

## POLICY

### FAIR MANAGEMENT RULES AND PREVENTION OF CORRUPTION WITH PRIVATE PARTIES AND PUBLIC ENTITIES BEST PRACTICES FOR GIFTS

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#### **A) - FOREWORD**

Zegna Baruffa Lane Borgosesia S.p.A. (hereinafter also ZBLB) is steadily committed to root business relationships on solid transparency and fairness principles by complying with the Code of Ethics.

Relations among employees and with business partners, stakeholders and Public Authorities must be firmly based on legality, clearness and collaboration.

The Policy herein is therefore aimed to the above-mentioned priorities as well as to detail principles and general rules for all employees, directors, partners, suppliers, consultants to promoting good relationships and preventing corruption, which may be harmful to ZBLB's reputation as well as to the community wellbeing and market fairness.

The target is therefore to outline a framework, which integrate procedures whereof the Organisational Model pursuant to Legislative Decree of June the 8<sup>th</sup> 2001 and Whistleblowing.

#### **B) BRIBERY GENERAL FRAMEWORK AND LEGAL REGULATION**

It is beforehand pivotal to define corruption herein and provide for a full set of relevant information, by making everybody aware of.

Bribery is the act of giving, promising or offering money or other benefits (e.g. a service, favour or promise to carry out a certain lawful/illegal activity directly or through an intermediary, etc.) to a public officer or private citizen (c.f. specifications below) for obtaining an undue advantage.

Bribery is subject to criminal sanctions, that may be different according to the Law of country in which the offence is perpetrated, and that in Italian legal system is set-forth within the following sources:

- Italian Criminal Code :

- Art. 318 - '*Corruption for the fulfilment of a function*' → sentencing to a range: 3-8 years;
- Art. 319 - '*Corruption for an act contrary to official duties*' → sentencing to a range: 6-10 years;
- Art. 319 bis - '*Aggravating circumstances*';
- Art. 319 ter - '*Corruption in judicial proceedings*' → sentencing to a range: 6-12 years;
- Art. 319 quater - '*Undue inducement to give or promise benefits*' → sentencing to a range: 6-10 years and 6 months;
- Art. 320 - '*Bribery of a public service appointee*' → conviction as per Articles 318 and 319;
- Art. 321 - '*Penalties for the corruptor*' → conviction as per Articles 318, 329, 319 bis, 319 ter, 320;
- Art. 322 - '*Incitement to Corruption*' → conviction as per Articles 318 and 319 reduced by a third;

- Italian Civil Code :

- Art. 2635 - '*Bribery in private relationships*' → sentencing to a range: 1-3 years;
- Art. 2635 bis - '*Instigation of bribery between private individuals*' → sentencing to a range: 1-3 years;

• Legislative Decree n. 231 of June the 8<sup>th</sup> 2001 concerning liability of companies for offences committed by their personnel;

• Law n. 69 of May 27<sup>th</sup> 2015 relevant to crimes against public administration, mafia-type organizations and false financial statements;



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- Law n. 146 of March 16<sup>th</sup> 2006, ratifying and implementing the United Nations Convention and Protocols against Transnational Organized Crime, adopted by the General Assembly on Nov. 15<sup>th</sup> 2000 and May 31<sup>st</sup> 2001;
- 2003 United Nations Convention against Corruption (also called Merida Convention);
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (Law n. 300/2000).

**It is worth to mention that Law sanctions both the corruptor (i.e. the person who promises/gifts something) and the corrupted (i.e. the person who accepts money/gifts by the corruptor).**

In particular, bribery may be perpetrated:

- with the Public Administration personnel: when the gift, promise or offer is made to a public officer (e.g. an officer or legal representative of a control Authority) or a person in charge of a public service (e.g. a counter operator or employee at the building permits office) in order to omit or delay an act, which is in charge of, or to do an act contrary or not (thus legitimate in itself) to his duties;
- in private relationships (such as business, commercial, etc...): when the gift, promise or offer is addressed to the companies or private entities management (e.g. a director, member of the board of statutory auditors, general manager) or to fellows, being subject to the management or supervision of the aforementioned, in order to perform or omit an act in breach of duties they are in charge of.

In addition to personal criminal liability, bribery also entails possible liability for the Company in accordance with the provisions of Legislative Decree of June the 8th 2001, which provides for pecuniary and/or prohibitory sanctions.

## **C) – COMPANY RULES AND PRINCIPLES**

### **C.1) - General principles for mitigating corruption risks**

The Company and its stakeholders must comply with the following principles, which special attention must be paid to:

- 1) **Legality**, i.e. acting in compliance with national or international Law, company's procedures as well as common sense and ethical principles.  
It is good practice to run-by the legal department:
  - in case doubts or suspicions arise in relation to specific circumstances, by also suspending activities in progress;
  - to highlight/avoid possible personal conflicts of interest such as, for example, in case of family/friendship/business relations (the latter referred to e.g. renting a property or being a shareholder or partner in a common business, even if not related to textile sector) with a public officer or company stakeholder (e.g. customers/suppliers and their affiliates);
- 2) **Segregation of duties**, i.e. carrying-out/organising processes by separating functions in order to ensure that, with respect to certain operations, the authorisation, execution and control are entrusted to different fellows;
- 3) **Traceability of process stages**: it is necessary to set-up verifiable obligations and that those are documented, cost/time-effective and with possibility to trace instructional/decisional/signature processes, as well as budget, actual company needs, negotiated T&C. All documents, including but not limited to contracts, orders, delivery notes, e-mails, must be stored.

### **C.2) - Relationships with the Public Administration**

According to anti-corruption practices, relations with Public Administration are a highly sensitive area since, in addition to the risk of damage for company's reputation, bribery may affect the P.A.'s 'good performance and impartiality', as stated by Italian Constitution (cf. Article 96), as well as may be harmful to local Community interests.

It is therefore mandatory:



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- refrain from giving or promising money, goods or other benefits to a Public Officer; **N.B.** also the ‘facilitation payments’, notably undue small money to foster or ensure the fulfilment of a certain due or undue activity (e.g. speeding-up customs clearance), should be avoided although in some countries are spread tolerated practices;
- refrain from acting in conflict of interest, either personally or through third parties;
- guarantee the correctness, truthfulness, updating and integrity of documents and/or information filed to Public Administration, also being careful to get documents prior checked and signed by the reference person in charge of;
- seamlessly operate within deadlines and according to Laws or administrative regulations/practices;
- with regard to financing/contributions/reimbursements requests, verify that the necessary requirements for accessing such benefits are met;
- in the event of inspections/audits, share the report issued by the auditor with the company management or the team in charge of, or, whereby a report have not been issued by the auditor, send anyway a reporting e-mail to the mentioned management or team.

### **C.3) - Relations with Private Parties**

When it comes to relations with private parties, either as regard to the purchase/sale of goods/services or Client's audits, it always is important to pay attention to:

- each negotiation, operation, transaction must be legitimate, authorised, consistent with the company budget/objectives, documented and archived for ten years or as long as required by law or to protect ZBLB's rights;
- Personnel in charge of procurement of goods/services/advising, must act in compliance with correctness, cost-effectiveness, quality and lawfulness principles as well as must operate tenders, unless an urgent need arises;
- ZBLB, in order to promote its products on the market or foster business relations of any nature whatsoever, forbids practices of ‘facilitation’, favouritism, collusiveness, direct or indirect solicitation through promises of personal advantages.
- Personnel must abstain in case a conflict of interest occurs; it is also forbidden to check or propose job offering and/or business opportunities that may be of a personal benefit to other entities' employees;
- soliciting or obtaining confidential information that may compromise the integrity or reputation of the parties is prohibited.

### **C.4) - Gifts**

ZBLB is aware that ‘gifts’ in certain annual celebrations (e.g. Christmas) are a spread ‘bon-ton’ practice to maintain or, sometimes, to set-up business/commercial/professional/social relationships.

Company procedures referred-to-in the Organisational Model as per Leg. Decree n. 231/2001 allow, prior Managing Director's authorization, gifts of modest value to public officers for Christmas celebrations.

Same rule applies to relations with private parties, stakeholders and their affiliates.

The list of gifts (and relevant price) which public officers may be concerned of is annually communicated to Supervisory Board.

In brief, gifts must be:

- documented by also reporting the beneficiary (person + company/entity);
- consistent with the courtesy practices for certain occasions;
- of a value such that they cannot be considered as an instrument to receive undue advantages, by also taking into account the different cultural contexts;
- aimed only at maintaining fair business/professional/social relations;
- personal and not in favour of family, acquaintances or third parties.

Acceptance of gifts by employees, management, legal representatives is always forbidden, when it concerns sums of money, while it is permitted for gifts of modest value.



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## **D) WHISTLEBLOWING - COMPANY MEASURES AGAINST CORRUPTION – PROTECTION OF THE WHISTLEBLOWER**

For the purpose of preventing acts of corruption, the whole staff's and stakeholders' cooperation is important, hence those are invited to report (also by availing of whistleblowing tool through the company website) suspicious circumstances whereby based on verifiable grounds. To this end, it is worth to mention that Legislative Decree 24/2023 protects the whistleblower from retaliation and harassing, included arbitrary dismissal or discrimination.

Acting contrary to principles set-out herein may also be attensioned by the Supervisory Board as per Legislative Decree 231/2001, which is an independent body aimed to prevent offences referred-to-in the Organisational Model, which include bribery.

Furthermore ZBLB reserves the right to investigate and report attempted or committed corruption to the Public Prosecutor's Office, as well as, whether the case may occur, to claim damages and protect its reputation.

The Legal Department is available for further information.

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