non-cash payment instruments, offences provided for in Article 25 *octies* 1 of the Decree;

- copyright infringement offences, offences provided for in Article *25 nonies* of the Decree
- inducement not to make statements or to make false statements to the judicial authorities, provided for in Article *25 decies* of the Decree;
- environmental offences, provided for in Article *25 undecies* of the Decree;
- employment of illegally staying third-country nationals, provided for in Article *25 duodecies* of the Decree;
- racism and xenophobia, provided for in Article *25 terdecies* of the Decree;
- fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices, provided for in Article *25 quaterdecies* of the Decree;
- tax offences, provided for in Article *25 quinquiesdecies* of the Decree;
- smuggling, offences provided for in Article *25 sexiesdecies* of the Decree;
- offences against cultural heritage, offences provided for in Article *25 septiesdecies* of the Decree;

- laundering of cultural assets and destruction and looting of cultural and landscape assets, offences provided for in Article 25 *octiesdecies* of the Decree.

2.3. THE ADOPTION OF THE ORGANISATION AND MANAGEMENT MODEL FOR THE PURPOSES OF EXEMPTING THE ENTITY FROM LIABILITY

In introducing the liability regime described in the preceding paragraph, the Decree stipulates, however, in Articles 6 and 7 a particular form of exemption from said liability, which differs depending on whether the actual perpetrator of the offence is a "senior" or "subordinate" person.

Where the offence is committed by so-called "senior" persons, the Entity is not liable if it proves:

1. that it has adopted and effectively implemented, prior to the commission of the offence, models capable of preventing offences of the kind committed;
2. that it has entrusted an internal body vested with autonomous powers of initiative and oversight with the task of supervising the functioning of and compliance with the Model, as well as ensuring that it is updated;

3. that the persons who committed the offence acted by fraudulently circumventing the provisions of the Model;
4. that there has been no or insufficient supervision by the body referred to in point 2. above.

In the case of an offence committed by a "senior" person, therefore, the onus of proving that they had no involvement in the events rests on the Entity.

If, on the other hand, the offence was committed by a person subject to the management or supervision of others, the Entity is liable if "*the commission of the offence was made possible by failure to comply with the obligations concerning management and supervision*" (Article 7). In any case, non-compliance with management or supervisory obligations is excluded if the Entity, before the offence was committed, adopted and effectively implemented an Organisational Model capable of preventing offences of the kind committed (Article 7(2)). In that case, it will therefore be for the Public Prosecutor to prove not only the lack of control or supervision and the link between this and the offence committed, but also the failure to adopt the Model or its inadequacy or inefficiency.

That said, the models must meet the following requirements (Article 6):

- identify the areas of activity within the scope of which offences may be committed;
- provide for specific protocols to plan the Entity's decision-taking and how it implements decisions in relation to the offences which need to be prevented;
- identify ways of managing financial resources that are appropriate to prevent the commission of offences;
- provide for reporting obligations to the body in charge of supervising the functioning of and compliance with the Model;
- introduce an internal disciplinary system appropriate to prevent non-compliance with the measures indicated in the Model.

The effective implementation of the organisational model provides (Article 7(4)):

1. periodic checks to the Model and possible amendments thereto when significant breaches of the requirements are detected or when changes occur in the organisation or business;
2. a disciplinary system appropriate to penalise non-compliance with the measures indicated in the Model.

2.4. GUIDELINES DRAWN UP BY CONFINDUSTRIA

The Decree provides that models may be adopted, guaranteeing the above-mentioned requirements, based on codes of conduct (e.g. Guidelines) drawn up by trade associations and approved by the Ministry of Justice in accordance with the procedure laid down in Italian Legislative Decree no. 231/2001.

These codes of conduct provide associations and companies with methodological information on how to construct a Model appropriate to prevent the commission of the offences contemplated in the Decree and thus act as an exemption from liability and the sanctions provided for therein.

As a member of Confindustria, in preparing this Model TEDDY was inspired by the criteria dictated in the Guidelines prepared by the latter on 7 March 2002, supplemented on 3 October 2002 with the Supplementary Appendix on corporate offences and subsequently updated first on 31 March 2008, then on 21 July 2014 and lastly on 1 June 2021.

Within the aforementioned Guidelines, it is specified that the components of a preventive control system that must be implemented at company level to ensure the effectiveness of the Model are:

- For intentional offences:
 - code of ethics;
 - organisational system;
 - manual and computerised procedures;
 - powers of authorisation and signature;
 - communications to and training of staff;
 - integrated control systems;
- For non-intentional offences relating to the protection of workplace health and safety and the environment, without prejudice to what has already been stated in relation to intentional offences:
 - organisational structure;
 - education and training;
 - communication and involvement;
 - operational management;

- security monitoring system.

2.5. CASE LAW

For the purposes of drafting the Model, TEDDY has also taken into account the most significant guidelines formulated by case law on "231", namely:

- the Model must meet the requirements of comprehensiveness, concrete output and focus;
- the Model must result from proper mapping and analysis of the risk of an offence being committed;
- the Model is not fraudulently circumvented if it does not cover all the behavioural procedures necessary for the prevention of the alleged offence;
- a Model that omits to specify disciplinary sanctions is unsuitable;
- the Model must be updated in parallel with the evolution and change in the structure of the risk of offences being committed.

3. THE STRUCTURE AND ORGANISATION OF TEDDY S.P.A.

3.1. INFORMATION ON TEDDY AND IN PARTICULAR ON ITS STRUCTURE

TEDDY operates in the textile and clothing sector, carrying out the design, production (with suppliers), branding and distribution (wholesale and retail) in Italy and abroad of clothing, underwear, footwear and accessories for women, men and children. The company's mission is to offer the world's increasingly discerning and demanding end-customers/consumers affordable fashion items that meet their emotional and aspirational needs at the best value for money.

The company was founded in Rimini in 1961 by Vittorio Tadei, later merging into TEDDY in the 1980s, a company set up to bring a tangible dimension to Vittorio Tadei's business project and make it last.

TEDDY is organised into two main Strategic Business Units: the Wholesale Division and the Retail Division.

The Wholesale Division targets multi-brand trade with the Rinascimento® (born in 2000) and QB24® (born in 2018) brands and operates on a wholesale basis through various warehouses – the most important of which is located in the Centergross in Bologna – as well as through foreign distributors.

Created in 1988, the Retail Division operates globally in more than 40 countries through a chain of hundreds of single-brand shops under the Terranova®, Calliope® and Rinascimento® brands.

Terranova®, Calliope® and Rinascimento® products are also marketed via three different digital stores.

Apart from the shops managed directly by the company, retail distribution is based on the business method of consignment sales. This allows a guaranteed profit margin for the franchisee in both regular and discount sales, continuous replenishment with payment for sales only, and the support of a sales team both before and after the shop is set up and opened.

The portfolio of the Company's main brands is composed as follows:

- Terranova®. The leading brand of the Retail Division is positioned at the affordable (low-cost) end of the clothing market and is characterised by its value proposition, unique to the market: "*Terranova is a cheerful brand, born in a land warmed by the joy of life and the inherent Italian passion for beauty. The same passion with which we create our collections. We like to offer products that are young and affordable, easy-to-use and trendy, with*

attention to detail and a wide range of colours that embrace three basic styles: easy-glam, urban and sportswear. We like to guarantee good value and value for money among the best on the market. We love to have a sincere, straightforward relationship with each other and with all our customers, because life is much better done together." The brand is divided into the following lines: women's, men's, children's wear, accessories and underwear. Building on its worldwide success, in 2006 Terranova® created a line designed and built to meet the needs of small children (aged 1 to 13), Terranova® Kids, which offers its target market an urban, affordable and original style. With the Autumn-Winter 2012 collection, the women's underwear line of the Terranova® brand was also born.

- Calliope®. The Calliope brand is the only brand in the low-cost world whose quintessentially Italian flair offers a modern, clean and elegant style that may be considered '*glamour light*'. The '*glamour light*' concept is expressed in a collection that is always up-to-date and never extreme, and can be found in an original concept store with an international flavour. Calliope's target group is men and women between the ages of 25 and 40 who want to dress fashionably but not extravagantly. 'Glamour light' is a unique style that can

embrace several age groups, thanks to a basic range that offers various sizes and colours. Calliope® also has a women's underwear line and a children's line.

- Renaissance®. This is the leading brand of the Wholesale Division distributed worldwide. It positions itself in the fast fashion market by offering accessories and clothing that interpret contemporary fashion trends. It is a feminine, glamorous and up-to-date brand; it expresses femininity with a hint of grit and a sense of womanhood to all intents and purposes, romantic when appropriate but also resolved and determined when necessary, always living life like a leading woman. The garments made are Made in Italy, i.e. designed and manufactured in Italy.
- QB24®. The QB24® line was created to accompany men throughout the day and make them feel comfortable in every situation, with a look that is appropriate at all times. QB-Quanto Basta ('All You Need') as a search for the essential and the will to be yourself, yet not over-dressed, but with a distinctive personality. QB24® features a young man who wants to live life as a protagonist. He is a well-groomed and self-aware man. He likes to make his

mark and is attentive to details. He does not follow trends but uses them to create his own personal style, and when he enters a clothing shop he is on the lookout for 'elements', those wardrobe staples useful for defining the language one's personality.

The company's registered office is in Rimini, via Coriano n. 58, Gros Rimini Blocco n. 97.

3.2. THE GOVERNANCE SYSTEM

TEDDY's governance model includes:

- a Board of Directors consisting of a Chairman, a Vice-Chairman and a Director. The Chairman also holds the position of Chief Executive Officer; the latter is vested with the broadest powers for all acts of ordinary and extraordinary administration, subject to certain limitations decided by the Board of Directors, as he is entrusted with everything that is not strictly reserved to the Shareholders' Meeting by law or the Articles of Association (Article 16 of the Articles of Association). The Vice-Chairman also acts as Managing Director;

- the Shareholders' Meeting, which has competence in matters reserved to it by law and by the Articles of Association;
- a Board of Statutory Auditors, consisting of three statutory auditors and two alternate auditors, which monitors compliance with the law and the Articles of Association;
- an Auditor exercising the auditing function pursuant to Article 2409-*bis* of the Italian Civil Code.

3.3. THE SYSTEM OF DELEGATED AND PROXY POWERS

TEDDY's system of delegated and proxy powers is a governance tool that the Company had to take into account when drafting the Model: functions, tasks, responsibilities and powers have been assigned within the Model in a manner consistent with what has been done with reference to the system of delegated and proxy powers.

In this regard, it is specified that:

- the "delegation" – which must be accepted by those concerned – is an internal act whereby TEDDY assigns functions, tasks and responsibilities to an individual person;
- the (notarised) "power of attorney" is a unilateral legal transaction whereby TEDDY grants an individual person the power to act on their behalf.

The main elements which have inspired the Company in creating its system of delegated and proxy powers are:

- flexibility and autonomy that key roles must have;
- need for the company to protect itself against decision-making autonomy that, if too extensive, may expose it to risks arising from the conduct of a disloyal employee or from commitments to third parties;
- distribution of powers consistent with competences and genuine possibilities for supervision and oversight.

Timely updating of delegated and proxy powers must be ensured as a consequence of organisational changes or where changes in responsibilities and

powers occur. These updates must subsequently be followed by similar changes in the Model.

3.4. ADDITIONAL ORGANISATIONAL TOOLS

The company is also equipped with additional organisational tools, such as:

- an organisational structure;
- job description statements.

These instruments generally have the purpose of delimiting and defining roles, tasks and responsibilities and of identifying the roles and tasks of internal managers who have the power to push forward and coordinate the underlying functions.

4. THE TEDDY S.P.A. MODEL.

4.1. THE PURPOSES OF THE MODEL

TEDDY is sensitive to the need to ensure conditions of fairness and transparency in the running of business and corporate activities, to protect its own position and

image and to protect the work of its employees, and has therefore deemed it consistent with its corporate policies to implement the Model.

This initiative was taken in the belief that adopting the Model – beyond the provisions of Italian Legislative Decree no. 231/2001, which indicate it as an optional, non-mandatory element – can be a valuable tool to raise awareness among all those who work in the name and/or on behalf of TEDDY, or in any case in favour of TEDDY, so that they behave in a straightforward and correct manner when carrying out their activities, such as to prevent the risk of commission of the offences contemplated in Italian Legislative Decree no. 231/2001.

The principles contained in the Model are aimed at:

- clearly stating that any form of unlawful conduct is strongly condemned by TEDDY, even if it is carried out with the intention of providing an advantage to the Company;
- making all those who work in the Risk Areas, in the name of and/or on behalf of TEDDY, or in any case in favour of TEDDY, responsible for ensuring that they do not engage in conduct that could result in the company incurring one of the sanctions provided for in Italian Legislative Decree no. 231/2001;

- ensuring that employees, corporate bodies and, more generally, addressees of the Model are aware that in the event of conduct that does not comply with the provisions of the Model, the Code of Ethics and all the various company procedures (as well as with the law), they may be committing offences liable to penal consequences not only for themselves but also for the Company;
- monitoring the Risk Areas and their "neighbouring" areas in order to be able to intervene promptly to counter the risk of offences being committed.

TEDDY also intends to actively censure any unlawful conduct through the ongoing work of the Supervisory Body.

Finally, in even more general terms, TEDDY believes that the Model, precisely because of its pervasiveness, represents an unmissable opportunity to readjust the organisational architecture and the entire system of internal controls, thus assuming decidedly strategic connotations as it contributes to the sound and prudent management of the Company.

4.2. THE ADDRESSEES OF THE MODEL

The following are to be considered addressees of the Model:

- a) the members of the corporate bodies;
- b) those who perform, including on a de facto basis, management, administrative and control duties in the Company;
- c) employees;
- d) Affiliates, Agents, Contractors, Collaborators, External Consultants, Core Suppliers, No Core Suppliers, Mediators, Intermediaries, Forwarding Agents, Carriers and all those with whom TEDDY S.p.A. has a contractual relationship.

The Company communicates the Model to the addressees using suitable methods to ensure that all persons concerned have sufficient knowledge of it (see paragraph 8).

In particular, the persons referred to in points a), b) and c) above are required to comply strictly with all its provisions, also in fulfilment of the duties of loyalty, fairness and diligence arising from the legal relations already established with the Company.

4.3. THE CONSTRUCTION OF THE MODEL

The preparation of the Model was preceded by several activities, divided into different phases that can be summarised as follows:

1. project design and sharing it with the governing body;
2. risk assessment phase, i.e. the phase during which – through the identification and interview of "key persons" (key officers) with knowledge of the Risk Areas and of the various corporate processes, as well as through the collection and analysis of relevant documentation on the organisation and functioning of the Company – the following are identified:
 - i) the Risk Areas;
 - ii) the possible ways in which the offences may be committed;
3. identification phase of the Protocols already in place at TEDDY to prevent the commission of predicate offences;
4. gap analysis phase during which the Protocols already in place at TEDDY were compared with those considered appropriate to practically prevent the commission of offences. In cases where insufficiently supervised Risk Areas

were identified, actions were identified that were most effectively suited to preventing the identified potential risks in practice;

5. development of the Model through not only the creation and/or adaptation – depending on the results of the gap analysis phase – of the Protocols, but also through the preparation of all those organisational tools necessary to make crime prevention effective, and in particular the Code of Ethics, the Disciplinary System and the Supervisory Body.

The Company has, in any case, taken into account the Protocols that de facto exist and are already in place in the company, where they are also deemed suitable as a measure for preventing offences.

4.4. THE STRUCTURE OF THE MODEL

This Model is subdivided:

- into a general part (hereinafter also referred to as the "General Part"), which sets out (i) a brief description of Italian Legislative Decree no. 231/2001, (ii) the structure and organisation of TEDDY, (iii) the TEDDY Model, (iv) the description of the Risk Areas, (v) the functioning of the Supervisory Body, (vi)

the Disciplinary and Sanctioning System, and (vii) the development and circulation of the Model;

- into a special section (hereinafter also "Special Section") consisting of several sections (hereinafter also "Sections") dedicated in particular to offences which, given the organisation and business of the Company, present a risk profile of possible commission by TEDDY, namely:
 1. offences against the Public Administration;
 2. computer crimes;
 3. offences involving forgery of money, legal tender, revenue stamps and identifying marks or signs and offences relating to non-cash payment instruments;
 4. offences against industry and trade;
 5. corporate offences;
 6. offences involving receiving stolen goods and money laundering;
 7. offences committed in breach of copyright;

8. the offence of inducement not to make or to make false statements to the judicial authorities;
 9. environmental offences;
 10. the offence of employing illegally staying third-country nationals;
 11. tax offences,
 12. smuggling offences;
 13. offences relating to safety and hygiene in the workplace;
- in the Code of Ethics.

With regard to the other offences provided for in the Decree and not dealt with in the Special Part of the Model, it has been considered that TEDDY's activity does not present high risk profiles such that the commission of offences could reasonably be expected.

In fact, such conduct is objectively unrelated to the company's normal business activity and would therefore require, as far as the control system is concerned, a

cost greater than the resource to be protected (the so-called "acceptable risk" threshold).

TEDDY therefore considers the reference to the Code of Ethics and to the general principles of the Model as a sufficient preventive measure, without prejudice to the possible integration of the Model as provided for in paragraph 4.7.

With reference to the possibility of criminal conspiracy – pursuant to Article 416(1), mentioned in Article 24-ter of Italian Legislative Decree no. 231/2001 – to commit the offences referred to in the various sections, reference is made to all the controls described in the aforesaid sections and put in place to defend against specific offences actually committed whose associative phenomena are intended to facilitate them. Moreover, as pointed out by the most authoritative writing on the subject, the safeguards put in place to defend against the commission of offences actually committed also make it possible to prevent the occurrence of the associative phenomena directed towards their implementation.

If, moreover, it becomes necessary to draft additional sections of the Special Section, for example in relation to new offences which are introduced into the body of Italian Legislative Decree no. 231/2001, or in the event of changes to the

Company's organisation, the Supervisory Body is entrusted with the task of proposing amendments and/or updates to the Model to the Board of Directors.

4.5. THE TEDDY CODE OF ETHICS

Convinced that acting fairly is in its own interest as well as being a clear moral duty in any case, TEDDY has deemed it appropriate to adopt the Code of Ethics which outline the main strategies and rules of conduct adopted by the company for ethically as well as legally upstanding business conduct.

It represents a set of mandatory principles appropriate to prevent the commission of offences and formally represents an integral component of the Model.

The Code of Ethics is binding on all addressees of the Model. They are obliged to familiarise themselves with its contents and to comply with its provisions.

In order to ensure timely circulation of the contents of the Code of Ethics, the Company has decided to:

1. distribute it to all employees as well as to members of the corporate bodies;

2. require all addressees to adhere to the same Code of Ethics;
3. place it on the company website.

Various methods are adopted to ensure that the persons referred to in point 2 adhere to the Code of Ethics. In particular:

- a. where the relationship is governed by a written contract, a specific clause will be inserted in that contract;
- b. in any other case, there will be a commitment by the aforementioned persons to comply with the Code of Ethics.

The purpose of the Supervisory Body is to ensure compliance with and observance of the Code of Ethics and to facilitate its interpretation.

4.6. RELATIONS BETWEEN THE CODE OF ETHICS AND THE MODEL

It should be noted that:

- the Code of Ethics adopted by the Company is a general instrument aimed at promoting a series of corporate principles that TEDDY recognises as its own and which it intends to demand all its employees and addressees to abide by;

- the Model, on the other hand, responds to specific requirements contained in Italian Legislative Decree no. 231/2001 and aimed at preventing the commission of offences.

However, in view of the fact that the Code of Ethics recalls principles of conduct that are also appropriate to prevent unlawful conduct as referred to in Italian Legislative Decree no. 231/2001, it acquires significance for the purposes of the Model, becoming an integral component thereof.

4.7. ADOPTION OF THE MODEL - ITS SUBSEQUENT AMENDMENTS AND ADDITIONS

This Model constitutes an "enactment by the management body" in accordance with the provisions of Article 6(1)(a) of Italian Legislative Decree no. 231/2001.

Approval of the Model is therefore the sole prerogative and responsibility of the Board of Directors. The latter shall also be responsible for approving any amendments and/or additions to the Model that may be necessary in order to allow the Model to continue to comply with the provisions of Italian Legislative Decree no. 231/2001 and with any changes in TEDDY's organisation or activities.

The Model must in any case be modified if significant breaches of the requirements are detected.

4.8. MONITORING OF THE MODEL'S EFFECTIVENESS

In order to perform its institutional duty of monitoring the Model's effectiveness, the Supervisory Body may carry out two types of checks in particular:

1. monitoring of actions: an annual audit of the main transactions carried out by TEDDY in the Risk Areas will be carried out;
2. monitoring of Protocols: the effective functioning of this Model will be periodically monitored.

In addition, an analysis will be undertaken (i) of all the reports and information received during the year, (ii) of the actions taken by the Supervisory Body and the other persons concerned, (iii) of events considered risky, (iv) of staff awareness (also through possible sample interviews) with respect to the possible offences provided for by Italian Legislative Decree no. 231/2001.

5. RISK AREAS

5.1. RISK AREAS – PREVENTION PROTOCOLS IN RISK AREAS

In the light of the activity carried out by TEDDY and the analysis carried out according to the methodology set out in paragraph 4.3, it emerged that the Risk Areas at present concern those referred to in the various sections making up the Special Section. Each of the above-mentioned sections provides within it:

- identification of conceivable offences;
- description of the Risk Areas;
- general principles of conduct;
- specific principles of conduct (description of Protocols);
- tasks of the Supervisory Body and information flows.

It should be noted firstly that the Supervisory Body has the power to identify any further risk activities that, depending on legislative developments or the company's activities, may be included in the list of Risk Areas; and secondly that in order to better manage the "dangers" that lurk in the Risk Areas, the Model

provides for Protocols (for internal use). As already mentioned in the paragraph on definitions, each Protocol is a set of rules that must be implemented in order to prevent the commission of offences.

The Protocols governing the Risk Areas are adopted by the Company in compliance with the control principles – outlined by Confindustria – that represent the characteristics that every corporate operation carried out by every addressee of the Model must possess. These are reflected in:

- i) separation of duties through a distribution of responsibilities in order to avoid critical activities being concentrated with a single person;
- ii) *ex post* traceability of transactions and information on those who have authorised, carried out and monitored individual activities, so as to ensure the transparency and traceability of choices made. For every transaction there must be a document on which checks can be made at any time;
- iii) ban on undertaking significant transactions autonomously and/or without authorisation consistent with the company's delegated powers;

- iv) filing and storage of documentation relating to the Company's activities and control activities;
- v) selection of employees, Affiliates, Agents, Contractors, etc., based exclusively on objective and verifiable requirements (e.g. competence, experience);
- vi) documentation of each payment and justification of the same with reference to a specific type of expenditure;
- vii) truthfulness and completeness of the recognition, recording and accounting representation of transactions.

5.2. INSTRUMENTAL PROCESSES

In addition to the Risk Areas, instrumental activities have also been identified – as specified below – in the context of which the Company runs the risk of engaging in conduct conducive to the commission of offences.

These are those processes (i) in which, in principle, the conditions for the commission of offences could be created (ii) or which could themselves constitute the instruments and/or means for the commission of offences.

Specifically, the activities in question are:

1. the selection of employees;
2. the management of expense reimbursements and entertainment expenses.

5.2.1. THE SELECTION OF EMPLOYEES

The employee selection process concerns all activities related to the inclusion of human resources in the company organisation and, more specifically, those activities necessary for the establishment of the employment relationship.

The process of personnel selection and recruitment is one of the instrumental ways through which, in principle, the offence of corruption can be committed. The selection of employees presents risk profiles inasmuch as it is a possible form of indirect remuneration in favour of public officials in return for the latter's involvement in a matter concerning the Company, for example the prospective employment of a family member of a public official at the company with a view to performing acts in favour of that Company.

In the employee hiring process, TEDDY ensures: (i) that the methods used to locate CVs are registered (e.g. internal alerts; submissions via company websites, etc.); (ii) separate evaluation and matching of authorisations by the department where the new staff member works and the department hierarchically subordinate to it; (iii) that any employment and/or collaboration relationships with public entities are monitored and evaluated.

Authorisation for employment and approval of the contract are granted only by personnel expressly identified in accordance with the existing system of delegated and proxy powers.

The company has a special company procedure concerning the personnel evaluation system during the selection phase that takes into account the company's needs. In particular:

- the function requesting the selection and recruitment of the employee, in accordance with the company budget, formalises the request by filling in specific forms adopted by the company;
- the request is authorised by the department hierarchically superior to the requesting department;

- requests to recruit staff outside the off-budget are justified;
- requests for changes to the open-ended employment relationship must be followed by a report from the user department;
- employment contracts and all documentation relating to the management of the Company's personnel must be filed with the Payroll Management and Personnel Services department.

5.2.2. MANAGING EXPENSE REIMBURSEMENTS AND ENTERTAINMENT EXPENSES

The risk in this process is linked to the fact that it may be instrumental in the commission of the offence of corruption, or it may constitute a way of providing illegitimate funds to be used for illicit purposes.

At TEDDY, the reimbursement of travel expenses, meals and overnight stays incurred by employees in carrying out their work must only and exclusively take place in accordance with company procedures and in accordance with the procedures and proxies adopted by the Company.

Expenses for which reimbursement is sought, including entertainment expenses, must be duly documented and justified.

The reimbursement procedures include:

- the type of sustainable entertainment and/or travel expenses;
- maximum limits on entertainment and/or travel expenses;
- the need for the expenditure slips to match the amounts entered in the accounts;
- the necessary documentation enabling the identity of the beneficiaries of the entertainment expenses to be traced.

Reimbursement of expenses and/or other benefits of any kind in favour of employees that are not adequately justified in the context of the employment relationship or not related to the professional activity performed is therefore prohibited.

Cash advances requested by employees must be justified and must be made using company forms.

5.3. CORRUPTION

TEDDY is aware that corruption is one of the most destructive phenomena for our company and that is why it strongly condemns it.

Also in the light of the regulatory policies that introduced the offence of bribery among private individuals and incitement to bribery among private individuals (Articles 2635 and 2635-bis of the Italian Civil Code), the Company reminds all its employees and addressees of the Model:

- to refrain from engaging in corrupt practices of any kind in relations with public and/or private parties;
- conduct based on full respect for the law and the ethical principles contained in its own Model and Code of Ethics.

It is prohibited to promise and/or pay and/or offer and/or request to receive and/or actually receive, directly or indirectly, compensation of any kind, gifts, economic advantages or other benefits that:

- are of significant value and go beyond reasonable acts of courtesy;

- are likely to be interpreted as aimed at unduly influencing relations between the Company and a third party, whether public or private.

The Code of Ethics and the Model also prohibit offering gifts or granting favours outside the ordinary business environment.

Without prejudice to the general ban on unduly influencing relations with third parties in connection with the Company's business, gifts and entertainment expenses (including meals, travel or other entertainment) offered to third parties must, under any circumstances:

- be carried out in connection with actual business purposes;
- be reasonable and in good faith;
- comply with the applicable rules and procedures, including the specific authorisation process;
- be registered and supported by appropriate documentation;
- may never consist of sums of money.

All business decisions involving TEDDY must be based on meritocratic principles.

All contracts, agreements and transactions concluded must comply with the purposes of the company's business and must be traceable.

The company must comply with the legal obligation to draw up, update and keep records, books and accounting documents that accurately and clearly record TEDDY's transactions and disposals of assets.

The use of false documents and invoices is prohibited, as is the execution of inappropriate, ambiguous or false accounting entries and any other accounting procedures, techniques or devices that would conceal payments or otherwise qualify them as unlawful.

Here, reference is made to the principles relating to the management of incoming and outgoing financial flows set out in the Special Section "Handling of stolen goods and money laundering offences", Protocol No. 1. In particular, please note that:

- no payments may be made to internal or external parties – Affiliates, Agents, Contractors, Collaborators, External Consultants, Core Suppliers, No Core Suppliers, Mediators, Intermediaries, Forwarding Agents, Carriers and all

those with whom TEDDY has a contractual relationship – that are not adequately justified in the light of the contractual relationship established with them and that do not take place as consideration for goods, services, etc., actually received by the Company in accordance with the contractual terms;

- payments may only be made against a supporting document (e.g. invoice, expense report, etc.) that has been properly checked and authorised and must correspond in terms of the beneficiary, the amount of the payment, the timing and the method of payment with what is set out in the supporting document itself or with what is formally agreed in the contract between the Company and the recipient of the payment;
- the use of outgoing financial resources must always be justified by the requesting party even just by indicating the cost centre to which the transaction belongs;
- authorising payment of the invoice is the responsibility of those vested with specific delegated powers, in line with the organisational structure and organisation chart in place;

- no payments may be accepted from external parties – Affiliates, tenants or lessees – that are not adequately justified in the light of the contractual relationship established with them and that do not take place as consideration for goods, services, etc., actually assigned/performed by the Company in compliance with the contractual terms;
- collections can only be accepted from parties in the registry. In the event of salary deductions or acceptance of liabilities, these different forms of payment must be documented;
- no current accounts or savings books in anonymous or fictitious names may be used either in Italy or in foreign countries;
- all petty cash expenditures and receipts must be justified and documented and must be made against goods or services actually received or provided.

6. THE SUPERVISORY BODY

6.1. IDENTIFICATION OF THE SUPERVISORY BODY

Article 6(1)(b) of Italian Legislative Decree no. 231/2001 stipulates that the body entrusted with the task of supervising the functioning, observance and updating of the Model must be internal to the Entity and different from the management body.

To this end, TEDDY has established a collective Supervisory Body consisting of:

- an internal member;
- an external consultant with expertise in business economics;
- an external consultant with expertise in legal matters.

This choice is justified by the fact that the figures under consideration ensure:

- autonomy and independence (external members). In this respect, it should firstly be noted that members of the Supervisory Body, within the scope of the control activity falling within their competence, are free from any form of interference or influence by any member of the Body; and secondly that, in line with the most established principles of case law, the aforesaid members have no operational duty within the Body;

- professionalism. As it is composed, the Supervisory Body ensures in-depth knowledge of company dynamics and, at the same time, possession of all those specific technical skills appropriate to ensure the effectiveness of the control powers and the power to make proposals entrusted to it;
- continuity of action, in particular due to the presence of an internal member who, even more than the external members, ensures timely and effective supervision of the Model's functioning and observance.

The Board of Directors appoints an alternate member.

The Supervisory Body is provided with financial means (budget) on an annual basis appropriate for it to carry out its work and perform its functions.

6.2. APPOINTMENT AND TERMINATION OF OFFICE OF MEMBERS OF THE SUPERVISORY BODY

The Board of Directors decides to appoint and dismiss members of the Supervisory Body.

Being appointed as a member of the Supervisory Body is contingent upon the subjective requirements of honour, integrity and respectability being met, as well

as the absence of grounds for incompatibility with the appointment itself, such as potential conflicts of interest with the role and tasks to be performed.

In particular, where members are appointed, the designated persons must, at the time of their appointment, issue a declaration attesting to the absence of grounds for incompatibility such as:

- even potential conflicts of interest with TEDDY such as to impair the independence required by the role and duties of the Supervisory Body;
- administrative functions – in the three financial years prior to the appointment as member of the Supervisory Body or the establishment of the consultancy/collaboration relationship with the same Body – of companies subject to bankruptcy, compulsory administrative liquidation or other insolvency procedures;
- public employment relationship with central or local administrations in the three years prior to the appointment as member of the Supervisory Body or the establishment of the consultancy/collaboration relationship with the same Body;

- a conviction, even if without the force of *res judicata*, or a judgment imposing the penalty requested (so-called "plea bargaining"), in Italy or abroad, for the offences referred to in Italian Legislative Decree no. 231/01 or other offences in any event affecting professional conduct;
- a custodial sentence, even if without the force of *res judicata*, entailing disqualification from public office, even if not final, or temporary disqualification from the public offices of legal persons and companies.

The revocation of the Supervisory Body's powers and the assignment of such powers to another person may only take place for just cause, through a specific resolution passed by the Board of Directors.

In this regard, "just cause" for dismissal may be understood as, by way of example but not limited to:

- failure to comply with the subjective requirements of honour, integrity, respectability and independence present at the time of the appointment;
- the occurrence of a reason for incompatibility;

- gross negligence in the performance of duties connected with the assignment or failure to perform duties;
- "lack of supervision or insufficient supervision" by the Supervisory Board – in accordance with Article 6(1)(d) of Italian Legislative Decree no. 231/01 – resulting from a conviction, which has the force of *res judicata*, issued against the Company pursuant to Italian Legislative Decree no. 231/2001, from a judgment imposing the penalty requested (so-called "plea bargaining"), or a breach of the Model that resulted in a sanction against TEDDY or the opening of proceedings for one of the offences provided for by Italian Legislative Decree no. 231/2001;
- the assignment of operational functions and responsibilities within TEDDY that are incompatible with the requirements of "autonomy and independence" and "continuity of action" of the Supervisory Body;
- breach of the Model.

In particularly serious cases, the Board of Directors may in any case – after hearing the opinion of the Board of Statutory Auditors – order the suspension of the Supervisory Body's powers and the appointment of an interim Body.

The term of office is three years. The remuneration of members of the Supervisory Body cannot be changed before being renewed.

In the performance of its functions, the Supervisory Body may make use, where necessary, of both internal and external personnel under its direct supervision.

6.3. THE FUNCTIONS AND POWERS OF THE SUPERVISORY BODY

The Supervisory Body is entrusted with the task of:

1. monitoring compliance with the provisions of the Model;
2. monitoring the effectiveness of the Model, i.e. the consistency between the actual conduct of the addressees of the Model and the Model itself, and the adequacy of the latter, i.e. the Model's actual ability to prevent the commission of offences;
3. proposing amendments and/or updates to the Model to the Board of Directors, where there is a need to adapt it to changed organisational and/or regulatory conditions and, in any case, in case of significant breach of the provisions of the Model;
4. verifying that the Company ensures that the Model is updated.

More specifically, the Supervisory Body must:

- supervise the implementation of the Protocols provided for in the Model;
- generally monitor TEDDY's activities to update the mapping of sensitive activities;
- carry out periodic checks on specific transactions or acts carried out, in particular, within the Risk Areas, even without prior request;
- propose and monitor initiatives to spread awareness and understanding of the Model;
- collect and file all relevant information received, in compliance with the Model;
- periodically report to the Board of Directors and the Board of Auditors on the implementation of the Model and, in particular, on any critical issues encountered;
- examine any reports of alleged breaches of the Model and carry out the necessary or appropriate investigations in relation to the reports received;

- promptly report to the Board of Directors any breaches of the Model or procedures and/or any other information deemed useful for the Board of Directors to take urgent decisions;
- promptly report to the Board of Auditors any breaches of the Model committed by the Board of Directors;
- ensure information flows to the management body and the Board of Auditors;
- be able to freely access all offices and all company documentation without the need for prior consent or authorisation;
- interpret the relevant regulations and verify the adequacy of the internal control system in relation to these regulatory requirements.

Through all the above-mentioned activities, the Supervisory Body must be able to:

1. if it emerges that the implementation of the Protocols is deficient, intervene by taking all the necessary measures to address such inadequacies;
2. if, however, the Model needs to be adapted, endeavour to indicate which corrections and amendments are to be adopted.

The Supervisory Body, as provided for by the law, has autonomous powers of initiative and control to supervise the functioning of and compliance with the Model, but it has no coercive or intervention powers to modify the corporate structure or to impose sanctions on the corporate bodies, employees and Addressees in general, such powers being delegated to the competent corporate bodies and functions.

Finally, it must be pointed out that the activities carried out by the Supervisory Body cannot be reviewed by any other corporate body or structure, on the understanding that the Board of Directors monitors the adequacy of the Supervisory Body's work.

6.4. INFORMATION FLOWS TO TEDDY'S BODIES

When beginning its work and, subsequently, at the start of each financial year the Supervisory Body must submit to the Board of Directors and the Board of Statutory Auditors a programme of activities (hereinafter also referred to as the "Programme of Activities") it intends to perform in order to fulfil its assigned tasks.

Furthermore, each year the Supervisory Body must prepare a written report on its activities for the Board of Directors and the Board of Auditors.

The report will cover:

- the activities carried out by the Supervisory Body and, more specifically, the implementation of the Programme of Activities;
- any critical aspects that have emerged both in terms of conduct or events within TEDDY, and in terms of the effectiveness of the Model;
- the necessary and/or appropriate corrective and improvement measures of the Model and their implementation.

The Board of Directors, the Board of Statutory Auditors and the Shareholders' Meeting have the right to convene the Supervisory Body at any time, which in turn may ask to be heard by the aforementioned bodies. The meetings will be minuted and copies of the minutes will be kept by the Supervisory Body.

6.5. INFORMATION FLOWS TO THE SUPERVISORY BODY

The Supervisory Body must be informed by the addressees of the Model, otherwise the sanctions in Chapter 7 may be applied: (i) in relation to any element useful for the performance of its duties (Information); (ii) in relation to unlawful conduct,

relevant under Italian Legislative Decree no. 231/01, or breaches of the Model (Report(s)).

Information and Reports should be sent to the Supervisory Body in written form to the e-mail address odv@teddy.it.

The Supervisory Body must, in any case, be informed of any critical elements that emerge in the implementation of the Model.

6.5.1. DISCLOSURE OBLIGATIONS RELATING TO OFFICIAL ACTS

It is compulsory to forward to the Supervisory Body reports concerning:

- measures and/or reports coming from the Judiciary, from police bodies or from any other authority (administrative, penal, civil, financial administration), relating to the conduct of investigations, even against unknown persons, in any way concerning TEDDY in relation to any offences;
- requests for legal assistance made by directors and/or other employees in the event of legal proceedings being initiated for the offences provided for by Italian Legislative Decree no. 231/2001;

- the disciplinary proceedings brought in relation to the breach of the Model and any sanctions imposed, or orders to dismiss such proceedings with the relevant reasons;
- updates to the system of powers (delegations and proxies);
- business process updates.

6.5.2 INFORMATION GATHERING AND STORAGE

- Copies of the minutes, reports, information notes and reports drawn up by the Supervisory Body, meetings with the bodies to which the Supervisory Body reports, as well as all information and reports shall be kept by the Supervisory Body itself, in a special archive (paper and computer), for a period of five (5) years.
- Access to the archive is permitted only to personnel delegated by the Supervisory Body.

7. INFORMATION AND REPORTS SENT PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 24/2023 – WHISTLEBLOWING

At TEDDY, in order to protect the Entity's integrity and in accordance with the provisions of Italian Legislative Decree no. 24/2023, the right is guaranteed to make substantiated reports based on precise and consistent factual elements on any unlawful conduct made in breach:

- of Italian Legislative Decree no. 231/2001;
- of the Model and/or the Company's Code of Ethics;
- of the European standards set out in Italian Legislative Decree no. 24/2023.

Reports can be sent by:

- employees of the Company, even if on probation or after termination of employment;
- self-employed workers and those who work for the Company in a collaboration relationship;
- freelancers and consultants working for the Company;
- volunteers and trainees, including unpaid ones, who work for the Company;

- shareholders and persons with administrative, management, control, supervisory or representative duties, even if such duties are exercised on a de facto basis.

Reports may be forwarded to the Company in written and/or oral form – in the latter case by means of a voice messaging system – via the special IT platform adopted by Teddy. Anonymous reports – i.e. those from which it is not possible to trace the identity of the whistleblower – will be treated in the same way as ordinary reports only if adequately substantiated.

Whistleblowing reports will be received, analysed and handled by a special office appointed by the Company ("Whistleblowing Office"). If the report concerns the Whistleblowing Office, in order to prevent possible conflicts of interest, the report shall be handled by the Supervisory Body via the IT platform.

The Company has adopted a specific whistleblowing regulation – drawn up in compliance with Italian Legislative Decree no. 24/2023 and the Guidelines issued by the National Anti-Corruption Authority on 12 July 2023 – where the following are fully regulated:

- the scope of the reporting process and the persons who can make reports;

- the subject, contents and limits of the report;
- the internal channels through which the report can be made;
- the principles and general rules governing the reporting process;
- the reporting management process in its various phases, identifying roles, responsibilities, operating methods and tools used.

7.1. PROTECTION OF THE REPORTING ADDRESSEES; PROTECTION OF THE REPORTED INDIVIDUALS

The Company, in the manner more fully described in the whistleblowing regulation, ensures:

- that the identity of the reporting person and any other information from which such identity may be inferred, directly or indirectly, are not disclosed without their consent to persons other than the Whistleblowing Office or, where a conflict of interest arises, the Supervisory Body;
- that the persons concerned by the report remain confidential, including the reported person and the person who may be assisting the reporting person in the reporting process;

- that any retaliatory acts adopted against the reporting person and/or other persons protected by Italian Legislative Decree no. 24/2023, as well as the adoption of discriminatory, retaliatory or unfair measures against them, may give rise to disciplinary proceedings against the person responsible, if the reporting person:
 - has made the report in the reasonable belief that the information on the reported breaches is true and falls within the objective scope of the whistleblowing regulation and/or of Italian Legislative Decree no. 24/2023;
 - the report was made in the manner provided for in the whistleblowing regulation;
 - there is a consequential relationship between the report made and the retaliatory acts suffered.

8. DISCIPLINARY AND SANCTIONS SYSTEM

8.1. GENERAL PRINCIPLES

An essential aspect for the effective implementation of the Model is to set up an adequate disciplinary and sanctioning system against breaches of the rules of conduct outlined in the Model (see Article 6(2)(e), Article 7(4)(b) and the Code of Ethics).

In this respect, it should be pointed out that, in the first instance, the sanctions intended for employees and managers will be examined, while the sanctions to be adopted against members of the corporate bodies, members of the Supervisory Body and all addressees will be described subsequently.

That said, it should be borne in mind that disciplinary measures and sanctions are adopted irrespective of whether an offence is actually committed and, therefore, of the occurrence and outcome of any criminal proceedings. The principles of timeliness and immediacy, in fact, make it not only not necessary, but also inadvisable to delay the imposition of the disciplinary sanction pending the outcome of any judgement brought before the judicial authorities.

In any case, no disciplinary procedure may be filed, nor may any sanction be imposed, for breach of the Model and the Code of Ethics, without prior information and advice from the Supervisory Body.

8.2. SANCTIONS AGAINST EMPLOYEES

Any breach of the rules contained in the Model and the Code of Ethics by employees constitutes a breach of the obligations arising from the employment relationship, pursuant to Article 2104 of the Italian Civil Code and Article 2105 of the Italian Civil Code.

The Company must inform all the above-mentioned persons – from the start of their employment relationship – of the existence and content of this disciplinary system.

Without prejudice to TEDDY's right to obtain compensation for the damage caused to it by the employee, the sanctions that may be imposed (in compliance with the procedures laid down in Article 7 of the Workers' Statute and any applicable special regulations) on employees fall within those provided for in the CCNL (national collective bargaining agreement). TEDDY's disciplinary system therefore includes the provisions of the Italian Civil Code and the collective bargaining agreement provisions of the aforementioned CCNL.

The procedure for contesting the objections will be initiated promptly when the necessary preliminary investigation has been completed. The Company may not, in any case, take disciplinary measures against the employee without first notifying

it of the charge and hearing their defence.

Sanctions against employees are graded according to the seriousness of such employee's conduct.

Pursuant to the above, it is stipulated that:

- 1) a verbal reprimand is given to an employee who:
 - a) slightly breaches the provisions contained in this Model by adopting non-compliant conduct in the "Risk Areas";
 - b) breaches the provisions of the Code of Ethics;
 - c) does not communicate to the Supervisory Body the information of which it is aware, as provided for in the Model;
- 2) an employee incurs a written reprimand if they:
 - a) repeatedly commit the offences referred to in point 1) above;
 - b) breach the obligation to send the mandatory reports, concerning facts of which they are aware, to the Supervisory Body as provided for in the Model;

- c) breaches the whistleblower protection measures set out in paragraph 6.5.2. above;
 - d) makes malicious or grossly negligent reports that turn out to be unfounded.
- 3) A fine not exceeding four hours' normal pay shall be imposed on an employee who:
- a) repeatedly breaches the Protocols provided for in the Model;
 - b) adopts, when carrying out activities in the Risk Areas, conduct that repeatedly fails to comply with the provisions of the Model, where such conduct constitutes refusal to comply with orders concerning obligations arising from the Model;
 - c) repeatedly breaches the obligation to send the mandatory reports to the Supervisory Body provided for by the Model.
- 4) Suspension from work without pay for a maximum of 10 days shall be imposed on an employee who:
- a) breaches the requirements of the Model and adopts conduct in the Risk

Areas that is contrary to the Company's interests, causing damage to it or exposing it to a risky situation with regard to the sanctions provided for in Italian Legislative Decree no. 231/01;

b) breaches the obligation to notify the Supervisory Body of Reports concerning the commission of one or more offences;

5) disciplinary dismissal without notice or for just cause pursuant to Article 2119 of the Italian Civil Code shall apply to an employee who:

a) adopts, in carrying out activities in the Risk Areas, conduct which is clearly in breach of the provisions of this Model, such as to result in the concrete application against TEDDY of the sanctions provided for by Italian Legislative Decree no. 231/2001 or should such conduct be considered as wilful conduct which may cause or has caused serious damage to TEDDY;

b) engages in conduct unequivocally aimed at committing an offence provided for in Italian Legislative Decree no. 231/01.

The imposition of the various measures referred to above shall be decided by the head of the sector in which the employee works at the time the infringement

occurs, with the exception of the measure referred to in point 5) above, which may only be adopted by the Board of Directors.

The imposition of a disciplinary sanction for breach of the Model must be communicated to the Supervisory Body.

The Supervisory Body shall likewise be notified of any decision to dismiss disciplinary proceedings under this chapter.

8.3. SANCTIONS AGAINST MANAGERS

The management relationship is characterised by the fact it is strongly based on trust. The manager's conduct is not only reflected within the Company, as a model and example for all those who work there, but also has repercussions on its external image. Therefore, compliance by the Company's executives with the provisions of the Model and its implementation procedures is an essential element of the managerial employment relationship.

That said, without prejudice to the possibility for TEDDY to dismiss the manager in case of a breach of the relationship of trust between employee and employer, and without prejudice to the possibility for TEDDY to take action for damages caused to it by the manager, the latter shall be applied to the latter:

- a penalty equal to 5% of a monthly salary in case of infringements for which a verbal or written reprimand is provided for in section 7.2. above;
- a penalty equal to 10% of a monthly salary in the case of infringements for which a fine is provided for in section 7.2. above;
- a penalty equal to 30% of a monthly salary in case of infringements for which suspension from work without pay is provided for in section 7.2 above, and in cases of failure to supervise subordinates.

If the manager engages in conduct unequivocally aimed at committing one of the offences provided for in Italian Legislative Decree no. 231/2001, they shall be dismissed.

The above measures can only be taken by the Board of Directors.

8.4. SANCTIONS AGAINST DIRECTORS

Should the Directors breach the provisions contained in the Model and the Code of Ethics – including breach of the obligation to supervise the activities of subordinates – the Supervisory Body shall inform the Shareholders' Meeting and the Board of Auditors in writing.

The Shareholders' Meeting will assess the situation and take appropriate measures in accordance with the regulations in force.

In the most serious cases, it may propose removal from office.

8.5. SANCTIONS AGAINST AUDITORS AND THE AUDITOR

In the event of breaches by a member (standing and/or alternate) of the Board of Auditors or by the Auditor of the rules of conduct contained in the Model and/or in the Code of Ethics, the Supervisory Body shall inform the Shareholders' Meeting and the Board of Auditors.

The Shareholders' Meeting will assess the situation and take appropriate measures in accordance with the regulations in force.

In the most serious cases, it may propose removal from office.

8.6. SANCTIONS AGAINST MEMBERS OF THE SUPERVISORY BODY

In the event of a breach of this Model and of the Code of Ethics by one or more members of the Supervisory Body, the other members or any of the Statutory Auditors shall immediately inform the Board of Directors, which, after contesting the breach and granting the appropriate means of defence, shall take the

appropriate measures, including, for example, the removal from office of the "guilty" Supervisory Body members and the consequent appointment of new members to replace them.

8.7. SANCTIONS AGAINST THE REMAINING ADDRESSEES

Any conduct by the remaining addressees in conflict with the requirements set forth in this Model and in the Code of Ethics, constitutes a breach pursuant to Article 1456 of the Italian Civil Code, with the all legal consequences as to the termination of the contract and/or position, and may lead to compensation for damages resulting from the breach (even independently of the termination of the contractual relationship).

The Supervisory Body verifies that the clauses referred to in this paragraph are included in the contract forms.

9. CIRCULATING THE MODEL AND TRAINING

9.1. COMMUNICATION OF THE MODEL

In order to ensure the Model's effectiveness, TEDDY ensures that it is circulated to the addressees as broadly as possible.

The Company ensures that the Model is circulated not only among employees, but also among all other addressees.

The manner in which the Model is circulated varies according to the addressees, but is always based on comprehensive, clear and ongoing information.

In order to ensure it is circulated broadly, the General Part of the Model is published on the Company's website.

All communication activities are carried out by TEDDY through persons specifically entrusted with the task of ensuring circulation, awareness and understanding of the Model.

Where appropriate, suitable tools will be adopted to inform the addressees of any amendments to the Model.

9.2. EMPLOYEE TRAINING

employee training, which is compulsory in the light of the contents of Italian Legislative Decree no. 231/2001 and the principles of the TEDDY Model, is

managed by the Company according to the methods deemed most appropriate and with the contribution (where appropriate) of the Supervisory Body, in compliance with the tasks established by regulations.

Every employee of the Company must be familiar with the contents of the Model and the Code of Ethics, assist in its effective implementation within their area of remit and participate in training activities.

In general terms, the content of the training should be as follows: (i) a briefing on the contents of Italian Legislative Decree no. 231/2001, (ii) an illustration of the Model adopted by the Company and its contents, with particular reference to the prohibited conduct and conduct required in the Risk Areas, (iii) the consequences for the Company in the event of one of the offences being committed, (iv) an update on any amendments to the Model itself, (v) an illustration of the Code of Ethics adopted by the Company and its contents.

Among other things, the Model training activity includes:

- for managers: (i) delivery of the Model and the Code of Ethics in full; (ii) commitment to comply with the Model and the Code of Ethics. In this statement, which shall be deemed to be an integral part of the employment

contract between TEDDY and the manager, an express reference shall be made to the managers' knowledge of the sanctions referred to in Section 7.3;

(iii) initial training

- Employees working in Risk Areas: (i) delivery of the Code of Ethics, the General Part of the Model and the sections of the Special Part of the Model relevant to the area in which the employee operates; (ii) commitment to comply with the Model and the Code of Ethics; (iii) initial training;
- other employees: (i) delivery of the Code of Ethics and the General Part of the Model; (ii) commitment to comply with the Model and the Code of Ethics; (iii) initial training.

In terms of training, there must be evidence of participation in training courses. In addition, employees shall be tested to ensure that a good level of understanding has been achieved by these individuals.

The following will have to be ensured:

- training of new employees;

- from year to year, the need to implement new training cycles must be evaluated (i) for those working in the Risk Areas most "exposed" to the commission of offences and/or (ii) in the event of updates to the Model and/or (iii) in the event of significant changes in the company organisation.

Appropriate communication tools will be adopted to update the addressees of this paragraph on any changes made to the Model, as well as any relevant procedural, regulatory or organisational changes.

9.3. MEMBERS OF CORPORATE BODIES

A copy of the Model and the Code of Ethics is made available to members of the corporate bodies. These individuals must undertake to comply with the Model and the Code of Ethics.

Appropriate communication and training tools will be adopted to update them on any changes made to the Model, as well as any relevant procedural, regulatory or organisational changes.

9.4. INFORMATION ACTIVITIES OF THE REMAINING ADDRESSEES

The remaining addressees may consult the General Part of the Model and the Code of Ethics on TEDDY's corporate website.

