GARMONT INTERNATIONAL S.R.L.

THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL

[pursuant to Article 6(3) of Legislative Decree no. 231 of June 8, 2001 "*Concerning the administrative liability of legal entities, companies and associations with or without legal personality, in accordance with Article 11 of Law no. 300 of September 29, 2000*"]

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GARMONT INTERNATIONAL S.R.L.
Via del Lavoro, 18 – 31050 Vedelago (TV) – Italy – Business Register/Tax code/VAT no. IT 04643700265 – Business Administration Index no. TV 366815
Tel. +39 0423 8726 – Fax +39 0423 621392

DEFINITIONS AND ABBREVIATIONS

- "Code of Ethics": the code of ethics adopted by GARMONT INTERNATIONAL S.R.L.;
- "Consultants": those who act in the name and/or on behalf of GARMONT INTERNATIONAL S.R.L. on the basis of a mandate or other collaborative relationship;
- "Addressees": the Employees, Consultants, Partners, Service Providers, Corporate Bodies and any other collaborators in any form of GARMONT INTERNATIONAL S.R.L.;
- "Employee" or "Employees": all employees of GARMONT INTERNATIONAL S.R.L. (including Executives);
- "Partners": contractual counterparties of GARMONT INTERNATIONAL S.R.L. such as, for example, suppliers, agents, business partners, whether natural persons or legal entities, with whom the Company reaches any form of contractually regulated collaboration (e.g., purchase and sale of goods and services, temporary business associations, joint ventures, consortia, etc.), where they are destined to cooperate with the Company within the scope of Sensitive Processes;
- "Legislative Decree 231" or "Decree": Legislative Decree no. 231 of June 8, 2001, as amended;
- "Company": GARMONT INTERNATIONAL S.R.L., also referred to as "GARMONT INTERNATIONAL".
- "Guidelines": the Guidelines for the construction of Organization, Management and Control Models pursuant to Legislative Decree no. 231/2001 approved by Confindustria on March 7, 2002, updated in March 2014, and approved by the Ministry of Justice on July 21, 2014, and subsequent updates;

- "Models" or "Model": the Organization, Management and Control Model or Models required by Legislative Decree no. 231/2001;
- "Sensitive Operation": an operation or act that falls within the scope of the Sensitive Processes and may be of a commercial, financial, technical-political lobbying or corporate nature (as regards the latter category, examples include capital reductions, mergers, demergers, transactions on shares of the parent company, contributions, returns to shareholders, etc.);
- "Corporate Bodies": members of the Board of Directors of GARMONT INTERNATIONAL S.R.L., the Shareholders and the Board of Statutory Auditors;
- "Control Bodies": the Board of Auditors and Auditing company;
- "BoD": Board of Directors;
- "Compliance Committee" or "CC": the body referred to in Article 6(1) letter b) of Legislative Decree no. 231/2001 responsible for supervising the operation of and compliance with the Model and for updating it;
- "P.A." or "PA": the Italian and/or foreign Public Administration, including its officials and persons in charge of a public service;
- "Sensitive Areas" or "Sensitive Processes": activities of GARMONT INTERNATIONAL S.R.L. within the scope of which there is a risk of Offenses being committed;

- "Offense" or "Offenses": the individual offense or offenses to which the regulations set forth in Legislative Decree no. 231/2001, as amended, apply;
- "Rules and General Principles": the rules and general principles set forth in this Model;
- "Proxy": an internal deed assigning functions and tasks, recorded in the organizational communication system;
- "Power of attorney": the unilateral legal transaction by which the Company grants powers of representation to third parties;
- "Whistleblowing": any report under Article 6, *2-bis*, letter a) of Legislative Decree no. 231/01, of unlawful conduct relevant under the Decree or breaches of the entity's Organization and Management Model.

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GENERAL PART

SECTION I

LEGISLATIVE DECREE NO. 231/2001

1. Legislative Decree no. 231/2001 and relevant legislation

Italian Legislative Decree no. 231/2001 was enacted on June 8, 2001, in execution of the delegation of authority under Article 11 of Italian Law no. 300 of September 29, 2000. It came into force the following July 4 and aimed to align domestic legislation on the liability of legal entities with a number of international conventions to which Italy had long been a party.

Legislative Decree 231/2001, "*Concerning the administrative liability of legal entities, companies and associations with or without legal personality*", introduced for the first time in Italy the criminal liability of entities for certain offenses committed, in the interest or to the advantage of the same, by persons holding positions of representation, administration or management of the entity or one of its organizational units with financial and functional autonomy, as well as by persons who exercise, even *de facto*, the management and control of the same and, finally, by persons subject to the management or supervision of one of the above-mentioned persons.

This liability is in addition to that of the natural person who materially carried out the act.

The new liability introduced by Legislative Decree 231/2001 aims to involve, in the punishment of certain criminal offenses, the assets of entities that have benefited from the commission of the offense.

As for the offenses to which these regulations apply, they are currently of the following types:

- Offenses committed in dealings with the Public Administration (Articles 24 and 25 of Legislative Decree 231/01);
- Cybercrimes and unlawful data processing (Article 24-*bis* of Legislative Decree 231/01);
- Organized crime offenses (Article 24-*ter* of Legislative Decree 231/01);
- Counterfeiting of currency, legal tender, duty or postage stamps, and distinctive signs or marks (Article *25-bis* of Legislative Decree 231/01);
- Offenses against industry and trade (Article 25-*bis* (1) of Legislative Decree 231/01);
- Certain types of corporate offenses and the offense of bribery in the private sector (Article 25-*ter* of Legislative Decree 231/01);
- Offenses for the purpose of terrorism or subversion of the democratic order (Article 25-*quater* of Legislative Decree 231/01);
- Offenses related to “crimes” against individual personality (Articles 25-*quater* (1) and 25-*quinquies* of Legislative Decree 231/01);
- Market abuse offenses (Article 25-*sexies* of Legislative Decree 231/01);
- Offenses of manslaughter or serious or grievous bodily harm committed with breach of the regulations governing occupational health and safety (Article 25-*septies* of Legislative Decree 231/01);
- Receiving stolen goods, money laundering and use of money, goods or benefits of unlawful provenance, as well as self-laundering (Article 25-*octies* of Legislative Decree 231/01);

- Copyright infringement offenses (Article 25-*novies* of Legislative Decree 231/01);
- Offense of incitement to withhold statements or to make false statements to the judicial authorities (Article *25-decies* of Legislative Decree 231/01);
- Environmental offenses (Article 25-*undecies* of Legislative Decree 231/01);
- Transnational offenses (Italian Law no. 146 of March 16, 2006);
- Offense of employing illegally staying third-country nationals (Article *25-duodecies* of Legislative Decree 231/01);
- Racism and xenophobia offenses (Article 25-*terdecies* of Legislative Decree 231/01);
- Fraud in sports competitions and unlawful gambling or betting (Article 25-*quaterdecies* of Legislative Decree 231/01);
- Tax offenses (Article 25-*quinquiesdecies* of Legislative Decree 231/01);
- Smuggling offenses (Article 25-*sexdecies* of Legislative Decree 231/01);
- Offenses relating to non-cash means of payment (Article 25-*octies* (1) of Legislative Decree 231/01);
- Offenses against the cultural heritage (Article 25-*septiesdecies* of Legislative Decree 231/01).
- Laundering of cultural heritage and destruction and looting of cultural and landscape heritage (Article 25-*duodevicies* of Legislative Decree 231/01).

The regulations intend to add to the criminal liability of the natural person, a liability capable of involving all of the people who are part of the entity's organization that is separate from that of the individuals who make it up: in this sense, it can be said that the legal grounds for the administrative liability of the entity is to be ascribed to "organizational negligence", attributable to the entity itself for the offense committed by person in a managerial position or one of his or her collaborators "in its interest or to its advantage" as indicated in the regulations.

Indeed, Article 5 of Legislative Decree no. 231/2001 provides that the entity is liable for offenses committed "in its interest or to its advantage" by persons in a managerial position within the entity or by individuals who report to them.

It is important to point out that depending on the person who commits the predicate offense, the applicable regulations changes, both with reference to the ascertainment of the requirements of the relevant conduct pursuant to Legislative Decree 231/01, and with reference to the profile of exemption from liability and effectiveness (for exemption purposes) of the Model in terms of the burden of proof.

Persons in a managerial position: according to the provision of letter a) of the above-mentioned Article 5, are to be understood as those persons who hold "functions of representation, administration or management of the entity or one of its organizational units with financial and functional autonomy", as well as "persons who exercise, even *de facto*, the management and control of the same".

The following are considered to fall under the category of "persons in a managerial position":

- *ex lege* representatives ("legal representation") and representatives vested with power of attorney ("voluntary representation");
- directors, including but not necessarily managing directors, even if they are employees of the Company;
- general managers;

- delegated persons (e.g., for the performance of occupational safety functions, pursuant to Article 16 of Legislative Decree no. 81/2008) provided that they actually assume full and effective decision-making and organizational power.

Subordinates: pursuant to Article 5, letter b) of Legislative Decree no. 231/2001 shall be understood as – the "persons subject to the direction or supervision" of "persons in a managerial position".

As mentioned previously, Legislative Decree 231/2001 provides for different rules in terms of the reversal of the burden of proof in relation to the exempting effectiveness of the organization and management model, depending on whether the entity's administrative liability depends on an offense committed by a "person in a managerial position" or an offense committed by a "subordinate".

The entity shall not be liable for an offense committed by persons in a managerial position if it is able to prove:

a) that it has established a body with autonomous powers of initiative and control tasked with supervising the operation of and compliance with the Model and ensuring that it is updated;
b) that there has been no omission of or deficiency in supervision by the control body;
c) that it adopted and implemented, prior to the commission of the acts, an organization and management model suitable for preventing offenses of the kind that occurred;
d) that the perpetrator committed the offense by fraudulently evading the organization and management model.

Conversely, when a predicate offense is committed by individuals subject to the management or supervision of others, the entity's liability is ascertainable if it has failed to comply with its management and supervision obligations: a noncompliance that is excluded if the entity has adopted and effectively implemented an Organization, Management and Control Model suitable for preventing the offenses to which the Legislative Decree refers.

It seems clear that in the case of a offense committed by a person in a managerial position, the burden of proof lies with the entity (reversal of the burden of proof); whereas it lies with the Judicial Authorities in the case of an offense committed by a subordinate.

For the entity to be liable, it is not sufficient for the offense to be attributable to it on an objective level, that is, within the limits of the finding that the act constituting the predicate offense was committed in the interest and to the advantage of the entity, rather it must at least be the result of organizational negligence, when it does not constitute the expression of a precise Company policy.

As a result, if the entity is not found to have been negligent, it is not subject to the penalties set forth in Legislative Decree 231/2001.

To this end, the regulations provide that, in all cases, organizational negligence, and consequently the liability of the entity, is excluded if, prior to the commission of the offense, the entity adopted and effectively implemented organizational models suitable for preventing offenses of the kind that occurred and has appointed a Compliance Committee.

From a procedural point of view, the liability of the entity will be established in the same criminal trial in which the liability of the person who committed the predicate offense is established, but the trial positions will be completely independent, so that the entity may be held liable even when the perpetrator has not been identified or cannot be charged or the offense has expired for reasons other than amnesty.

It is relevant to point out that any predicate offense – in relation to the Entity's liability alone - is not subject to the normal regulations on the statute of limitations for offenses.

2. The penalties imposed by the Decree

The system of penalties laid down by Legislative Decree 231/2001 for the commission of the offenses listed above provides for the application of the following administrative sanctions, depending on the offenses committed:

- fines;
- prohibitory sanctions;
- confiscation;
- publication of the conviction ruling.

When the entity is found liable, a fine is always imposed.

Fines are determined by the court using a unit-based system: the value of one unit ranges from a minimum of EUR 258 to a maximum of EUR 1,549.

Fines are applied in a number of not less than 100 units and not more than 1,000 units.

The prohibitory sanctions, which may be imposed only where expressly provided for and also as a precautionary measure – in the course of investigations, when there are serious indications as to the entity's liability for an administrative offense dependent on an offense and there is a concrete danger, inferable from well-founded and specific elements of fact, of a repetition of offenses of the same nature as the one for which liability is being ascertained – are as follows:

- disqualification from business;
- suspension or withdrawal of authorizations, licenses or permits that were functional to the commission of the offense;
- prohibition of entering into contracts with the Public Administration;
- exclusion from facilitations, funding, contributions and subsidies, and/or withdrawal of any already granted;
- ban on advertising goods or services.

Legislative Decree 231/2001 also provides that if the conditions exist for the application of a prohibitory penalty requiring the interruption of the Company's business, the court, in lieu of the application of said penalty, may order for the business to be continued by a court-appointed receiver (Article 15 of the aforementioned Decree) assigned for a period equal to the duration of the prohibitory penalty that would have been applied, when at least one of the following conditions is met:

- the company provides a public service or a service of public necessity, the interruption of which could cause be seriously detrimental to the community;
- the interruption of business could have significant repercussions on employment, considering the size of the company and the economic conditions of the area in which it is located.

3. Exemption from administrative liability

As mentioned above, Article 6 of Legislative Decree 231/2001 stipulates that the entity shall not be held administratively liable if it is able to prove that:

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- the governing body has adopted and effectively implemented, prior to the commission of the offense, Organization, Management and Control Models suitable for preventing offenses of the kind that occurred;
- the task of supervising the operation of and compliance with the Models and ensuring that they are updated has been entrusted to a body of the entity with autonomous powers of initiative and control (known as the Compliance Committee);
- the persons committed the offense by fraudulently evading the Organization, Management and Control Models;
- there was no omission of or insufficient supervision by the Compliance Committee.

The adoption of an Organization, Management and Control Model, therefore, allows the entity to be able to escape the attribution of administrative liability. The mere adoption of such a document, by resolution of the entity's administrative body, is not, however, in itself sufficient to exclude said liability, since it is necessary that the Model be effectively and effectively implemented.

As regards the **effectiveness** of the Organization, Management and Control Model for the prevention of the commission of the offenses provided for in Legislative Decree 231/2001, it must:

- identify the corporate activities in the scope of which offenses may be committed;
- provide for specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to the offenses to be prevented;
- identify ways of managing financial flows that are suitable for preventing the commission of offenses;
- provide for obligations regarding disclosure to the body tasked with supervising the operation of and compliance with the Models;
- introduce an appropriate disciplinary system for punishing non-compliance with the measures set out in the Organization, Management and Control Model.

With reference to the effective **implementation** of the Organization, Management and Control Model, Legislative Decree 231/2001 requires:

- a periodic audit, and, if significant breaches of the requirements imposed by the Model are discovered or changes in the organization or activity of the entity or legislative changes occur, the updating of the Organization, Management and Control Model;
- the imposition of sanctions if the requirements imposed by the Organization, Management and Control Model are breached.

4. The Confindustria Guidelines and the CO.SO REPORT 1

On March 7, 2002, Confindustria approved the first edition of its "Guidelines for the construction of Organization, Management and Control Models pursuant to Legislative Decree no. 231/2001."

These Guidelines have also been subject to subsequent updates as a result of the expansion of the categories of predicate offenses; the latest update was in June 2021.

When preparing its Model, the Company was inspired by the Guidelines issued by Confindustria, which identify some important concepts in the construction of Models that can be outlined as follows:

- identification of the areas at risk, aimed at verifying in which company area/sector the Offenses could be committed;
- preparation of a control system capable of preventing risks through the adoption of appropriate procedures.

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The most relevant components of the preventive control system devised by Confindustria for "intentional" offenses are:

- the Code of Ethics;
- organizational system;
- procedures;
- powers of authorization and signature;
- control and management systems;
- notification and training of staff.

The most relevant components of the preventive control system devised by Confindustria for offenses "by negligence" are:

- the Code of Ethics;
- organizational structure (for occupational health and safety);
- education and training;
- notification and engagement;
- operational management;
- security monitoring system.

These components must be guided by the following principles:

- ❖ verifiability, recordability, consistency and congruence of each operation;
- ❖ application of the principle of separation of duties (no one can independently manage an entire process);
- ❖ recording of controls.

The following are also required:

- ✓ Provision of an adequate system of penalties for breaching the rules of the Code of Ethics and the procedures provided for in the Model;
- ✓ Identification of the requirements of the Compliance Committee, which can be summarized as:
  - ❖ autonomy and independence;
  - ❖ professionalism;
  - ❖ continuity of action.
- ✓ Obligations of disclosure to the Compliance Committee.
- ✓ The possibility, within corporate groups, of organizational solutions that centralize within the parent company the functions required by Legislative Decree 231/2001, provided that the following conditions are met:
  - ❖ each subsidiary must establish its own Compliance Committee with all relevant powers and responsibilities (without prejudice to the possibility of assigning this function directly to the subsidiary's governing body, if the company is small);
  - ❖ the Compliance Committee established at the subsidiary may avail itself, in the performance of the task of supervising the operation of and compliance with the model, of the resources allocated to the equivalent body of the parent company, on the basis of a predefined contractual relationship with it;
  - ❖ collaborators of the parent company's Compliance Committee, when carrying out audits at other group companies, act as external professionals who carry out their activities in the interest of the

subsidiary, reporting directly to the subsidiary's Compliance Committee, with the confidentiality constraints of an external consultant.

It is understood that the choice not to adapt the Model to some of the recommendations of the Guidelines shall not affect its validity. Indeed, as the individual Models must be drafted in accordance with the specific reality of the company, they may well deviate from the Guidelines which are, by their nature, general.

The Company, in this Model, and specifically in identifying the controls indicated in the Prevention and Management Protocols (Annex 1 to the Model), also referred to the international guiding principles of CO.SO REPORT I.

The CoSO (I) paper discusses the best method for building an adequate and efficient internal control system for corporate risk management.

The Report provides examples of the five components of internal control:

1) control environment;

2) risk assessment;

3) control activities;

4) information and communication;

5) monitoring.

In this regard, it should be noted that the interviews carried out with the Key Officers (recorded in the relevant sheets) – on the basis of which the "Risk Assessment" document (Annex 3) and this Organizational Model were drafted – were carried out precisely by taking into account the components listed above; for further details, please refer to the aforementioned sheets and Risk Assessment Report.

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SECTION II

GENERAL CONTROL ENVIRONMENT

1. The system in general

All Sensitive Operations shall be carried out in compliance with applicable laws, the standards of the Code of Ethics and the rules set out in this Model.

In general, the Company's organization system must comply with the basic requirements of formalization and clarity, communication, and separation of roles, particularly with regard to the allocation of responsibilities, representation, definition of hierarchical lines, and operational activities.

The Company must have organizational tools (organizational charts, instructions and communications, procedures, etc.) characterized by general principles of:

- awareness within the Company;
- clear and formal delineation of roles, with a full description of each function's duties and related powers;
- clear description of reporting lines.

Internal procedures shall be characterized by the following elements:

- separation, within each process (where possible), between the person who initiates it (decision-making impetus), the person who executes and concludes it, and the person who checks it;
- written record of each relevant step in the process;
- adequate level of formalization;
- reward systems for individuals with externally significant spending power or decision-making authority must not be based on substantially unattainable performance targets;
- documents pertaining to the activity shall be filed and retained by the competent function in such a way that they cannot be altered at a later date unless without being appropriately tracked, also taking into account the relevant provisions of the individual applicable laws;
- formalized rules for the exercise of signature authority and internal authorization powers;
- corporate provisions suitable for providing at least general reference principles for the regulation of sensitive activities.

2. The system of proxies and powers of attorney

In principle, the system of proxies and powers of attorney shall be characterized by elements of "security" for the purpose of offense prevention (traceability and highlighting of Sensitive Operations) and, at the same time, still allow the efficient management of the Company's business.

Holders of a corporate function who require powers of representation in order to carry out their duties shall be granted a "general functional power of attorney" of appropriate scope and that is consistent with the duties and management powers granted to the holder through the "proxy".

The essential requirements of the **proxy** system for the purpose of effective prevention of Offenses are as follows:

- all those who have dealings with the PA on behalf of the Company must have a formal proxy to that effect;

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- proxies must pair each management power with its corresponding responsibility and appropriate position in the organizational chart and be updated when organizational changes occur;
- each proxy must specifically and unambiguously define:
  - ✓ the powers of the delegated person, and
  - ✓ the subject (body or individual) to whom the delegated person reports hierarchically;
- managerial powers assigned by proxies and their implementation must be consistent with Company objectives;
- the delegated person must have spending powers appropriate to the duties conferred on him or her.

The essential requirements of the **power of attorney** system for the purpose of effective prevention of Offenses are as follows:

- general functional powers of attorney shall be granted exclusively to individuals with an internal proxy or a specific contract of appointment, in the case of coordinated and continuous service providers, describing the relevant management powers and, where necessary, shall be accompanied by a specific notice that establishes: i) the extent of powers of representation and possibly also numerical spending limits; ii) in any case, compliance with the constraints posed by the processes for approval of the Budget and any extra-budget items and the processes of Sensitive Operations monitoring by different functions;
- a power of attorney may be granted to natural persons expressly identified in the power of attorney itself, or to legal persons, who will act through their own attorneys vested, within a power of attorney, with similar powers;
- an *ad hoc* procedure shall establish the relevant procedures and responsibilities to ensure that powers of attorney are updated in a timely manner, establishing the cases in which powers of attorney must be granted, modified and withdrawn (assumption of new responsibilities, transfer to different tasks incompatible with those for which it was granted, resignation, dismissal, etc.).

3. Instrumental supply processes

Supply Processes are those processes that support business activities through which, directly or indirectly, the conditions for the commission of Offenses could potentially arise.

A number of relevant company processes that are governed by the Company's Internal Control System have been identified.

Specifically, they consist in the following processes:

- Management of dealings with public officials;
- PURCHASES: Selection of suppliers/consultants, negotiation and conclusion of the related contracts for the procurement of goods and ancillary services;
- SALES: direct management of bidding, negotiation and conclusion of contracts with private (and possibly public) entities;
- Financial flow management: outflows and inflows;
- Personnel selection and recruitment and administrative personnel management;
- Management of IT resources (and GDPR-related aspects).

4. Dealings with service companies/consultants/partners: general principles of conduct

Dealings with service companies/consultants/partners, in the context of Sensitive Processes and/or activities at risk of offenses being committed, shall be characterized by the utmost fairness and transparency, and compliance with the law, GARMONT INTERNATIONAL's Code of Ethics, this Model and internal company procedures, as well as the specific ethical principles on which the Company's business is based.

Service companies, consultants, product/service providers and partners in general (e.g., temporary business associations) shall be selected in accordance with the following principles:

- selection shall be based on the ability to offer quality, innovation and competitive costs;
- remuneration shall be appropriately justified in the context of the contractual relationship established or in relation to the type of assignment to be performed and current local practices;
- in general, no payments may be made in cash, and in the case of an exception, the same payments must be duly authorized; in any case, payments must be made through appropriate administrative procedures, recording the reportability and traceability of the expenditure;
- as regards financial management, the Company implements specific procedural control measures and pays special attention to flows that are not part of the company's typical processes and are therefore handled on an *ad hoc* and discretionary basis; these control measures (e.g., frequent accounting data reconciliation, supervision, separation of duties, juxtaposition of functions, especially purchasing and finance, an effective decision-making documentation system, etc.) are intended to prevent the formation of hidden reserves.

5. (Continued) Dealings with service companies/consultants/partners: contractual clauses

Contracts with service companies/consultants/partners must provide for the formalization of appropriate clauses governing:

- the undertaking to comply with the Code of Ethics and the Model adopted by the Company, as well as a declaration that they have never been implicated in legal proceedings related to the offenses provided for by the Company's Model and Legislative Decree 231/01 (or if they have been, they must declare it so that the Company can pay the appropriate attention if the consulting or partnership relationship is concluded); this undertaking may be mutual if the counterpart has adopted its own, similar code of conduct and Model;
- the consequences of breaching the rules set forth in the Model and Code of Ethics (e.g., express termination clauses, penalties);
- the undertaking, for service companies/consultants/partners, including foreign ones, to conduct their business in compliance with rules and principles similar to those provided for by the laws of the country (or countries) where they operate, with particular reference to bribery, money laundering and terrorism offenses and to the rules that provide for the liability for legal persons (Corporate Liability), as well as to the principles laid down in the Code of Ethics and related Guidelines, aimed at ensuring compliance with adequate levels of ethics in the exercise of their activities.

6. Dealings with Customers: general principles of conduct

Dealings with customers shall be characterized by the utmost fairness and transparency, in compliance with the Code of Ethics, this Model, legal regulations and internal company procedures, which take into consideration the elements specified below:

- cash payments (and/or using other untraceable means of payment) shall only be accepted to the extent permitted by law;
- payment extensions shall only be granted if creditworthiness has been established;
- sales in breach of international laws/regulations, which restrict the export of products/services and/or protect the principles of free competition, shall be refused;
- prices practiced shall be in line with average market values. This does not apply for commercial promotions and possible donations, provided both are properly justified/authorized.

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SECTION III

THE COMPLIANCE COMMITTEE (CC)

1. Compliance Committee

Article 6, paragraph 1, of Legislative Decree 231/2001 requires, as a condition for benefiting from the exemption from administrative liability, that the task of supervising the operation of and compliance with the Model and ensuring its updating be entrusted to a Compliance Committee inside the entity that is endowed with autonomous powers of initiative and control and exercises the tasks entrusted to it an ongoing basis.

The Decree requires the Compliance Committee to carry out its functions outside the operational processes of the Company and to report periodically to the Board of Directors, without any hierarchical relationship with the Board and the individual heads of Departments.

In compliance with the requirements of Legislative Decree 231/2001, the Company's Board of Directors has appointed a single-member Compliance Committee.

2. Term of office, disqualification and removal from office

The Compliance Committee may serve for a maximum of three financial years and can be re-elected. It shall be chosen from individuals possessing an ethical and professional standing of unquestionable value and who are not related by marriage or kinship within the fourth degree with Board Members.

Company employees and external professionals may be appointed as members of the Compliance Committee. The latter must not have any relationship with the Company that could give rise to a conflict of interest or impair their independence.

The remuneration of the Compliance Committee does not constitute a conflict of interest.

A person who is disqualified, incapacitated, bankrupt, or who has been sentenced, even if by non-final conviction, to a punishment that entails disqualification, even when temporary, from public offices or inability to hold executive offices, or who has been sentenced, even by non-final judgment or plea bargaining, for having committed one of the offenses provided for in Legislative Decree 231/2001, cannot be appointed as a member of the Compliance Committee, and if appointed, he or she shall be dismissed.

A Compliance Committee member who has an employment relationship with the Company will automatically forfeit his or her position upon termination of said relationship and regardless of the cause of termination.

The Board of Directors may, by Board resolution, remove the Compliance Committee from office at any time but only for just cause.

The following constitute just cause for the removal of members:

- failure to disclose to the Board of Directors a conflict of interest that would prevent the continuation of the role of the Compliance Committee itself;
- breach of confidentiality obligations with regard to news and information acquired in the performance of the functions proper to the Compliance Committee;
- for individuals related to the Company by an employment relationship, the initiation of disciplinary proceedings for actions that may be punished by dismissal.

If removal occurs without just cause, the removed CC member may ask to be immediately reinstated.

The following constitute grounds for the removal of the Compliance Committee as a whole:

- ascertainment of a serious breach by the Compliance Committee in the performance of its duties;
- the Company's conviction, even if it is not final, or a plea-bargaining sentence pursuant to Article 444 of the Italian Code of Criminal Procedure, where the records show that the Compliance Committee has failed, wholly or in part, to perform its supervisory duties.

The Compliance Committee may terminate its appointment at any time by giving at least 30-day written notice, to be sent by registered mail with return receipt, to the Chairman of the Board of Directors, who will report back to the Board of Directors.

The Compliance Committee may independently govern the rules for its own operation in a special set of regulations, in particular defining the operating procedures for the performance of the duties entrusted to it. The Regulations will then be forwarded to the Board of Directors for acknowledgment.

3. Functions and powers of the Compliance Committee

The CC is generally entrusted with the task of overseeing:

- compliance with the Model by Employees, Corporate Bodies, Service Companies, Consultants and Partners;
- the effectiveness and adequacy of the Model in relation to the corporate structure and its effective ability to prevent the commission of the Offenses;
- the appropriateness of updating the Model, where there is a need to adapt it due to changes in business and/or regulatory conditions.

To this end, the CC is also entrusted with the tasks of:

- verifying the implementation of the control procedures set forth in the Model;
- inspecting company operations in order to update the mapping of Sensitive Processes;
- carrying out periodic specific audits of certain operations or specific actions implemented by the Company, especially within the scope of Sensitive Processes, the results of which must be summarized in a special report to be presented when reporting to the relevant corporate bodies;
- liaising with company management (especially the Human Resources Manager) to consider the adoption of any disciplinary sanctions, without prejudice to the Company's responsibility for imposing the sanction and conducting the related disciplinary process;
- liaising with the Human Resources Manager in defining training programs for personnel and the content of periodic communications to be made to Employees and Corporate Bodies, aimed at providing them with the necessary awareness and basic knowledge of the regulations set forth in Legislative Decree 231/2001;
- monitoring initiatives for the dissemination of knowledge and understanding of the Model, and preparing the internal documentation required for the operation of the Model, containing instructions for use, clarifications or updates to it;
- collecting, processing and retaining relevant information regarding compliance with the Model, as well as updating the list of information to be transmitted to it or kept at its disposal;
- liaising with other Company Functions (including through special meetings) for the best monitoring of activities in relation to the procedures established in the Model. To this end, the Compliance Committee is endowed with general inspection powers and has free access to all company documentation it deems relevant and must be kept constantly informed by management regarding: a) aspects of business activities that may expose the Company to the risk of one of the Offenses being committed; b) dealings with service

companies, consultants and partners operating on behalf of the Company in the context of Sensitive Operations; c) the Company's extraordinary transactions;
- interpreting relevant legislation and verifying the Model's adequacy in terms of these regulatory requirements;
- coordinating with corporate functions (including through special meetings) to assess the adequacy and updating needs of the Model;
- initiating and carrying out internal investigations, liaising from time to time with the relevant corporate functions to acquire additional investigation-related information (e.g., with the Legal function for the examination of contracts that deviate in terms of their form and content from the standard clauses aimed at protecting the Company from the risk of involvement in the commission of Offenses; with the Human Resources function for the application of disciplinary sanctions, etc.);
- informing the management, in concert with the Administration Department, of the appropriate additions to the financial flow management systems (both incoming and outgoing) already in place in the Company, in order to introduce measures suitable for detecting the existence of any atypical financial flows characterized by greater margins of discretion than those ordinarily provided for;
- liaising with the Administration Department in order to monitor company compliance that may be relevant to the commission of corporate offenses.

For the purpose of carrying out the duties listed above, the Compliance Committee is endowed with the power to:
- issue instructions and service orders intended to govern its activities, and prepare and update the list of information to be received by it from Company Departments/Functions;
- access, without prior authorization, any company document relevant to the performance of the duties assigned to it by Legislative Decree 231/2001;
- arrange for the heads of company Departments/Functions, and in any case all Addressees, to promptly provide the information, data and/or news requested from it to identify aspects related to the various company activities covered by the Model and to verify its effective implementation;
- avail itself of external consultants of proven professional standing when this is necessary for verification and supervision activities or to update the Model.

In order to carry out its activities in the best possible manner, the Compliance Committee may delegate one or more specific tasks. The responsibility arising from delegated tasks falls on the Compliance Committee as a whole.

The Company's Board of Directors assigns an annual expense *budget* to the Compliance Committee. The Compliance Committee independently decides on the expenses to be incurred in compliance with company signature powers and any expenses exceeding the *budget* must be authorized directly by the Board of Directors.

If the Compliance Committee is complicit in the commission of predicate offenses and the requirements prescribed by criminal law are met, the Committee shall be liable as an accessory to the offense.

4. Reporting by the CC to senior management

The CC reports on the implementation of the Model and the emergence of any critical issues.
The CC has two reporting lines:

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Tel. +39 0423 8726 – Fax +39 0423 621392

- the first, on an ongoing basis, to the Chairman of the Board of Directors, whom the CC will promptly contact whenever a problem or critical issue relating to a sensitive area pursuant to Legislative Decree 231/2001 arises;
- the second, on an annual basis, to the Board of Directors with a written report.

Once a year, the CC will submit to the corporate bodies, i.e. the BoD and the Board of Statutory Auditors, the plan of activities established for the following year.

Reporting regards:

- the work of the CC;
- any critical issues (and cues for improvement) that have emerged both in terms of internal behavior or events and in terms of the effectiveness of the Model.

Meetings with the bodies to which the CC reports must be minuted, and copies of the minutes must be retained by the CC.

The Chairman of the Board of Directors has the power to summon the CC at any time; the latter, in turn, has the power to request, through the relevant functions or individuals, the convening of the aforementioned bodies for urgent reasons.

5. Information flows towards the CC: general information and specific mandatory information

The CC is domiciled at the registered office of the Company where all correspondence addressed to it is received and retained, and has its own e-mail inbox: odv@garmont.com. As specified in the dedicated paragraph, the same address is also used for "Whistleblowing" reports. It is, however, preferable to use a different e-mail address given by the CC or a regular mail address, again specified by the CC.

The Compliance Committee must be informed through appropriate reports by employees, corporate bodies, service companies, consultants and partners about events that could give rise to the Company's liability under Legislative Decree 231/2001.

For further information, please refer to the section on Whistleblowing regulations.

In any case, the following general requirements apply in this regard:

- any reports of behavior in general that is not in line with the rules of conduct set forth in this Model shall be collected;
- the CC shall evaluate the reports received; any resulting measures shall be applied in accordance with the provisions of the "Disciplinary System".
- whistleblowers acting in good faith shall be protected against any form of retaliation, discrimination or penalization, and in any case the confidentiality of the whistleblower's identity shall be ensured, without prejudice to legal obligations and the protection of the rights of the Company or persons wrongly accused and/or accused in bad faith;
- the report should preferably be in non-anonymous form and can be submitted through various channels including e-mail to the dedicated address;
- any substantiated anonymous reports (and, therefore, containing all the objective information required for the subsequent verification phase) shall be considered for further investigation;
- in addition to reports of general breaches described above, the CC shall mandatorily and immediately be sent information concerning:
  - ❖ orders and/or notices from the judicial authorities, or any other authority, inferring that investigations are being carried out, even against unknown persons, for the Offenses;

- requests for legal assistance forwarded by employees if legal proceedings for the Offenses are initiated;
- reports prepared by the heads of other corporate functions as part of their control activities from which facts, actions, events or omissions that are critical with respect to compliance with the provisions of Legislative Decree 231/2001 might emerge;
- news regarding the disciplinary proceedings conducted and any penalties imposed (including measures imposed on employees) or of orders dismissing such proceedings stating the reasons therefore;
- evidence of any critical issues or conflicts of interest that have arisen in dealings with the PA;
- any situations of irregularities or anomalies found by those who perform a control and supervisory function over compliance related to the performance of sensitive activities (payment of invoices, allocation of funding obtained from the state or EU bodies, etc.);
- judicial, tax and administrative inspections (e.g., relating to regulations on occupational health and safety, tax audits, social security, etc.) if the concluding report shows critical issues under the responsibility of the company (to be forwarded by the head of the function concerned);
- minutes and third-party audit reports
- information related to the protection of occupational health and safety and of the environment (accident list, incident report, new appointments, special inspections, budget and progress plan, etc.).

Further information flows will be defined by the CC in concert with the corporate functions responsible for their transmission, in addition to those defined later in this document.

6. Collection and retention of information

Any information or reports provided for in this Model shall be retained by the CC in a special database (electronic or paper) for a period of 10 years.

Only the Chairman of the Board of Directors and members of the Board of Directors may access the database.

The following list provides examples of the special information to be retained in the database:

- any useful information regarding decisions on the application for and disbursement and use of public funds;
- (where applicable) summary statements of supply contracts or concessions awarded to the Company as a result of national and international tenders, or private negotiations;
- (where applicable) news and documentation related to supply contracts awarded by public agencies or persons performing public utility functions;
- requests for legal assistance forwarded by executives, employees or entitled persons, against whom the judicial authorities have initiated proceedings for offenses provided for in Legislative Decree 231/2001;
- orders and/or notices from the judicial authorities, or any other authority, inferring that investigations are being carried out, even against unknown persons, for the Offenses provided for in Legislative Decree 231/2001;
- news regarding compliance, at all levels of the Company, with the Model or Code of Ethics with evidence of disciplinary proceedings initiated and any penalties imposed or dismissal orders, with the reasons for them;

- reports prepared by the heads of other corporate Functions as part of their control activities from which facts, actions, events or omissions relevant to compliance with the provisions of Legislative Decree 231/2001 may emerge;
- the updated proxy and power of attorney system;
- minutes and third-party audits reports;
- relevant documents prepared by the organization responsible for occupational health and safety (risk assessment documents, appointments of OHSOs, occupational health physicians, emergency procedures, etc.) and for the environment (applications for permits, Integrated Environmental Authorizations, forms, etc.).

7. Subjective qualification of the CC for data protection purposes

The Italian Personal Data Protection Authority has decided that, due to the processing of personal data that the exercise of the tasks and functions entrusted to the CC entails (such as, for example, access to information acquired through information flows or the reports referred to below), the Company, without prejudice to the fact that it remains the controller pursuant to the GDPR, must appoint – as part of the technical and organizational measures to be put in place in line with the principle of accountability (Article 24 of the GDPR) – the individual members of the CC as "persons authorized to carry out processing" (Articles 4, no. 10, 29, 32 (4) of GDPR and also Article 2-*quaterdecies* of the Italian Data Protection Code). These individuals, in connection with the processing of the data received, shall comply with the instructions imparted by the controller so that the processing is carried out in accordance with the principles established by Article 5 of the GDPR.

The controller is, in turn, required to adopt the appropriate technical and organizational measures to ensure the protection of the processed data, while at the same time ensuring the CC autonomy and independence from the corporate management bodies in the performance of its duties in the manner provided by the aforementioned regulations.

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Tel. +39 0423 8726 – Fax +39 0423 621392

SECTION IV

THE TRAINING OF RESOURCES AND DISSEMINATION OF THE MODEL

1. Foreword

For the purposes of the effectiveness of this Model, the Company aims to ensure that both the resources already working in the Company and those hired in the future are properly acquainted with the rules of conduct laid out herein, with different degrees of depth in keeping with the different level of involvement of those resources in Sensitive Processes.

The information and training system is supervised and supplemented by the activity carried out in this field by the CC in concert with the Human Resources Manager and the Heads of the other Functions from time to time involved in the application of the Model.

2. Initial communication

The adoption of this Model and subsequent updates will be communicated to all resources in the Company when they are approved.
On the other hand, new employees and individuals holding a corporate office for the first time will be given an information kit (e.g., Code of Ethics, Collective National Labor Agreement, Model, Legislative Decree 231/2001, etc.), with which to assure them the knowledge considered to be of primary importance.

3. Training

Training activities aimed at disseminating knowledge of the regulations set forth in Legislative Decree 231/2001 are carried out in a differentiated manner, in terms of content and delivery methods, depending on the qualification of the addressees, the risk level of the area in which they work, and whether or not they have Company representation duties.

More specifically, different levels of information and training must be ensured through appropriate dissemination tools to:

- Persons in managerial positions, the CC and the Corporate Bodies;
- Employees working in sensitive areas;
- Employees who do not work in sensitive areas.

All training programs shall have a minimum common content consisting of an explanation of the principles of Legislative Decree 231/2001, of the constituent elements of the Organization, Management and Control Model, of the individual offenses provided for in Legislative Decree 231/2001, and of the behaviors considered sensitive in relation to the commission of the aforementioned offenses.
In addition to this common matrix, each training program will be gauged in order to provide its users with the necessary tools for full compliance with the Decree's provisions in relation to the scope of operations and the tasks of the program's addressees.
Attendance at the training programs described above is mandatory, and the CC is entrusted with supervising actual attendance.

4. Information for consultants and partners

Consultants and Partners shall be informed of the contents of GARMONT INTERNATIONAL's Model, with which their conduct must comply.

SECTION V

THE PENALTY SYSTEM

1. Foreword

The definition of a penalty system, to be applied in the case of breach by the Addressees of the provisions of this Model, is a necessary condition for ensuring the effective implementation of the Model itself, as well as an indispensable prerequisite for enabling the Company to benefit from exemption from administrative liability.

The application of disciplinary sanctions is irrespective of the establishment and outcome of any criminal proceedings that may have been initiated in cases where the breach constitutes a relevant offense under Legislative Decree 231/2001.

The penalties that can be imposed differ according to the nature of the relationship between the perpetrator and the Company, as well as the significance and seriousness of the breach committed and the role and responsibility of the perpetrator.

In any case, in Judgment no. 220/1995 the Italian Constitutional Court ruled that the exercise of disciplinary power referring to the performance of any subordinate employment relationship must always conform to the principles of:

- proportion, making the penalty applied commensurate with the extent of the act in question;
- adversarial procedure, ensuring the involvement of the person concerned (having formulated the objection of the charge, in a timely and specific manner, it is necessary to give him or her the opportunity to provide justifications in defense of his or her behavior)

In general, breaches can be related to the following behaviors and classified as follows:

- conduct that constitutes failure to implement the requirements of the Model, including protocols, procedures or other Company instructions, through negligence;
- conduct that constitutes an intentional breach of the requirements of the Model, such as to undermine the relationship of trust between the perpetrator and the Company in that it is aimed solely at committing an offense.

The penalty procedure is, in any case, referred to the relevant Function and/or corporate bodies.

2. Penalties for employees

For Employees, the Company must comply with the limits set forth in Article 7 of Law no. 300/1970 (Workers' Statute) and the provisions contained in the applicable National Collective Bargaining Agreements, with regard to both the penalties that can be imposed and the manner in which disciplinary power is exercised.

Failure to comply – by an employee – with the provisions of the Model, and all the documentation that forms part of it (Code of Ethics, Prevention Protocols, etc.), constitutes non-compliance with the obligations arising from the employment relationship pursuant to Article 2104 of the Italian Civil Code and is a disciplinary offense.

More specifically, the adoption by an Employee of the Company of conduct that qualifies, based on the provisions of the preceding paragraph, as a disciplinary offense, also constitutes a breach of the Employee's obligation to perform the tasks entrusted to him or her with the utmost diligence, by complying with the Company's directives, as provided for in the current National Collective Labor Agreement.

The following sanctions may be imposed on Employees (with specific exceptions and differences specifically explained):

a) Verbal warning;
b) Written warning or reprimand;
c) Fine;
d) Suspension from work and pay;
e) Dismissal;
f) Termination of employment contract.

In order to highlight the criteria for the correlation between breaches and disciplinary measures, it should be pointed out that:

a) the disciplinary measure of a verbal warning shall be imposed on any employee who breaches Company procedures or the prescriptions of the Code of Ethics through mere negligence, or adopts, in the performance of his or her activities in areas at risk, behavior that does not comply with the requirements set out in the Model, if the breach does not have external relevance;
b) the disciplinary measure of a written warning shall be imposed on any Employee who:
- is a repeat offender, over a two-year period, in the commission of breaches that can be punished by verbal reprimand;
- breaches Company procedures and the prescriptions of the Code of Ethics through mere negligence, or adopts, in the performance of his or her activities in areas at risk, behavior that does not comply with the requirements set out in the Model, if the breach has external relevance;

c) the disciplinary measure of a fine not exceeding three hours' pay shall be imposed on any Employee who:
- is found to be a repeat offender, over a two-year period, in the commission of breaches that can be punished by written reprimand;
- given the level of his or her hierarchical or technical responsibility, or in the presence of aggravating circumstances, harms the effectiveness of the Model through conduct such as:
  - failure to comply with the obligation to disclose information to the Compliance Committee;
  - repeated failure to comply with the requirements set forth in the requirements set out in the Model, if they concern a procedure or relationship in which the Public Administration is a party;

d) the disciplinary measure of suspension from work and pay shall be imposed on any Employee who:
- is a repeat offender, over a two-year period, in the commission of breaches that can be punished by a fine;
- breaches company health and safety and environmental protection procedures;
- breaches the provisions concerning signature powers and the system of proxies granted with regard to actions and documents addressed to the Public Administration;
- makes false or unfounded reports concerning breaches of the Model and the Code of Ethics;

e) the disciplinary measure of dismissal or termination of employment shall be imposed on any Employee who:
- fraudulently evades the requirements of the Model through conduct unequivocally directed at committing one of the offenses included among those set forth in Legislative Decree 231/2001;
- breaches the internal control system by removing, destroying or altering documentation or by preventing the checking of or access to information and documentation by the responsible parties, including the Compliance Committee, so as to prevent the transparency and verifiability of the same.

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Tel. +39 0423 8726 – Fax +39 0423 621392

In any case, the Company may not take any disciplinary action against an employee without complying with the procedures provided in the National Collective Labor Agreement for each case.

The principles of correlation and proportionality between the breach committed and the penalty imposed are ensured by compliance with the following criteria:

- severity of the breach committed;
- the employee's job description, role, responsibilities and autonomy;
- the predictability of the event;
- the willfulness of behavior or degree of negligence, recklessness or inexperience;
- the overall behavior of the perpetrator, with regard to whether or not he or she has a disciplinary record within the terms of the National Collective Labor Agreement;
- other special circumstances characterizing the breach.

The existence of a penalty system related to non-compliance with the provisions contained in the Model, and in the documentation that forms part of it, must necessarily be brought to the attention of employees through the means deemed most appropriate by the Company.

3. Penalties for Executives

Failure to comply – on the part of Executives – with the provisions of the Model and all the documentation that forms part of it, including breach of the obligations to disclose information to the Compliance Committee and to supervise the conduct of their collaborators, shall result in the application of the sanctions set forth in National Collective Labor Agreements for other categories of employees, in accordance with Articles 2106, 2118 and 2119 of the Italian Civil Code, as well as Article 7 of Law no. 300/1970.

Generally speaking, the following penalties may be imposed on Executives:

a) Suspension from work;
b) Dismissal.

The finding of any breaches, as well as inadequate supervision and failure to promptly inform the Compliance Committee, may result in an Executive being suspended from work as a precautionary measure, without prejudice to the Executive's right to remuneration, as well as, again on a provisional and precautionary basis for a period not exceeding three months, being assigned to different assignments in compliance with Article 2103 of the Italian Civil Code.

4. Measures against the persons in managerial positions

In any case, even the breach of the specific obligation to supervise subordinates incumbent on persons in managerial positions will result in the Company taking the penalty measures deemed most appropriate in relation, on the one hand, to the nature and seriousness of the breach committed and, on the other hand, to the qualification of the person in a managerial position who committed the breach.

5. Measures against Directors

In the event of a confirmed breach of the provisions of the Model, including those of the documentation that forms part of it, by one or more Directors, the Compliance Committee shall promptly inform the entire Board of Directors, so that it can take or promote the most appropriate and adequate initiatives, in relation to the severity of the breach observed and in accordance with the powers provided for by current regulations and the Company's Articles of Association.

More specifically, in the event of a breach of the provisions of the Model, including those of the documentation that forms part of it, by one or more Directors, the Board of Directors may proceed directly, depending on the extent and seriousness of the breach committed, by imposing the penalty of a formal written reprimand or the withdrawal of all or part of the delegated powers and powers of attorney conferred.

In the event of breaches of the provisions of the Model, including those of the documentation that forms part of it, by one or more Directors, unequivocally aimed at facilitating or instigating the commission of an offense relevant under Legislative Decree 231/2001 or at committing such an offense, penalty measures (such as, by way of example only, temporary suspension from office and, in the most serious cases, removal from the same) shall be adopted by the Shareholders' Meeting, upon proposal of the Board of Directors.

In the event of a confirmed breach of the provisions of the Model, including the documentation that forms part of it, by the entire Board of Directors, the Compliance Committee shall immediately inform the Shareholders, so that they may promote the consequent initiatives, or the Board of Statutory Auditors so that it may take action pursuant to Article 2409 of the Italian Civil Code (for example, in the event that the Directors are the shareholders of the Company).

6. Measures against the CC

In the event of an ascertained breach of the provisions of the Model, including those of the documentation that forms part of it, by the CC, any one of the Directors shall inform the Board of Directors, which will take the appropriate measures including, for example, the withdrawal of the CC's appointment and the consequent appointment of a new CC.

7. Measures against Service Companies, Consultants and Partners

Any breach by Service Companies, Consultants or Partners of the rules set forth in this Model or the Code of Ethics that are applicable to them or the commission of the Offenses shall be punished in accordance with the provisions of the specific contractual clauses included in the relevant contracts. This is without prejudice to any claim for compensation if concrete damage is caused to the Company as a result of such conduct, as in the case of the application to the Company by the courts of the measures provided for in Legislative Decree 231/2001.

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SPECIAL PART

SECTION I

THE GARMONT INTERNATIONAL S.R.L. MODEL

1. The Company and its operations

The Company was incorporated in its current legal form on January 16, 2014 under the name GARMONT INTERNATIONAL S.R.L. and was registered in the Business Register of Treviso-Belluno on January 21, 2014 under number 04643700265.

Company purpose

The Company's Chamber of Commerce certificate states that the Company's purpose is:

"(A) THE DESIGN, PRODUCTION, WHOLESALE AND RETAIL TRADE, IMPORT AND EXPORT, BOTH ON ITS OWN ACCOUNT AND ON BEHALF OF THIRD PARTIES, AND THE ASSUMPTION OF AGENCY CONTRACTS WITH OR WITHOUT WAREHOUSING, FOR PRODUCTS OF THE FOLLOWING SECTORS: TEXTILES, APPAREL, FOOTWEAR, LEATHER, RUBBER AND PLASTIC, FURNITURE, HEALTH CARE ITEMS AND EQUIPMENT, SOFTWARE, MECHANICAL AND ELECTRONIC MACHINERY AND EQUIPMENT, AND SPORTS AND LEISURE ACCESSORIES;

(B) THE PRODUCTION, WHOLESALE AND RETAIL TRADE, IMPORT AND EXPORT, BOTH ON ITS OWN ACCOUNT AND ON BEHALF OF THIRD PARTIES, THE ASSUMPTION OF AGENCY CONTRACTS WITH OR WITHOUT WAREHOUSING, AND THE LEASING AND RENTAL OF MACHINERY AND EQUIPMENT FOR USE IN ANY PRODUCTION PROCESS;

(C) THE PURCHASE, SALE, MANAGEMENT AND LICENSING OF:

- PATENT RIGHTS FOR TRADEMARKS;

- PATENTS FOR INDUSTRIAL INVENTIONS;

- PATENTS FOR INDUSTRIAL MODELS;

- COPYRIGHTS;

(D) THE CONSTRUCTION, WHETHER FOR ITS OWN ACCOUNT OR ON BEHALF OF THIRD PARTIES, THE PURCHASE, SALE, MANAGEMENT, AND LEASE OF: - CIVIL, EXECUTIVE, COMMERCIAL, INDUSTRIAL, CRAFT, AND AGRICULTURAL PROPERTIES;

(E) THE PROVISION OF BUSINESS CONSULTING SERVICES;

(F) THE PROVISION TO THIRD PARTIES OF SERVICES WITH A MANAGEMENT CONTENT IN THE ADMINISTRATIVE, COMMERCIAL, TECHNICAL AND DESIGN AREAS, WITH THE EXPRESS AND PEREMPTORY EXCLUSION OF ANY ACTIVITY RESERVED BY LAW FOR MEMBERS OF PROFESSIONAL ASSOCIATIONS OR ORDERS (....)."

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The Company has obtained the ISO 9001:2015 certification.

Corporate Bodies and Articles of Association

- ✓ Shareholders' Meeting;
- ✓ Board of Directors;
- ✓ Board of Statutory Auditors;
- ✓ Auditing company.

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2. The adoption of the Model and subsequent amendments

Aware of the importance of adopting and effectively implementing an Organization, Management and Control Model pursuant to Legislative Decree 231/2001 suitable for preventing the commission of unlawful conduct in the corporate context, the Company therefore approved this Model by a resolution of the Board of Directors, on the assumption that it constitutes a valid tool for raising the awareness of the addressees regarding the importance of adopting correct and transparent behavior, i.e. that is suitable for preventing the risk of the criminal offenses included in the list of predicate offenses entailing the administrative liability of entities being committed.

By adopting the Model, the Company intends to pursue the following goals:

- prohibit conduct that may constitute the types of offenses set forth in the Decree;

- spread awareness that breach of the Decree, the requirements laid down in the Model and the principles of the Code of Ethics may result in the application of penalties (both pecuniary and prohibitory) also against the Company;
- enable the Company, thanks to a structured corporate management system and constant monitoring of the proper implementation of this system, to prevent and/or promptly counteract the commission of offenses relevant under the Decree;
- promote the Company's special attention to and awareness of regulatory compliance issues.

The provisions of this Model are binding for the Chairman of the Board of Directors, and, more generally, for the entire Board of Directors, for the Executives and, in any case, for all those who hold, at GARMONT INTERNATIONAL, positions of representation, administration and direction or management and control (even *de facto*), as well as for Employees, including those with managerial status, and for collaborators subject to the direction or supervision of the Company's management.

The Board of Directors, in fact, approved this Model, committing each member of the Board to its observance. At the same time as approving this document, the Board of Directors set up its own Compliance Committee, assigning it the task of supervising the operation of and compliance with the Model, as well as ensuring its updating.

Since the Model is a "deed issued by the governing body" (in accordance with the requirements of Article 6(I)(a) of Legislative Decree 231/2001), subsequent amendments and additions of a substantial nature are the responsibility of the Board of Directors.

3. Basic elements of the Model

The fundamental elements developed by GARMONT INTERNATIONAL when defining the Model, which are addressed in detail below, can be summarized as follows:

- the identification of the processes and activities at risk of an offense being committed ("sensitive" processes and activities), i.e. within the scope of which the opportunities, conditions and/or means for the commission of such offenses could potentially occur, the specific control standards and any corrective actions to be implemented, an activity that is also formalized in the "Risk Assessment Report" attached to this Organizational Model (Annex 3);
- the description of specific offense prevention measures implemented to safeguard sensitive activities and processes, which is formalized in the Special Part sections devoted to each of the macro-categories of offense, laid down in Chapter I, Sect. III of Legislative Decree 231/2001, found to be relevant to the Company, which refers to the Prevention and Management Protocols in Annex 1;
- the establishment of a Compliance Committee, which is assigned the specific tasks of supervising the effective implementation and application of the Model in accordance with the Decree;
- a system of penalties aimed at ensuring the effective implementation of the Model and containing the disciplinary actions and penalties applicable to the Addressees, in case of breach of the requirements laid down in the Model;
- the provision for information and training on the contents of this Model.

In short, the Model consists of:

- A General Part;
- A Special Part regarding the prevention of offenses;
- Annex 1 – Prevention and Management Protocols;

- Annex 2 – Code of Ethics
- Annex 3 – Risk Assessment Report;
- Annex 4 – Company organization chart;
- Annex 5 – Predicate Offenses.

4. Code of Ethics

Aware of the need to base the performance of its business activities on compliance with the principle of lawfulness, the Company adopted the Code of Ethics, which also refers to the "Guidelines", with the intention of confirming its undertaking to implement, in a consistent manner, the highest ethical and legal standards.

The Code of Ethics – Annex 2 to this Organizational Model – lays down a set of rules of "business ethics" that the Company recognizes as its own and whose observance it demands of its corporate bodies and employees and of third parties who, for whatever reason, have dealings with it.

The Model, whose provisions are in any case consistent with and conform to the principles of the Code of Ethics, responds more specifically to the requirements expressed by the Decree and is, therefore, aimed at preventing the commission of the types of offenses included in the scope of Legislative Decree 231/2001.

In any case, the Code of Ethics affirms principles for the proper conduct of company business that are also suitable for preventing the unlawful conduct referred to in Legislative Decree 231/2001, and therefore also takes on preventive relevance for the purposes of the Model, thus constituting a complementary element to it.

5. Whistleblowing

Law no. 179 of November 30, 2017, on "*Provisions for the protection of the persons reporting offenses or irregularities of which they have become aware in the context of a public or private work relationship*," provided for the integration of Article 6 of Legislative Decree 231/01, in order to provide for the protection of individuals who report an unlawful act of which they have become aware in the context of a working relationship.

Pursuant to Article 6, paragraph *2-bis* of Legislative Decree 231/01, "Whistleblowing" means any circumstantiated report concerning suspected unlawful conduct relevant under the Decree that is based on precise and concordant elements of fact or breaches of the Company's Organization and Management Model. The subject of the report can therefore be any of the offenses specified in the special part of the following Model.

The Addressees of the regulation are the persons indicated in Article 5(1)(a), namely: a) persons who hold positions of representation, administration or management of the entity or one of its organizational units with financial and functional autonomy, as well as by persons who exercise, even *de facto*, the management and control of the same ("persons in a managerial position"); b) persons subject to the management or supervision of one of the persons referred to in subsection a) ("subordinates").

In order to enable such reports, the regulation provides for the establishment of one or more suitable channels to ensure the confidentiality of the identity of the whistleblower in the handling of the report, of which at least one shall be computer-based. The specific rules and procedures aimed at ensuring the confidentiality of the whistleblower's personal data are described in detail in the appropriate procedure adopted by the Company.

As already pointed out in paragraph 5 of Section III of the General Part, the Addressee of the reports is the Compliance Committee. Reports may be sent to the Committee using the means stated in the relevant Procedure adopted by the Company, to which reference shall, in any case, be made:

- e-mail address, in a manner suited to ensuring the confidentiality of the whistleblower's identity (to this end, it is recommended not to use the company e-mail account);
- postal service; in this case, in order to ensure the confidentiality of the whistleblower, the report must be placed in a sealed envelope addressed to "Compliance Committee" and labeled "CONFIDENTIAL AND PERSONAL".

Again to protect the confidentiality of the whistleblower, provision is also made for the application of the disciplinary system set forth in this Model for those who breach the measures provided for this purpose.
Any direct or indirect retaliatory or discriminatory act against the whistleblower for reasons directly or indirectly related to the report is prohibited. Subsection *2-ter* provides that the adoption of discriminatory measures can be reported to the National Employment Inspectorate, for measures within its jurisdiction, not only by the whistleblower, but also by the trade union organization indicated by the whistleblower.
Article 6(*3-quater*) then stipulates that retaliatory or discriminatory dismissal, change of duties under Article 2103 of the Italian Civil Code and any other retaliatory or discriminatory measures taken against the whistleblower shall be null and void. In the event of disputes related to the imposition of disciplinary sanctions, or to demotions, dismissals, transfers, or other organizational measures having direct or indirect adverse effects on working conditions on the whistleblower, after the submission of the report, the burden of proving that such measures are based on reasons unrelated to the report itself lies with the employer.
Finally, the penalty system laid down in this Model also applies to those who make, with intent or gross negligence, reports that turn out to be unfounded.
The Company, therefore, in order to fulfill its Whistleblowing obligations, undertakes to adopt appropriate procedural rules to ensure the confidentiality of the identity of whistleblowers.

6. Methodological process for the definition of the Model: identification of activities and processes at risk – assessment and identification of safeguards

Legislative Decree 231/2001 expressly provides, in Article 6(2)(a), that the Organization, Management and Control Model of the entity shall identify the Company activities in the scope of which the offenses included in the Decree could potentially be committed.
Accordingly, the Company carried out an analysis of its organizational, administrative, and accounting structure and the context in which it is required to operate.
As part of this activity, the Company first analyzed its organizational structure.
It subsequently proceeded to identify the activities and processes at risk of the commission of the offense, as well as the activities and processes within which conduct that is instrumental and/or functional to the commission of the offenses may be carried out, based on the information gathered by Company representatives who, by reason of the role held, were found to have the broadest and deepest knowledge of the operations of the Company sector in question.

For each sensitive activity and process, the elements and control systems already implemented by the Company were also identified and analyzed from a documentary point of view in order to assess their suitability for preventing the risk of the commission of the offenses provided for in Legislative Decree 231/2001 and to verify the need to establish new and more effective safeguards.

For further details on "sensitive" activities and processes, the Company Departments/Functions involved, and the control safeguards in place at the Company, please refer to the review of the individual sheets incorporating the interviews with Key Officers, in which the Company's Decree 231-relevant processes were analyzed.

7. Approval and updating of the Organization Model

The Model – in accordance with Article 6(1)(a) of Legislative Decree 231/2001 – is a "deed issued by the governing body" and, as such, is approved by the Board of Directors.

The Model has been approved by the Board of Directors of GARMONT INTERNATIONAL as indicated in the history provided in the epigraph and will be amended and supplemented in the same manner.

The Company and the CC shall review, each to the extent of their responsibilities, the need for or appropriateness of updating the Model. The CC makes proposals to the BoD for this purpose.

The updating of the Model should be considered, in particular, when the following circumstances occur:

a) new laws or regulatory changes have occurred that are relevant to the Company's business;
b) there are supervening business needs arising from changes in Company organization and/or the scope of corporate activity, or in the manner in which it is carried out;
c) significant breaches of the requirements of the Model have been found demonstrating its ineffectiveness and/or inconsistency for the purpose of preventing the commission of the Predicate Offenses.

Any substantial updates to the Model that may become necessary must be approved by the Board of Directors.

In any case, substantial updates are considered to be those that concern the prediction of new risks or the modification/supplementation of the prediction of existing risks.

Nonsubstantial updates to the Model may be made by the Executive Directors, within their respective delegated powers, and with the obligation to report to the Board of Directors, unless they deem it appropriate to submit the decision to the Board of Directors for approval.

The adoption of new Prevention and Management Protocols ("PMPs") or new procedures to which the former refer, as well as the amendment and/or repeal of individual PMPs, is the responsibility of the Company's Executive Directors, or the General Manager, within the scope of the powers delegated to them, unless they deem it appropriate to submit the decision to the Board of Directors for approval.

The CC must be informed of any updates to the Model and/or PMPs/Procedures.

8. The Company's internal control system

As outlined above, when preparing the Model and on the basis of the Company Processes found to be Sensitive, the Company reviewed the existing control elements and systems in order to assess their suitability for preventing the risk of the commission of the offenses set forth in Legislative Decree 231/2001 and to verify the need to establish new and more effective safeguards.

Generally speaking, the existing control system, which involves all areas of company operations, was found to ensure – through the separation of operational tasks from supervisory tasks – an appropriate level of regulatory compliance.

More specifically, the components of the control system are:

- the Code of Ethics;
- the system of proxies and powers of attorney, which ensures consistency between the formal assignment of powers and the organizational and management system adopted by the Company, including through the segregation of duties among those who perform the crucial activities of a process at risk;

- the adoption of management and operational procedures referred to in the Certification mentioned in the relevant Prevention and Management Protocols ("PMPs");
- the Prevention and Management Protocols (PMPs) themselves;
- the implementation of integrated information systems, aimed at the segregation of duties, as well as a high level of standardization of processes and the protection of the information contained therein, with reference to both management and accounting systems and systems supporting business-related operational activities.

GARMONT INTERNATIONAL S.R.L.
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Tel. +39 0423 8726 – Fax +39 0423 621392

SECTION II

1. PREDICATE OFFENSES

At the conclusion of the analysis of the Company's operational reality, the following emerged as categories of predicate offenses that could potentially entail the Company's liability:

1. Offenses against the Public Administration: Undue receipt of disbursements, fraud to the detriment of the State or a public body or for the purpose of obtaining public disbursements and computer fraud to the detriment of the State or a public body (Article 24); Extortion, undue incitement to give or promise benefits, and bribery (Article 25);
2. Cybercrimes and unlawful data processing (Article 24-*bis*);
3. Organized crime offenses (Article 24-*ter*) and Transnational offenses (Article 10, Italian Law no. 146 of March 10, 2006);
4. Corporate offenses (Article 25-*ter*);
5. Manslaughter and serious injury committed in breach of regulations for the prevention of occupational accidents (Article 25-*septies*);
6. Counterfeiting – Copyright infringement offenses (Articles 25-*bis* and 25-*novies*);
7. Offenses against industry and trade (Article 25-*bis* (1));
8. Receiving stolen goods, money laundering, self-laundering (Article 25-*octies*);
9. Offenses relating to non-cash means of payment (Article 25-*octies* (1));
10. Tax offenses (Article 25-*quinquiesdecies*);
11. Environmental offenses (Article 25-*undecies*);
12. Incitement to withhold statements or to make false statements to the judicial authorities (Article 25-*decies*);
13. Offense of employing illegally staying third-country nationals (Article 25-*duodecies*);
14. Racism and xenophobia offenses (Article 25-*terdecies*)
15. Smuggling offenses (Article 25-*sexiesdecies*).

The following did not emerge as categories of predicate offenses that could entail the Company's liability:

- Counterfeiting of distinctive signs or marks, except for the offenses under Articles 473 and 474 of the Italian Criminal Code (Article 25-*bis*).
- Offenses for the purpose of terrorism or subversion of the democratic order (Article 25-*quater*).
- Female genital mutilation (Article 25-*quarter* (1)).
- Market abuse (Article 25-*sexies*).
- Offenses against individual personality (Article 25-*quinquies*).
- Fraud in sporting competitions, unlawful gambling or betting (Article 25-*quaterdecies*).
- Offenses against the cultural heritage (Article 25-*septiesdecies*).
- Laundering of cultural heritage and destruction and looting of cultural and landscape heritage (Article 25-*duodevicies*).

For each of the categories of predicate offenses considered relevant to the Company, the activities at risk, i.e. in the performance of which it is theoretically possible that one of the abovementioned Offenses could be committed, are identified in the following paragraphs.

2. SENSITIVE AREAS

As part of the activities carried out by the Company, the following Sensitive Areas have been identified, the mapping of which is laid down in the "Risk Assessment Report" attached to this document.

DEALINGS WITH THE PUBLIC ADMINISTRATION	
1A	MANAGEMENT OF DEALINGS WITH PUBLIC BODIES FOR OBTAINING AUTHORIZATIONS, LICENSES AND PERMITS FOR THE PERFORMANCE OF COMPANY OPERATIONS
1 B	MANAGEMENT OF PROCEDURES AIMED AT OBTAINING PUBLIC DISBURSEMENTS, GRANTS, SUBSIDIES AND FUNDING
1 C	MANAGEMENT OF DEALINGS WITH PUBLIC OFFICIALS IN THE CONTEXT OF INSPECTION AND CONTROL ACTIVITIES CARRIED OUT BY THE PUBLIC ADMINISTRATION
2	MANAGEMENT OF TAX COMPLIANCE (E.G., PREPARATION OF TAX RETURNS OR WITHHOLDING TAX DECLARATIONS)
3	MANAGEMENT OF LITIGATION AND SETTLEMENT AGREEMENTS
PURCHASES:	
4A	SELECTION OF SUPPLIERS/CONSULTANTS, NEGOTIATION AND CONCLUSION OF THE RELATED CONTRACTS FOR THE PROCUREMENT OF GOODS AND CONSULTANCY OR OTHER SERVICES
4 B	ACCOUNTS PAYABLE – INVOICING
SALES	
5A	MANAGEMENT OF BIDDING, NEGOTIATIONS, CONCLUSION AND EXECUTION OF SALES CONTRACTS WITH PRIVATE PARTIES
5 B	ACCOUNTS RECEIVABLE – INVOICING
5 C	AGENTS: SELECTION AND MANAGEMENT OF AGENTS
CATALOGS - ADVERTISING - PROMOTIONS - LABELS - RESEARCH AND DEVELOPMENT	
6A	PREPARATION/UPDATING OF PRODUCT CATALOGS AND/OR OTHER PROMOTIONAL MATERIALS
	CO-MARKETING AND ADVERTISING ACTIVITIES
6 B	SPONSORSHIPS AND FREE GIFTS
7	RESEARCH AND DEVELOPMENT – REGISTRATION OF TRADEMARKS AND PATENTS – PRODUCT LABELING
FINANCIAL FLOWS	
8	FINANCIAL FLOW MANAGEMENT – DEALINGS WITH BANKS
ENVIRONMENTAL	
9	MANAGEMENT OF COMPLIANCE REGARDING THE PRODUCTION OF SOLID, LIQUID OR GASEOUS WASTE, OR THE EMISSION OF FUMES OR THE PRODUCTION OF NOISE/ELECTROMAGNETIC POLLUTION SUBJECT TO MONITORING BY PUBLIC BODIES
OCCUPATIONAL SAFETY	

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10	Management of occupational safety obligations under Legislative Decree 81/2008
PERSONNEL MANAGEMENT	
11A	Staff selection and recruitment
11 B	Administrative management of personnel
11 C	Representation expenses and expense claims
COMPANY COMMUNICATIONS – CORPORATE COMPLIANCE – INTERCOMPANY RELATIONS	
12	Preparation of financial statements, reports and corporate communications in general
13	Management of dealings with the Auditing Company and the Board of Statutory Auditors.
14	Corporate management: management of contributions, profits, reserves, operations on participations and capital
15	Management of the compliance related to the operations of the corporate bodies (Shareholders' Meeting, Board of Directors, Board of Statutory Auditors)
16	Management of intercompany relationships: (i) Financial flow management; (ii) Designation of members of corporate bodies in group companies by the parent company; (iii) Transactions and contracting; (iv) Service relationships.
IMPORT AND EXPORT	
17	Operations relevant to the import/export of goods to/from non-EU countries – Dealings with Customs – Customs forwarding agents
IT RESOURCES	
18	Management of IT resources Management of company software / network infrastructure / databases Management of data protection compliance

3. GENERAL PRINCIPLES OF BEHAVIOR

a) It is prohibited to engage in conduct that, taken individually or collectively, directly or indirectly constitutes one of the types of offense considered by the Decree.

b) It is prohibited to engage in conduct that, although it does not in itself constitute an offense amongst those considered in (a), could potentially become so.

c) All of the Company's activities in at-risk areas and at-risk operations shall be carried out in accordance with applicable laws and the provisions of the Code of Ethics as well as following organizational procedures based on the principle, where possible, of separation of roles.

d) The individual steps of these procedures must meet the requirement of traceability so that they are identifiable, verifiable and transparent.

e) Any breach, exception, or deviation from the rules and protocols of this Model must be reported to the CC.

f) The CC shall be provided with all data, information and reports referred to as information flows towards the CC at the end of each paragraph of the annex "Prevention and Management Protocols" of this

Model to be supplemented with the flows indicated in the Special Part, Section III "Special Parts for the Prevention of Offenses".

4. RISK ASSESSMENT CRITERIA

The assessment of the risk to which the Company is exposed in carrying out activities in the areas deemed to be sensitive with regard to the commission of offenses was carried out taking into account:

- the probability (P) that, in the performance of a given business activity, an offense may be committed. More specifically, for this parameter, the frequency with which the activity is carried out, as well as any previous history of occurrence, is taken into account;
- the severity/impact (S) of the consequences that would result from the commission of an offense. The evaluation of this parameter takes into account, first and foremost, the sanctions provided for in Legislative Decree 231/2001. In particular, it should be noted that the level of impact/severity was calculated taking into account the maximum penalty stipulated in the relevant standard;
- the magnitude of the risk (R), calculated based on the probability of occurrence and the severity of the consequences of the offense if it does occur (R = P x S);
- risk weighting factors [f(p)], by which the magnitude of risk R is reduced, with different weights depending on the importance of the factor on risk/hazard prevention. The weighting factors considered are:
  - personnel information and training;
  - in cases of environmental and occupational safety offenses: also the use of preventive and protective equipment, in addition to all the provisions of Article 30 of Legislative Decree no. 81/2008 for occupational health and safety;
  - the formalization, dissemination and application of specific procedures.

Once the risk has been defined, it can be quantified by evaluating the following parameters:

R: overall risk;
P: probability of occurrence;
S: severity of the consequences;

since R = f (P, S), that is, the risk R can be expressed as a function f of the two variables P and S.
The variables P and S can have values ranging from 1 to 4 in relation to the probability of occurrence and severity of the consequences, as characterized below.

Probability of occurrence (P)

P VALUE	LEVEL	SIGNIFICANCE
1	NEGLIGIBLE IMPROBABLE IRRELEVANT	No similar events have ever occurred The activity that may be subject to the commission of an offense is never carried out or is carried out very rarely There are documented company procedures in place that have been distributed to the relevant personnel to manage the activity that may be subject to the commission of an offense
2	LOW IMPROBABLE TOLERABLE	A similar event has already occurred The activity that may be subject to the commission of an offense is carried out infrequently Documented company procedures exist for managing the activity that may be subject to the commission of offenses
3	MEDIUM PROBABLE MODERATE	Some similar events have already occurred The activity that may be subject to commission of offense is carried out frequently There are no procedures in place to manage the activity that may be subject to commission of offense, only business practices

4	HIGH ACTUAL REAL	Actual (existing, concrete, real) risk that the company must remove or neutralize incidents in which the commission of the offense caused harm are known the hazard exists and can directly result in harm risks with a high level of probability of impact that represent a risk that is NOT acceptable (Very Probable, Intolerable, High) that the company absolutely must remove Damage has already occurred for the same deficiency detected in the same or similar companies.

Severity of the consequences (or impact (S))

VALUE	LEVEL	PENALTY AMOUNT
1	MILD	100 to 250 Units
2	SIGNIFICANT	251 to 500 Units
3	SERIOUS	501 to 800 Units
4	VERY SERIOUS	801 to 1000 Units

When assessing the severity of the impact, the maximum fine stipulated in the regulations will be taken into account.

In mathematical terms, the function f can be represented as follows:

R = P x S

Risk diagram

		RISK			
Impact/Severity	Very serious	4	8	12	16
	Serious	3	6	9	12
	Significant	2	4	6	8
	Mild	1	2	3	4
		Negligible	Low	Medium	High
		Probability			

RISK CLASSIFICATION

RISK LEVEL	DEFINITION OF THE DETECTED RISK	DAMAGE-IMPACT	ACRONYM
1-2	Negligible-Improbable	Not very harmful	**N**
3-4	Low-Improbable	Moderately harmful	**L**
6-8	Medium-Probable	Harmful	**M**
9-12-16	High-Actual-Real	Very harmful	**H**

For the risk assessment, please refer to the "Risk Assessment Report", Annex 3 to this Organizational Model.

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