
**The model for
organisation,
management
and control, as
set out in
Legislative
Decree No.
231/2001.**

**Harmont & Blaine
S.p.A.**


harmont&blaine

TABLE OF CONTENTS

GENERAL SECTION	4
1. DEFINITIONS.....	5
2. DESCRIPTION OF THE REGULATORY FRAMEWORK.....	6
2.1 INTRODUCTION	6
2.2 THE CRITERIA FOR ATTRIBUTING LIABILITY TO THE ENTITY AND EXEMPTIONS FROM LIABILITY	8
2.3 OFFENCES	9
2.4 PENALTY REGIME.....	15
2.5 OFFENCES COMMITTED ABROAD	16
2.6 EVENTS AFFECTING THE ENTITY	16
2.7 ORGANISATION, MANAGEMENT AND CONTROL MODELS	17
2.8 CASE LAW	19
2.9 CODES OF CONDUCT DRAWN UP BY ASSOCIATIONS REPRESENTING ENTITIES.....	20
2.10 LEGISLATIVE DECREE 231/2001 IN CORPORATE GROUPS	21
3. ELEMENTS OF THE GOVERNANCE MODEL AND THE GENERAL ORGANISATIONAL STRUCTURE OF THE COMPANY	23
3.1 <i>HARMONT & BLAINE S.P.A.</i>	23
3.2 <i>HARMONT & BLAINE'S</i> GOVERNANCE MODEL	23
3.3 <i>HARMONT & BLAINE'S</i> ORGANISATION, MANAGEMENT AND CONTROL MODEL	24
3.3.1 METHODS FOR MANAGING FINANCIAL RESOURCES	25
3.3.2 PROCEDURES FOR THE APPROVAL, UPDATING AND STRUCTURE OF THE ORGANISATION, MANAGEMENT AND CONTROL MODEL.....	25
3.4 EXTENSION OF THE MODEL WITHIN THE GROUP.....	26
4. THE SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE 231/2001	26
4.1 THE SUPERVISORY BODY	26
4.2 THE SUPERVISORY BODY OF <i>HARMONT & BLAINE</i>	28
4.3 FUNCTIONS AND POWERS OF THE SUPERVISORY BODY	30

4.4	DUTY TO INFORM THE SUPERVISORY BODY – INFORMATION FLOWS AND WHISTLEBLOWING REPORTS	32
4.4.1	<i>Reporting by the Supervisory Body to the corporate bodies.....</i>	<i>34</i>
5.	DISCIPLINARY SYSTEM	36
5.1	FUNCTION OF THE DISCIPLINARY SYSTEM.....	36
5.2	MEASURES CONCERNING EMPLOYEES	36
5.2.1	<i>Breaches of the Model and/or the Whistleblowing Procedure and related sanctions</i>	<i>37</i>
5.3	MEASURES AGAINST DIRECTORS.....	38
5.4	MEASURES AGAINST STATUTORY AUDITORS.....	38
5.5	MEASURES REGARDING BUSINESS PARTNERS, AGENTS, CONSULTANTS, COLLABORATORS AND SUPPLIERS	39
6.	TRAINING AND COMMUNICATION PLAN	40
6.1	INTRODUCTION	40
6.2	EMPLOYEES AND MEMBERS OF THE CORPORATE BODIES	40
6.3	OTHER RECIPIENTS	40
6.4	TRAINING ACTIVITIES	41
7.	ADOPTION OF THE MODEL – CRITERIA FOR UPDATING AND ADAPTING THE MODEL	42
7.1	AUDITS AND CHECKS ON THE MODEL	42
7.2	UPDATING AND ADAPTATION	42

GENERAL SECTION

1. DEFINITIONS

- **Code of Ethics:** a document that defines, both internally and externally, the rules, obligations, duties and responsibilities of all senior management and staff, aimed at outlining and affirming approved and shared values and conduct, including with the aim of preventing potential offences.
- **Recipients: employees, managers, directors and** third parties who have contractually regulated working relationships with Harmont & Blaine S.p.A. or who represent the Company without any employment relationship (e.g., business partners, agents and consultants, distributors, etc.).
- **Entity:** the provisions set out in Italian Legislative Decree 231/01 “apply to entities with legal personality and to companies and associations, including those without legal personality. They do not apply to the State, local authorities, other non-economic public bodies, or bodies performing functions of constitutional importance” (Article 1, paragraphs 2 and 3 of Italian Legislative Decree 231/01).
- **Public function:** activities governed by public law relating to legislative functions (State, Regions, Provinces with special status, etc.), administrative functions (members of state and local administrations, law enforcement agencies, members of supranational administrations – e.g. EU –, members of authorities, chambers of commerce, members of building commissions, inspectors of public works, etc.) and judicial functions (judges, bailiffs, auxiliary bodies of the administration of justice, such as trustees or liquidators in bankruptcy proceedings, etc.)
- **Public Service Officer (IPS):** A Public Service Officer is defined as a person who, whilst not strictly a public official with the typical functions of such a status (certification, authorisation, decision-making), nevertheless performs a service of public utility within public bodies in general. Article 358 of the Italian Criminal Code states, “For the purposes of criminal law, Public Service Officers are those who, in any capacity, perform a public service. Public service is to be understood as an activity governed in the same manner as a public function, but characterised by the absence of the powers typical of the latter, and excluding the performance of simple tasks of an administrative nature and the provision of purely manual labour”.
- **Model or MOG:** the Organisation, Management and Control Model designed to prevent the potential commission of offences, defined in accordance with the relevant legislation
- **Relevant legislation:** Italian Legislative Decree 231/2001 and any other legislation connected to the Decree or its principles, which establish a company’s administrative liability for offences committed by senior management or staff.
- **Public Administration:** in both national and foreign or EU law, this refers to any administration of the State, local or EU public bodies, as well as any public body, agency or independent administrative authority and their respective branches, and any person acting in the capacity of a Public Official or a Public Service Officer.
- **Public Service (PU):** for the purposes of criminal law, Public Officials are those who exercise a public legislative, judicial or administrative function. For the same purposes, an administrative function is considered public if it is governed by rules of public law and authoritative acts and is characterised by the formation and expression of the will of the Public Administration or by its exercise through authoritative or certifying powers.
- **Predicate offences:** the criminal offences and/or administrative offences provided for by law which, if committed by senior management and/or staff, entail the liability of the Company.

- **Manager:** a person vested with powers of representation, administration or management, who is responsible for the operational management of a specific Department/Unit of the Company.
- **Company:** Harmont & Blaine S.p.A.
- **Senior management:** persons holding representative, administrative or managerial functions within the Organisation or within a Department thereof possessing financial and functional autonomy, as well as persons who exercise, including de facto, the management and control thereof (Article 5, paragraph 1, letter a) of Legislative Decree 231/01).
- **Supervisory Body or SB:** a body (single or collective) that oversees the operation and compliance with the model (including updates) and must have powers of initiative and control (autonomy).

2. DESCRIPTION OF THE REGULATORY FRAMEWORK

2.1 Introduction

In September 2000, the Italian legislature delegated the Government to adopt a legislative decree concerning the regulation of the liability of organised entities, including legal persons and companies.

These provisions were introduced into Italian law with the enactment of Italian Legislative Decree 231 of 8 June 2001 (hereinafter 'Legislative Decree 231/2001'), which established the 'administrative' liability of associations (companies, consortia, other entities with or without legal personality, associations) depending on the commission – or attempted commission – of certain types of offences (so-called "predicate offences") by a representative of the entity in the interest or for the benefit of the entity itself.

The Decree brought Italian legislation on the liability of legal persons into line with certain international conventions previously signed by Italy, such as the Brussels Conventions of 26 July 1995 and 26 May 1997 on the protection of the European Union's financial interests and on combating corruption of public officials of both the European Union and the Member States, and the OECD Convention of 17 December 1997 on combating bribery of foreign public officials in international business transactions.

In particular, the Company is liable for offences committed in its interest or for its benefit:

- By "persons holding representative, administrative or managerial positions within the Entity or within one of its organisational units endowed with financial and functional autonomy, as well as by persons who exercise, including de facto, the management and control of the Entity itself" (the aforementioned persons in "senior positions" or "senior managers"; Article 5, paragraph 1, letter a) of Legislative Decree 231/2001);
- By persons subject to the management or supervision of one of the senior officials (the so-called persons subject to the management or supervision of others; Article 5, paragraph 1, letter b) of Legislative Decree 231/2001).

The liability provided for by Legislative Decree 231/2001, although formally designated as "administrative" by the legislator, is – according to the prevailing interpretation – essentially criminal in nature in that:

- It arises from the commission of a criminal offence;
- It is established by the criminal court in the course of criminal proceedings brought against the perpetrator;
- It entails the imposition of particularly severe penalties (up to and including permanent disqualification from carrying out the activity, for certain types of predicate offences, in the most serious cases).

The liability of the Entity – analogous to criminal liability – arises as a result of the commission by a person bound by a functional relationship with the Entity of one of the offences specifically provided for in the Legislative Decree.

The Entity's liability may arise where the offences are committed in its interest or for its benefit, whereas it does not apply where the perpetrator acted solely in their own interest or that of third parties.

The functional relationship linking the perpetrator of the offence to the legal entity may be one of representation, subordination or collaboration, within the limits set out in the Legislative Decree.

Where the perpetrator of the offence is a natural person holding a position of representation, administration, management or control within the Entity or within one of its organisational units endowed with financial and functional autonomy, as well as a person who exercises, including de facto, the management and control of the Entity, a presumption of liability is established against the latter. This is in view of the fact that the natural person expresses, represents and implements the Entity's management policy.

There is no presumption of liability on the part of the Entity if the perpetrator of the offence is a person subject to the management or supervision of one of the persons referred to in the preceding sentence; in such a case, the act of the subordinate entails the Entity's liability only if it is established that its commission was made possible by a failure to comply with management and supervisory obligations.

The Entity's (administrative) liability is additional to the natural person's (criminal) liability and does not replace it. The substantial autonomy of this liability means that the entity is liable for the offence even where the perpetrator has not been identified or cannot be held criminally liable, or where the offence is extinguished for reasons other than an amnesty. The criminal liability of the natural person remains governed by ordinary criminal law.

The legislator has established a system of sanctions characterised by the imposition of a penalty, usually a financial one, on the legal person.

In addition to the financial penalty, disqualification sanctions may also be applied in certain cases, such as a ban on carrying out the activity, the suspension or revocation of authorisations, licences or concessions necessary for the commission of the offence, a ban on contracting with the Public Administration, exclusion from benefits, funding, grants or subsidies, the possible revocation of those already granted, and a ban on advertising goods or services.

In addition to the aforementioned sanctions – both financial and disqualification measures – there is the confiscation (always ordered by the conviction) of the proceeds or profits of the offence (including 'equivalent value') and, in certain cases, the publication of the conviction.

The legislator has also provided that such disqualification measures – where there are serious indications of the Entity's liability and there are well-founded and specific elements suggesting a real risk of further offences of the same nature being committed – may be applied, at the request of the Public Prosecutor, even as a precautionary measure, as early as the investigation stage.

Where specific conditions are met, the judge, when imposing a disqualification order that would result in the suspension of the entity's activities, has the power to appoint a commissioner to oversee the continuation of those activities for a period corresponding to the duration of the disqualification order that would have been imposed.

Foreign companies operating in Italy are also subject to the provisions of Legislative Decree 231/01, regardless of whether or not their country of origin has regulations governing the same matter in a similar manner.

2.2 The criteria for attributing liability to the Entity and exemptions from liability

If one of the predicate offences (set out in paragraph 2.3 below) is committed, the Entity is liable only if certain conditions are met, which are defined as criteria for attributing the offence to the Entity and which are divided into objective and subjective criteria.

The first objective condition is that the predicate offence must have been committed by a person linked to the Entity by a qualified relationship. Article 5 of the Decree, in fact, identifies the following as perpetrators of the offence:

- Persons holding representative, administrative or managerial positions within the Entity or within one of its organisational units endowed with financial and functional autonomy, or persons who de facto exercise management and control over the Entity (so-called persons in senior positions or senior managers);
- Persons subject to the management or supervision of senior managers (so-called persons in subordinate positions or staff).

The second objective condition is that the unlawful conduct must have been carried out by the aforementioned persons 'in the interest or for the benefit of the Company' (Article 5, paragraph 1 of the Decree):

- 'Interest' exists when the perpetrator of the offence acted with the intention of benefiting the Entity, regardless of whether that objective was ultimately achieved;
- 'Advantage' exists where the Entity has derived, or could have derived, a positive result from the offence, not necessarily of an economic nature.

By the express intention of the Legislator, the Entity is not liable in cases where senior managers or staff have acted 'in their own exclusive interest or that of third parties' (Article 5, paragraph 2 of the Decree).

The criterion of 'interest or benefit', consistent with the intentional nature of criminal offences, is in itself incompatible with the negligent structure of the predicate offences provided for in Article 25-septies of the Decree (manslaughter and negligent injury).

In the latter cases, the element of negligence (which implies the absence of intent) precludes the predicate offence from being committed in the interest of the Entity (which would require an element of intent). In the absence of legislative guidance, the most widely accepted interpretative view considers it plausible to attribute the aforementioned negligent offences on the basis that non-compliance with health and safety regulations constitutes an objective advantage for the Entity (at least in terms of the lower costs resulting from such non-compliance). Thus – as will be further demonstrated in the specific section of the Model dedicated to Article 25-septies – the attribution criterion in question is, in these cases, limited to the objective circumstance that the non-compliant conduct confers an advantage on the Entity.

As regards the subjective criteria for attributing the offence to the Entity, these establish the conditions under which the offence is 'imputable' to the Entity: in order for the offence not to be attributed to it from a subjective perspective, the Entity must demonstrate that it has done everything in its power to organise, manage and ensure that, in the course of its business activities, none of the predicate offences listed in the Decree may be committed. For this reason, the Decree provides that the Entity's liability may be excluded if, prior to the commission of the offence:

- Organisation and management models suitable for preventing the commission of offences have been established and implemented;
- A supervisory body (Supervisory Board) shall be established, with the power to act on its own initiative, tasked with overseeing the functioning of the organisation models.

In the event of offences committed by persons in senior management positions, the legislator has established a presumption of liability for the Entity, given that senior managers express, represent and implement the Entity's management policy.

The Entity's liability is excluded only if it can demonstrate that the offence was committed by fraudulently circumventing the existing organisation, management and control model (hereinafter the 'Model') and that there was no omission or insufficient supervision by the Supervisory Body (hereinafter also 'SB'), specifically appointed to oversee the proper functioning and effective compliance with the Model (Article 6 of the Decree). In such cases, therefore, the Decree requires stronger evidence of non-involvement in the offence, as the Entity must also prove a form of internal fraud within the Model on the part of senior management.

In the case of an offence committed by a subordinate, however, the Entity will only be liable if the commission of the offence was made possible by a failure to comply with management and supervisory obligations.

In this scenario, the exclusion of the Entity's liability is essentially contingent upon the adoption of behavioural protocols appropriate to the type of organisation and activity carried out, to ensure that the activity is conducted in compliance with the law and to promptly identify and eliminate situations of risk (Article 7, paragraph 1 of the Decree). This constitutes, in this case, a genuine 'organisation fault', since the Entity has indirectly consented to the commission of the offence by failing to adequately supervise the activities and persons at risk of committing a predicate offence.

The Company's administrative liability is, however, excluded if the Company has, amongst other things, adopted and effectively implemented, prior to the commission of the offences, organisation, management and control models suitable for preventing such offences; such models may be adopted on the basis of codes of conduct (guidelines) drawn up by associations representing companies and communicated to the Italian Ministry of Justice.

The Company's administrative liability is, in any case, excluded if senior management and/or their subordinates acted in their own exclusive interest or that of third parties.

2.3 Offences

In accordance with the 'principle of legality' referred to in Article 2 of the Italian Criminal Code, the legislator has identified a closed list of offences for which the Entity may be held liable (so-called predicate offences). The specific offences from which the Entity's liability may arise, exhaustively listed in the Decree, may be grouped, for the sake of clarity, into the following categories:

- **Offences against the public administration:**
- Misappropriation of public funds, fraud to the detriment of the State or a public body or for the purpose of obtaining public funds, and computer fraud to the detriment of the State or a public body (such as embezzlement to the detriment of the State, misappropriation of public funds to the detriment of the State, fraud in Public Procurement, fraud to the detriment of the State or another public body, aggravated fraud to obtain public funds, computer fraud, fraud to the detriment of the European Agricultural Fund, as referred to in Article 24 of Legislative Decree 231/2001);
- Embezzlement, extortion, undue inducement to give or promise other benefits, corruption and abuse of office, such as embezzlement, embezzlement by taking advantage of another's error, extortion, corruption in the exercise of office, corruption for an act contrary to official duties, aggravating circumstances, corruption in judicial proceedings, inducement to give or promise benefits,

corruption of a person entrusted with a public service, penalties for the corruptor, incitement to corruption, embezzlement, extortion, undue inducement to give or promise benefits, corruption and incitement to corruption of members of international courts or bodies of the European Communities or of international parliamentary assemblies or international organisations and of officials of the European Communities and of foreign states, abuse of office, trafficking in illicit influence, as referred to in Article 25 of Legislative Decree 231/2001).

- **Cybercrime and unlawful processing of data** (such as electronic documents, unauthorised access to a computer or telecommunications system, the unlawful possession, distribution and installation of equipment, codes and other means designed to gain access to computer or telecommunications systems, unlawful possession, distribution and installation of equipment, devices or computer programs designed to damage or disrupt a computer or telecommunications system, unlawful interception, obstruction or disruption of computer or telecommunications communications, unlawful possession, distribution and installation of equipment and other means designed to intercept, obstruct or disrupt computer or telecommunications communications, damage to information, data and computer programs, damage to information, data and computer programs used by the State or another public body or, in any case, of public utility, damage to computer or telecommunications systems, damage to computer or telecommunications systems of public utility, computer fraud by a person providing electronic signature certification services, breach of regulations concerning the national cyber security perimeter.
- **Organised crime offences** (such as criminal association, mafia-type association, including foreign ones, political-mafia electoral collusion, kidnapping for the purpose of extortion, association for the purpose of illicit trafficking in narcotic or psychotropic substances, all offences if committed under the conditions set out in Article 416-bis of the Italian Criminal Code to facilitate the activities of the associations referred to in that article (Italian Law 203/91), illegal manufacture, importation into the country, offering for sale, transfer, possession and carrying in a public place or a place open to the public of military or military-type weapons or parts thereof, explosives, illicit weapons and multiple common firearms, as referred to in Article 24-ter of Legislative Decree 231/2001.
- **Counterfeiting of currency, public credit instruments, revenue stamps and identification documents** (such as: counterfeiting of currency; spending and bringing into the State, by prior agreement, of counterfeit currency; alteration of currency; spending and bringing into the State, without prior agreement, of counterfeit currency; spending of counterfeit currency received in good faith; counterfeiting of revenue stamps; introduction into the State, purchase, possession or putting into circulation of counterfeit revenue stamps; counterfeiting of watermarked paper used for the manufacture of public credit instruments or revenue stamps; manufacture or possession of watermarks or instruments intended for the counterfeiting of coins, revenue stamps or watermarked paper; use of counterfeit or altered revenue stamps; counterfeiting, alteration or use of trademarks or distinctive signs, or of patents, models and designs; importation into the State and trade in products bearing false marks, as referred to in Article 25-bis of Legislative Decree 231/2001);
- **Offences against industry and trade** (such as interference with the freedom of industry or trade, unlawful competition involving threats or violence, fraud against national industries, fraud in the conduct of trade, the sale of non-natural foodstuffs

as natural, the sale of industrial products bearing false marks, manufacture and trade in goods produced by infringing industrial property rights, counterfeiting of geographical indications or designations of origin of agri-food products, as referred to in Article 25-bis.1 of Legislative Decree 231/2001);

- **Corporate offences** (such as false corporate communications, minor offences, false corporate communications by listed companies, obstruction of audits, improper return of capital contributions, illegal distribution of profits and reserves, unlawful transactions involving shares or equity interests of the company or its parent company, transactions prejudicial to creditors, failure to disclose conflicts of interest, fictitious formation of capital, improper distribution of company assets by liquidators, corruption between private individuals, incitement to corruption between private individuals, unlawful influence on the shareholders' meeting, market manipulation, obstruction of the functions of public supervisory authorities, as referred to in Article 25-ter of Legislative Decree 231/2001);
- **Offences committed for the purposes of terrorism or the subversion of the democratic order**, as provided for in the Italian Criminal Code and special legislation (such as subversive associations; associations formed for the purposes of terrorism, including international terrorism, or the subversion of the democratic order; aiding and abetting members; recruitment for the purposes of terrorism, including international terrorism; organisation of transfers for the purposes of terrorism; training for activities for the purposes of terrorism, including international terrorism; financing of conduct for the purposes of terrorism; removal of property or money subject to seizure; conduct for the purposes of terrorism; attack for the purposes of terrorism or subversion; act of terrorism using lethal devices or explosives; acts of nuclear terrorism; kidnapping for the purposes of terrorism or subversion; kidnapping for the purpose of coercion; incitement to commit any of the offences provided for in Chapters I and II of Title I, Book II of the Italian Criminal Code; political conspiracy by agreement; political conspiracy by association; armed gang – formation and participation; aiding and abetting participants in a conspiracy or armed gang; seizure, hijacking and destruction of an aircraft; damage to ground installations; penalties for offences committed against the safety of maritime navigation; voluntary disclosure; New York Convention of 9 December 1999, 'Suppression of the financing of terrorism', referred to in Article 25-*quater* of Legislative Decree 231/2001);
- **Offences relating to female genital mutilation** (such as female genital mutilation referred to in Article 25-*quater*.1, Legislative Decree 231/2001);
- **Offences against the individual** (such as enslavement or servitude, child prostitution, child pornography, possession of pornographic material, virtual pornography, tourism initiatives aimed at the exploitation of child prostitution, human trafficking, the purchase and sale of slaves, solicitation of minors, as referred to in Article 25-*quinquies* of Legislative Decree 231/2001);
- **Offences relating to market abuse** (such as insider dealing, market manipulation, as referred to in Article 25-*sexies* of Legislative Decree 231/2001);
- **Offences of manslaughter and causing serious or very serious bodily harm**, committed in breach of accident prevention regulations and regulations on the protection of health and hygiene at work (such as manslaughter, causing bodily

harm through negligence, referred to in Article 25-septies of Legislative Decree No. 231/2001);

- **Offences of receiving stolen goods, money laundering and the use of money, property or benefits of illicit origin, as well as self-laundering** (such as receiving stolen goods; money laundering; use of money, property or benefits of illicit origin; and self-laundering referred to in Article 25-octies of Legislative Decree No. 231/2001);
- **Offences relating to non-cash payment instruments** (such as the unauthorised use and forgery of non-cash payment instruments; possession and distribution of equipment, devices or computer programs intended for the commission of offences relating to non-cash payment instruments; aggravated computer fraud involving the transfer of money, monetary value or virtual currency; other offences, as referred to in Article 25-octies.1 and paragraph 2 of Legislative Decree 231/2001);
- **Offences relating to copyright infringement** (such as offences committed in respect of another person's works not intended for publication where such acts result in damage to their honour or reputation; making a protected intellectual work, or part thereof, available to the public via a telecommunications network using connections of any kind; unauthorised duplication of computer programs for commercial gain; importing, distributing, selling or possessing for commercial or business purposes, or leasing programs contained on media not marked by the SIAE; provision of means to remove or circumvent the protection devices of computer programs; reproduction, transfer to another medium, distribution, communication, presentation or demonstration in public of the contents of a database; extraction or reuse of the database; distribution, sale or letting of databases; unauthorised duplication, reproduction, transmission or public dissemination by any means, in whole or in part, of intellectual works intended for television, cinema, or the sale or hire of discs, tapes or similar media, or any other medium containing phonograms or videograms of musical, cinematographic or similar audiovisual works, or sequences of moving images; literary, dramatic, scientific or educational, musical or musical-dramatic, or multimedia works, even if included in collective or composite works or databases; unauthorised reproduction, duplication, transmission or public dissemination, sale or trade, transfer for any reason, or unauthorised importation of more than fifty copies or specimens of works protected by copyright and related rights; the introduction into a telematic network system, via connections of any kind, of an intellectual property protected by copyright, or part thereof; failure to notify the SIAE of the identification details of media not subject to labelling, or making a false declaration; fraudulent production, sale, import, promotion, installation, modification or use for public or private purposes of devices or parts of devices capable of decoding conditional-access audiovisual transmissions broadcast via terrestrial, satellite or cable networks, in both analogue and digital form, as referred to in Article 25-novies of Legislative Decree 231/2001);
- **Inducement not to make statements or to make false statements to the judicial authorities** (such as inducement not to make statements or to make false statements to the judicial authorities, as referred to in Article 25-decies of Legislative Decree 231/2001);
- **Environmental offences** (such as environmental pollution; environmental disaster; negligent offences against the environment; trafficking in and abandonment of highly radioactive material; aggravating circumstances; killing,

destruction, capture, removal or possession of specimens of protected wild animal or plant species; destruction or deterioration of habitats within a protected site; import, export, possession, use for profit, purchase, sale, display or possession for sale or for commercial purposes of protected species; discharge of industrial waste water containing hazardous substances; discharges onto the soil, into the subsoil and into groundwater; discharge into the sea by ships or aircraft; unauthorised waste management activities; illicit trafficking in waste; organised activities for the illicit trafficking of waste; pollution of soil, subsoil, surface water or groundwater; Breach of reporting obligations, failure to keep mandatory records and forms, IT system for monitoring waste traceability; wilful pollution caused by ships; negligent pollution caused by ships; cessation and reduction of the use of harmful substances, all referred to in Article 25-*undecies* of Legislative Decree 231/2001);

- **Employment of third-country nationals residing illegally** (such as the employment of third-country nationals residing illegally, and provisions against illegal immigration, referred to in Article 25-*duodecies* of Legislative Decree 231/01);
- **Racism and xenophobia** (such as propaganda and incitement to commit offences on grounds of racial, ethnic and religious discrimination, referred to in Article 25-*terdecies* of Legislative Decree 231/2001);
- **Fraud in sporting competitions**, the unlawful operation of gaming or betting activities, and gambling carried out using prohibited devices (such as fraud in sporting competitions and the unlawful operation of gaming or betting activities, as referred to in Article 25-*quaterdecies* of Legislative Decree 231/2001);
- **Tax offences** (such as fraudulent declarations through the use of invoices or other documents for non-existent transactions, fraudulent declarations through other means, the issue of invoices or other documents for non-existent transactions, the concealment or destruction of accounting documents, and fraudulent evasion of tax payments, untruthful declaration, failure to declare, undue set-off, as referred to in Article 25-*quinquiesdecies* of Legislative Decree 231/2001);
- **Smuggling offences** (such as smuggling in the movement of goods across land borders and through customs areas, smuggling in the movement of goods on border lakes, smuggling in the maritime movement of goods, smuggling in the movement of goods by air, smuggling in non-customs areas, smuggling through the improper use of goods imported under customs relief, smuggling in customs warehouses, smuggling in coastal shipping and circulation, smuggling in the export of goods eligible for duty drawback, smuggling in temporary import or export, other cases of smuggling, aggravating circumstances of smuggling, smuggling of foreign manufactured tobacco, aggravating circumstances of the offence of smuggling of foreign manufactured tobacco, criminal association for the purpose of smuggling foreign manufactured tobacco, as referred to in Article 25-*sexiesdecies* of Legislative Decree 231/2001);
- **Offences against cultural heritage - Money laundering of cultural property and the destruction and looting of cultural and landscape heritage** (such as theft of cultural property; misappropriation of cultural property; receiving stolen cultural property; forgery of private documents relating to cultural property; offences relating to the disposal of cultural property; illegal importation of cultural property; illegal removal or export of cultural property; destruction, dispersal,

deterioration, defacement, defiling and unlawful use of cultural or landscape heritage; counterfeiting of works of art; money laundering of cultural heritage; devastation and looting of cultural and landscape heritage, as referred to in Article 25-*duodecies* of Legislative Decree 231/2001);

- **Transnational offences** (such as provisions against illegal immigration, criminal association for the illicit trafficking of narcotic or psychotropic substances, criminal association for the smuggling of foreign manufactured tobacco, inducement not to make statements or to make false statements to the judicial authorities, aiding and abetting, criminal association, Mafia-type association, as referred to in Article 10 of Italian Law 146 of 16 March 2006 on the 'ratification and implementation of the United Nations Convention and Protocols against Transnational Organised Crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001', the following offences, if committed in a transnational manner, constitute grounds for the administrative liability of legal entities).

For companies listed on regulated markets, Article 187-quinquies of Italian Legislative Decree 58/1998 provides that the entity may also be held liable for the payment of a sum equal to the amount of the administrative fine imposed for the administrative offences of insider dealing (Article 187-bis of Italian Legislative Decree 58/1998) and market manipulation (Article 187-ter of Italian Legislative Decree 58/1998), if committed, in its interest or to its advantage, by persons falling within the categories of 'senior management' and 'persons subject to the direction or supervision of others'. Furthermore, the final paragraph of the aforementioned Article 187-quinquies provides that certain provisions of Italian Legislative Decree 231/2001, expressly referred to therein, shall apply to the administrative offences referred to above, concerning, inter alia, organisation, management and control models with exculpatory effect.

In view of the nature of the business and the activities carried out by the Company, the categories of offences currently applicable are:

- Offences against the Public Administration;
- Cybercrimes and unlawful data processing;
- Organised crime offences;
- Counterfeiting of currency, public credit instruments, revenue stamps and identification documents;
- Offences against industry and commerce;
- Corporate offences;
- Offences committed for the purposes of terrorism or subversion of the democratic order;
- Offences against the individual;
- Offences of manslaughter and causing serious or very serious bodily harm through negligence;
- Offences relating to receiving stolen goods, money laundering and the use of money, property or benefits of illicit origin, as well as self-laundering;
- Offences relating to non-cash payment instruments;
- Offences relating to copyright infringement;
- Inducement to withhold statements or to make false statements to the judicial authorities;
- Environmental offences;
- Employment of third-country nationals whose residence permits are irregular;
- Offences relating to racism and xenophobia;
- Tax offences;

- Smuggling offences;
- Transnational offences.

To mitigate the risk of committing the predicate offences in the categories listed above, the Company has established specific control protocols; for details, please refer to the Special Section of this Model.

2.4 Penalty regime

Article 9 of Legislative Decree 231/2001 provides for the following sanctions against the Company as a consequence of the commission or attempted commission of the offences mentioned above:

- Financial penalties ranging from a minimum of €25,800 to a maximum of €1,549,000, determined by the court based on an assessment of the seriousness of the offence, the Entity's liability, and the measures taken to eliminate or mitigate the causes of further offences. The amount of the fine is also set on the basis of the entity's financial and asset situation in order to ensure the effectiveness of the sanction. A financial penalty is always imposed for administrative offences arising from a criminal offence. It must therefore be imposed in instalments of no fewer than one hundred and no more than one thousand;
- Disqualification sanctions (also applicable as a precautionary measure) of a duration of not less than three months and not more than two years, which, in turn, may consist of:
 - Disqualification from carrying out the activity;
 - Suspension or revocation of authorisations, licences or concessions necessary for the commission of the offence;
 - A ban on contracting with the public administration;
 - Exclusion from benefits, funding, grants or subsidies and the possible revocation of those already granted;
 - A ban on advertising goods or services;
- Confiscation (and preventive seizure as a precautionary measure);
- Publication of the judgment (in the event of the imposition of a disqualification order).

The Entity may also be put under administration by an external commissioner, pursuant to Article 15 of Legislative Decree 231/2001: "[...] *If the conditions exist for the imposition of a disqualification order resulting in the suspension of the Entity's activities, the judge, instead of imposing the order, shall order the continuation of the Entity's activities under the supervision of an administrator for a period equal to the duration of the disqualification order that would have been imposed, where at least one of the following conditions applies: a) the entity provides a public service or a service of public necessity, the interruption of which may cause serious harm to the community; b) the interruption of the entity's activities may, taking into account its size and the economic conditions of the area in which it is situated, have significant repercussions on employment [...]*".

Disqualification sanctions shall apply only in relation to offences for which they are expressly provided for and provided that at least one of the following conditions is met:

- The company has derived a substantial profit from the commission of the offence and the offence was committed by persons in senior management positions or by persons under their direction where, in the latter case, the commission of the offence was caused or facilitated by serious organisational failings;
- In the event of repeated offences.

Sanctions involving disqualification from carrying out business activities, a ban on contracting with the public administration and a ban on advertising goods or services may be imposed – in the most serious cases – on a permanent basis. It should also be noted that the Company's activities may continue (instead of the imposition of the sanction) under the supervision of a commissioner appointed by the judge in accordance with the provisions and conditions set out in Article 15 of Legislative Decree 231/2001.

In cases of attempted commission of offences relevant to the administrative liability of entities, financial penalties (in terms of amount) and disqualification penalties (in terms of duration) are reduced by one-third to one-half.

2.5 Offences committed abroad

Under Article 4 of Legislative Decree 231/2001, the Entity may be held liable in Italy in relation to offences – relevant for the purposes of the administrative liability of entities – committed abroad.

The general conditions on which the entity's liability for offences committed abroad is based are:

- An offence committed in the interest or for the benefit of the Entity by a senior manager or by persons subject to the management or control of a senior manager (Article 5 of Legislative Decree 231);
- Failure to adopt and effectively implement so-called *compliance programmes* (Articles 6–7 of Legislative Decree 231).

The specific conditions on which the Entity's liability for offences committed abroad is based are:

- The offence must be committed abroad by a senior manager;
- The Entity must have its principal place of business within the territory of the Italian State;
- The Entity may be held liable only in the cases and under the conditions provided for in Articles 7, 8, 9 and 10 of the Italian Criminal Code concerning the applicability of Italian law to offences committed abroad;
- If the cases and conditions set out in point 3) are met, the entity is liable provided that no proceedings are brought against it by the State in which the offence was committed;
- Finally, in cases where the law provides that the offender is to be punished at the request of the Italian Minister of Justice, proceedings against the Entity shall be brought only if the request is also made against the Entity.

2.6 Events affecting the Entity

The decree sets out the rules governing the Entity's liability in the event of changes to its structure, namely in the event of a transformation, merger, demerger or transfer of business.

In the event of the entity's transformation, liability for offences committed prior to the date on which the transformation took effect remains unaffected. The new entity will therefore be subject to the sanctions applicable to the original entity for acts committed prior to the transformation (Article 28 of the Decree).

In the event of a merger, the entity resulting from the merger, including by way of incorporation, shall be liable for the offences for which the entities participating in the merger were liable (Article 29 of the Decree).

In the event of a partial demerger, the liability of the demerged entity for offences committed prior to the demerger remains unaffected. However, the entities benefiting from the demerger, whether partial or total, are jointly and severally liable for the payment of financial penalties owed by the demerged entity for offences prior to the demerger, up to the actual value of the assets transferred to each individual entity (Article 30 of the Decree).

Finally, in the event of the transfer or contribution of the business within which the offence was committed, subject to the benefit of prior enforcement against the transferring entity, the transferee is jointly and severally liable with the transferring entity for the payment of the financial penalty, within the limits of the value of the transferred business and within the limits of the financial penalties recorded in the mandatory accounting records, or of which the transferee was in any case aware. In any event, disqualification sanctions apply to the entities to which the branch of activity within which the offence was committed has remained or been transferred, even in part (Article 33 of the Decree).

2.7 Organisation, management and control models

A fundamental aspect of Legislative Decree 231/2001 is the attribution of exculpatory value to the Company's organisation, management and control models adopted by entities to prevent the commission of predicate offences by the Entity's representatives (senior management and those subject to their management and supervision).

The Decree does not regulate in detail the nature and characteristics of the Model, but merely sets out certain general principles. It is important to emphasise that the mere adoption of the Model by the Entity is not a sufficient condition to exclude the Entity's liability.

In the event of an offence committed by a senior manager, the Company is not liable if it proves that (Article 6, paragraph 1 of Legislative Decree 231/2001):

- The management body has adopted and effectively implemented, prior to the commission of the offence, organisation and management models suitable for preventing offences of the type that occurred;
- The task of supervising the functioning and observance of the models and ensuring their updating has been entrusted to a body within the Company with independent powers of initiative and control;
- The individuals committed the offence by fraudulently circumventing the organisation and management models;
- There was no omission or failure of supervision on the part of the Supervisory Body.

The Company must therefore demonstrate its lack of involvement in the actions attributed to the senior manager by proving the existence of the above-listed concurrent requirements and, consequently, that the commission of the offence did not result from its own 'organisational fault', that is, from a failure to put in place suitable measures (appropriate organisation, management and control models) to prevent the commission of offences relevant to the administrative liability of entities.

In the case, however, of an offence committed by persons subject to the direction or supervision of others, the Company is liable if the commission of the offence was made possible by a breach of the duties of direction or supervision which the Company is required to observe.

In any event, a breach of management or supervisory obligations is excluded if the Company, prior to the commission of the offence, has adopted and effectively implemented

an organisation, management and control model suitable for preventing offences of the type that occurred.

Article 7, paragraph 4 of Legislative Decree 231/2001 further defines the requirements for the effective implementation of organisation models:

- Periodic review and, where necessary, amendment of the model when significant breaches of the requirements are discovered or when changes occur in the organisation and its activities;
- A disciplinary system capable of sanctioning failure to comply with the measures set out in the model.

It shall be for the judicial authority, in the scenario provided for in the aforementioned Article 7, to prove the failure to adopt and effectively implement an organisation, management and control model suitable for preventing offences of the type that has occurred.

Legislative Decree 231/2001 outlines the content of organisation and management models, stipulating that, in relation to the scope of delegated powers and the risk of offences being committed, they must:

- Identify the activities within which offences may be committed;
- Provide for specific protocols aimed at planning the formulation and implementation of the Company's decisions in relation to the offences to be prevented;
- Identify methods for managing financial resources suitable for preventing the commission of offences;
- Establish reporting obligations to the body responsible for monitoring the functioning and compliance with the models;
- Introduce a disciplinary system suitable for sanctioning failure to comply with the measures set out in the model.

More specifically, the Model has the following objectives:

- to establish a structured and comprehensive system of prevention and control, aimed at reducing the risk of offences related to the company's activities and at preventing/combating any unlawful conduct;
- to ensure that all those acting in the name and/or on behalf of Harmont & Blaine, particularly in 'high-risk areas of activity', are aware that, in the event of a breach of the provisions set out herein, they may be guilty of an offence punishable by sanctions, which may also be criminal in nature, and that such breaches may also result in sanctions against the Company;
- to inform the Recipients that any breach of the provisions contained in the Model, which they are required to comply with, will result in the imposition of appropriate sanctions and, in the most serious cases, the termination of the contractual relationship;
- to reiterate that Harmont & Blaine does not tolerate unlawful conduct of any kind and regardless of any purpose, as such conduct (even where Harmont & Blaine might appear to stand to gain from it) is in any case contrary to the ethical principles to which the Company is committed.

The Organisation Model drawn up by Harmont & Blaine is designed to establish a preventive control system, aimed primarily at planning the formulation and implementation of Harmont & Blaine's decisions in relation to the risks/offences to be prevented, and comprising in particular:

- the Code of Ethics, which identifies the core values to which the Company intends to adhere and thus sets out the general guidelines for corporate activities;
- an up-to-date, formalised and clear organisational system, which ensures a systematic allocation of tasks and an adequate level of segregation of duties;
- formalised procedures designed to regulate the conduct of business, particularly in relation to high-risk processes, providing for appropriate control points, as well as

- the separation of duties amongst those carrying out crucial stages or activities within such processes;
- a clear allocation of authorisation and signing powers, consistent with organisational and managerial responsibilities;
- control mechanisms, primarily relating to the potential commission of predicate offences, capable of providing timely notification of the existence and emergence of situations of general and/or specific criticality.

2.8 Case law

In drafting the Model adopted by Harmont & Blaine S.p.A., account was taken of the relevant legislation in force, the 'Guidelines for the development of organisation, management and control models' pursuant to Italian Legislative Decree 231 of 8 June 2001 (hereinafter also the 'Confindustria Guidelines', referred to in the following paragraph) drawn up by Confindustria, the body of company procedures, as well as the case law rulings that have been issued in recent years.

In outlining the criteria for the creation of a Model capable of meeting the Entity's needs, the judges also highlighted the need to:

- Carry out an analysis of the possible methods by which the offences themselves may be committed;
- Provide a comprehensive description of how the offences may be committed in relation to the internal and external operational context in which the company operates;
- Take into account the Entity's history (past events, including legal proceedings);
- Provide for the segregation of duties in high-risk processes;
- Assign authorisation powers consistent with organisational and managerial responsibilities;
- Establish a monitoring system capable of flagging critical situations;
- Adopt tools and mechanisms that ensure the transparent management of financial resources, i.e. that prevent the creation of slush funds through the issuance of invoices for non-existent transactions, through unjustified transfers of funds between companies belonging to the same group, or through payments for consultancy services never rendered or of a value significantly lower than that declared by the Company;
- In its judgment of 28 March 2024, No. 13003, the Court of Cassation, Section II, reaffirmed the prohibition on a legal representative who is under investigation or charged with one or more predicate offences referred to in Legislative Decree 231/2001 from appointing a defence counsel for the entity to which they belong, by virtue of the general and absolute prohibition on representation laid down in Article 39 of the Decree. On the subject of the criminal liability of entities and their representation in court, Article 39 of the Decree provides that *'the entity shall participate in criminal proceedings through its legal representative, unless the latter is charged with the offence on which the administrative offence is based'*. In order to ensure the effective guarantee of the entity's right of defence, the Court stated that *'the entity's organisation model must provide for precautionary rules for possible situations of conflict of interest involving the legal representative under investigation for the predicate offence, designed to provide the entity with a defence counsel, appointed by a specifically delegated person, to safeguard its interests'*.

The judges also paid particular attention to the Supervisory Body. It must, in fact, be a body capable of performing its function autonomously and independently. Members of the Supervisory Body may also include individuals from within the entity, provided they have no operational functions and provided that the external element is predominant.

2.9 Codes of conduct drawn up by associations representing entities

In compliance with the provisions of Article 6, paragraph 3 of Legislative Decree 231/2001, Confindustria has issued a code of conduct for the development of organisation, management and control models (*'Guidelines for the development of organisation, management and control models' pursuant to Legislative Decree 231 of 8 June 2001*; hereinafter, 'Confindustria Guidelines'), providing, amongst other things, methodological guidance for identifying areas of risk and the structure of the organisation, management and control model.

In particular, the Confindustria Guidelines provide the following main guidelines:

- Identification of risk areas, aimed at determining in which area or sector of the organisation offences and administrative violations relevant to the administrative liability of legal entities may occur;
- Establishment of a control system capable of preventing risks through the adoption of specific procedures.

The components of a preventive control system identified by Confindustria, with reference to wilful offences, are:

- Code of ethics (or conduct) with reference to the offences in question;
- Organisational system;
- Manual and IT procedures;
- Authorisation and signing powers;
- Management control system;
- Communication to staff and staff training;

With regard to offences of manslaughter and causing bodily harm through negligence committed in breach of health and safety at work regulations:

- Code of ethics (or conduct) with reference to the offences in question;
- Organisational structure;
- Education and training;
- Communication and engagement;
- Operational management;
- Security monitoring system.

The components of the control system must be based on the following principles:

- Verifiability, documentability, consistency and appropriateness of every operation, transaction and action;
- Application of the principle of segregation of duties (no one may manage an entire process independently);
- Documentation of controls;
- Provision of an appropriate system of sanctions for breaches of the code of ethics and the procedures set out in the model;
- Identification of the requirements of the Supervisory Body, which can be summarised as follows:
 - Autonomy and independence;
 - Good repute;
 - Professionalism;
 - Continuity of action;
 - Obligations to provide information to and receive information from the Supervisory Body.

2.10 Legislative Decree 231/2001 in Corporate groups¹

A group of companies is defined as a concentration of multiple companies under the unifying management and financial control of a parent company or holding company. In Corporate groups, therefore, the factor of plurality – represented by the distinct legal personality of the companies operating under the holding company's control – is accompanied by an element of business unity, represented by the holding company's unified economic management and the alignment of each company's activities with the group's overall interests.

Although the group of companies is considered an entity lacking independent legal personality, it is clear that the merging of the objectives and operations of the individual companies into a coherent vision and the pursuit of a common purpose under unified economic management has particularly significant consequences in terms of the administrative liability of entities for offences, where an offence under Legislative Decree 231/2001 is committed within the group.

It is therefore necessary for each company within the group to adopt its own Organisation Model that addresses the specific characteristics of the activities carried out by the individual corporate organisational structure and to establish, within it, its own Supervisory Body.

In this way, should an offence relevant for the purposes of Legislative Decree 231/2001 be committed, the sanction will be imposed only on a specific company within the group if:

- The offence was committed in the interest or for the benefit of that company;
- The offence was committed, or attempted, by a person who has a qualified organisational/functional relationship with that specific company, to which the so-called 'organisational fault' is attributable.

Indeed, case law has ruled in favour of the possibility of establishing 'collective liability' under Legislative Decree 231/2001. However, a ruling by the Court of Cassation on the matter (Cass. 20 June 2011, No. 24583) has clarified that, for this to be possible, the following conditions must necessarily be met:

- The so-called 'group interest', in this context 'interest and advantage' [...] must be verified in practice, in the sense that the company must derive a potential or actual benefit, even if not necessarily of a financial nature, from the commission of the predicate offence [...]; in essence, for liability to be transferred from one company to another, it is not sufficient to refer to an indistinct group interest in a generic sense, but the existence of a homogeneous set of interests shared by the various companies must be concretely established;
- The qualified relationship between the perpetrator of the offence and the group company to which a liability is considered attributable pursuant to Legislative Decree 231/2001, although the offence was committed within the activity of another group company: with reference to this second essential prerequisite, according to the case law referred to above, 'the holding company or other group companies may be liable pursuant to Law 231, but it is necessary that the party acting on their behalf cooperates with the party who commits the offence'.
- By way of example, therefore, the condition of a qualified relationship may be deemed to exist if the offence was committed by:
 - A director of the subsidiary acting in collusion with a director of the parent company or of other companies belonging to the group;
 - A director of the subsidiary who is simultaneously a director of the parent company or of another subsidiary;

¹ This paragraph refers generally to Group companies, whether Italian or foreign. The section concerning offences committed abroad is covered in paragraph 2.5.

- A director of the parent company or of other companies belonging to the group who is a de facto director of the subsidiary.

In essence, therefore, to avoid an automatic (and thus undue) extension to the holding company of criminal liability attributable to one or more of the subsidiary companies forming part of the group, it is necessary to verify whether the holding company has effectively exercised de facto control over the subsidiaries, in the sense of having issued criminally unlawful directives (and not merely aimed at enabling the subsidiaries to achieve certain financial results), to such an extent as to deprive the management bodies of the subsidiaries themselves of effective managerial autonomy.

3. ELEMENTS OF THE GOVERNANCE MODEL AND THE GENERAL ORGANISATIONAL STRUCTURE OF THE COMPANY

3.1 Harmont & Blaine S.p.A.

Harmont & Blaine operates in the Fashion & Luxury segment and specialises in high-quality Italian casualwear through the production, marketing and distribution of stylish sportswear distinguished by the “**Dachshund**” trademark.

Since its launch in 1995, ‘Harmont & Blaine’ has become a leading international brand associated with an unmistakable Mediterranean identity and an exclusive positioning in the premium segment (Mediterranean Lifestyle).

Harmont & Blaine distributes its products in Italy and abroad through a distribution network of 81 flagship stores, 469 multi-brand boutiques and 75 corners and shop-in-shops, across 46 countries worldwide.

To date, business activities have been developed primarily focused on:

- Clothing production, both in-house and under licence;
- Multi-channel distribution (wholesale, retail/outlets and e-commerce).

Harmont & Blaine’s objective is to maintain and strengthen the brand globally and expand its presence in related business sectors through the following strategic lines:

- Penetration of new geographical markets
- Expansion of direct and indirect retail channels
- Expansion of business lines (apparel and non-apparel)
- Focus on direct dialogue with customers.

3.2 Harmont & Blaine’s governance model

The organisational structure of the Harmont & Blaine Group (hereinafter the ‘Group’) revolves around the parent company ‘Harmont & Blaine S.p.A.’ (hereinafter ‘the Parent Company’), a company incorporated under Italian law with its registered office in Caivano (NA) – Italy.

The organisation is complemented by a number of foreign trading companies to which retail distribution in their respective countries is entirely delegated, through the network of DOS (Directly Operated Stores).

During the 2021 financial year, the Group’s structure underwent significant changes as a result of the relaunch of the internationalisation plan through the establishment of new companies for the direct management of business in markets deemed strategic, such as Mexico, China and the Republic of San Marino.

The following companies were therefore established: Harmont & Blaine Mexico S. de r.l. de C.V (99.9% owned), Harmont & Blaine Trading (Shanghai) Co. Ltd (100% owned), Harmont & Blaine Asia Pacific Ltd (100% owned) and Harmont & Blaine San Marino S.r.l. (100% owned) to manage a retail outlet at ‘the Market’ in the Republic of San Marino.

During the 2024 financial year, the Group’s structure saw further developments as part of its internationalisation plan, with the aim of strengthening its direct presence in strategic markets. In this context, Harmont & Blaine USA Inc. was established, which manages two directly operated flagship stores (DOS) in the United States.

Furthermore, the company Harmont & Blaine Portugal, Unipessoal, Lda, (in which the Group will hold a 100% stake) is currently being incorporated for the direct management of the business in the Portuguese market.

As of today, the Group’s subsidiaries are:

- H&B Diffusion Suisse S.A.G.L.
- Harmont & Blaine Espana S.L.

- Harmont & Blaine Asia Pacific Limited
- Harmont & Blaine Trading (Shanghai) Co. Ltd
- Harmont & Blaine San Marino S.r.l.
- Harmont & Blaine Mexico S. DE. R.L. DE C.V
- Harmont & Blaine USA INC

Harmont & Blaine is managed by a Board of Directors comprising 7 (seven) members. Directors are appointed by resolution of the shareholders' meeting and hold office for the period determined by the meeting and, in any event, for periods not exceeding 3 (three) financial years, expiring on the date of the meeting convened to approve the financial statements for the final financial year of their term of office.

The Board of Directors is responsible for the day-to-day and extraordinary management of the Company. It may therefore carry out all acts, including deeds of covenant, which it deems appropriate for the fulfilment of the Company's purpose, with the sole exception of those acts which the law or the Articles of Association expressly reserve for the Shareholders' Meeting. The power to sign on behalf of the Company and to represent it vis-à-vis third parties and in legal proceedings (including the power to appoint solicitors and attorneys) rests, separately from one another, with the Chairman of the Board of Directors and, within the limits of the powers conferred, with the Deputy Chairman; in the event of the Chairman's incapacity, with the General Manager within the limits of the powers conferred upon him and, where applicable, with the appointed attorneys.

The Board of Directors may resolve to delegate its powers, determining the limits thereof in accordance with Article 2381 of the Italian Civil Code, and to confer special duties upon individual directors.

The bodies to which powers are delegated report to the Board of Directors and the Board of Statutory Auditors, as provided for in Article 2381, paragraph 5, of the Italian Civil Code.

The Board of Statutory Auditors, appointed and operating in accordance with the law, consists of 3 (three) standing auditors and 2 (two) alternate auditors, appointed by the Shareholders' Meeting.

As the Company is required to prepare consolidated financial statements, the audit is carried out by an auditor or an audit firm entered in the register of auditors maintained by the Italian Ministry of Justice.

3.3 Harmont & Blaine's Organisation, Management and Control Model

Harmont & Blaine has adopted its own organisation, management and control model (hereinafter referred to as the 'Model' for the sake of brevity) in accordance with the requirements of Legislative Decree 231/2001 and in line with the relevant legislative and regulatory framework, with the principles already embedded in its *governance* culture and with the guidelines contained in the Confindustria Guidelines.

In drawing up the Model, Harmont & Blaine has also taken into account the existing control procedures and systems in operation within the company, even where these are not specifically mentioned here, where they are deemed suitable as measures for the prevention of offences and for the control of areas at risk.

The principles and contents of the Model are intended for members of the corporate bodies, *management* and employees of the Company.

The provisions and rules of conduct set out in the Model are also intended for business *partners*, consultants, external collaborators and other parties having dealings with the Company in relation to activities carried out on behalf of Harmont & Blaine.

The constituent elements of the Model are outlined below:

- The identification of business activities within which offences relevant to the administrative liability of entities may be committed (so-called mapping of sensitive activities);
- The establishment of control protocols (so-called standards) in relation to the identified sensitive activities.
- Code of Ethics;
- A programme of periodic audits of sensitive activities and the related control standards;
- An organisational system that clearly defines the hierarchy of company positions and the responsibilities for carrying out activities;
- An authorisation system that assigns powers of internal authorisation and external signing authority in line with the organisational system adopted;
- Operational procedures governing the main company activities and, in particular, high-risk processes and the management of financial resources;
- A management control system that promptly highlights critical situations;
- A system for communicating with and training staff and members of corporate bodies, with a view to ensuring the widespread and effective dissemination of company regulations and the relevant implementation procedures;
- A disciplinary system designed to sanction breaches of the provisions contained in the Model;
- The appointment of a Supervisory Body, endowed with independent powers of initiative and control, entrusted with the task of overseeing the functioning of and compliance with the Model;
- Specific reporting obligations to the Supervisory Body regarding key company matters and, in particular, areas deemed to be at risk;
- Specific reporting obligations on the part of the Supervisory Body towards senior management and the corporate bodies;
- Criteria for updating and adapting the Model.

3.3.1 Methods for managing financial resources

Given that financial resources are managed using methods designed to prevent the 'predicate offences' referred to in Legislative Decree 231/2001, the Company has adopted tools and mechanisms that ensure the management of financial resources is transparent and traceable. In particular, an expenditure authorisation process has been established which guarantees compliance with the principles of transparency, verifiability and relevance to the company's activities, and ensures that authorisation and signing powers are assigned in line with organisational and managerial responsibilities.

3.3.2 Procedures for the approval, updating and structure of the Organisation, Management and Control Model

The Board of Directors, in accordance with the provisions of Article 6, paragraph 1, letter a), has approved the update of this Model.

The Board of Directors, upon the proposal of the Supervisory Body, shall make subsequent amendments and additions to the Model, with the aim of ensuring its continued compliance with the provisions of the Decree and any changes in the Company's structure. The Board of Directors, the General Manager and any other persons delegated by the Board of Directors are responsible for the implementation of the Model within the Company.

Oversight of the adequacy and implementation of the Model approved by the Board of Directors is ensured by the Supervisory Body, which periodically reports the results of its work to the Board of Directors.

The Harmont & Blaine Model consists of the following documents:

- Document describing the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001;
- Code of Ethics;
- The descriptive document of Harmont & Blaine's Organisation, Management and Control Model consists in turn of a General Section, a Special Section, a technical appendix and an annex containing the offence risk sheets. In particular: in the General Section, a description relating to:
 - The relevant regulatory framework;
 - The company's structure (Harmont & Blaine's governance system and organisational structure);
 - The identification and appointment of Harmont & Blaine's Supervisory Body, specifying its powers, duties and information flows;
 - The function of the disciplinary system and the related sanctions regime;
 - The training and communication plan to be adopted in order to ensure awareness of the measures and provisions of the model;
 - The criteria for updating and adapting the model;
- In the Special Section, a description relating to:
 - The types of offences giving rise to the administrative liability of entities;
 - Sensitive processes/activities and related control protocols (so-called standards) for offences that the Company has decided to take into account given the nature of its business.
- In the technical annex, a description:
 - Of the text of Legislative Decree 231/2001;
 - Of the offences provided for by Legislative Decree 231/2001.
- In the annex including the offence risk sheets prepared for each key individual, containing:
 - A mapping of sensitive processes and activities;
 - An analysis and assessment of the internal control system.

3.4 Extension of the Model within the Group

Harmont & Blaine, in carrying out its core activities, operates independently in Italy and, in other countries, through subsidiaries.

That said, Harmont & Blaine, which applies the same principles and rules to its subsidiaries, will assess how to extend the Model to these companies with the necessary adaptations and in line with their respective managerial autonomy.

4. THE SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE 231/2001

4.1 The Supervisory Body

A condition for exemption from liability under Article 6, paragraph 1, letter b) of Legislative Decree 231/2001 is, amongst other things, having entrusted to an internal body, endowed with autonomous powers of initiative and control, the task of supervising the functioning and observance of the models and ensuring their updating.

In order to fulfil the functions established by the aforementioned provision, the body must meet the following requirements:

- **Autonomy and independence:** as also specified in the Guidelines, the position of the Body within the Entity *must ensure that the audit function is independent of any form of interference or influence from any member of the Entity and, in particular, from the*

*management body*². The Supervisory Body must therefore be established as a staff unit within a hierarchical structure (at the highest possible level) and report directly to the company's top operational management. Furthermore, in order to ensure the necessary autonomy of initiative and independence, *'it is also essential that the Supervisory Body is not assigned operational tasks. Otherwise, in fact, its objectivity of judgement as a body when verifying conduct and the Model could be undermined*².

- **Professionalism:** this requirement refers to the specialist technical skills with which the Body must be equipped in order to carry out the activities assigned to it by the regulations. In particular, the members of the Body must, as a whole, possess specific knowledge regarding any technique useful for carrying out inspection, consultancy and analysis of the control system and legal matters (in particular in the criminal and corporate sectors), as clearly specified in the Guidelines. Indeed, knowledge of risk analysis and assessment techniques, the flow-charting of procedures and processes, methodologies for detecting fraud, statistical sampling, and the structure and methods of committing offences is essential.
- **Continuity of action:** to ensure the effective implementation of the Organisation Model, there must be a structure dedicated exclusively and on a full-time basis to supervisory activities.
- **Good repute:** although the requirement of good repute is not expressly defined by the legislator, it may be defined in accordance with the procedures set out by our legislator in the Italian Civil Code and in the special laws applicable to the positions provided for in joint-stock companies (directors, members of the audit committee, etc.). By cross-referencing the relevant provisions, and in any case opting for the stricter provisions, it follows that the legal system would not, strictly speaking, recognise the requirements of good repute, for example, in the case of those who:
 - Are subject to temporary disqualification or suspension from executive offices of legal entities and companies;
 - Are subject to any of the conditions of ineligibility or forfeiture provided for in Article 2382 of the Italian Civil Code;
 - Have been subject to preventive measures pursuant to Law 1423 of 27 December 1956 or Law 575 of 31 May 1965, as amended and supplemented, subject to the effects of rehabilitation;
 - Have been convicted, even if the sentence was conditionally suspended, subject to the effects of rehabilitation:
 - ✓ For one of the offences provided for in Title XI of Book V of the Italian Civil Code (Companies and consortia);
 - ✓ For an intentional offence, for a period of not less than one year;
 - ✓ For an offence against the public administration, against public trust, against property, or against the public economy;
 - ✓ For one of the offences provided for by the regulations governing banking, financial, securities and insurance activities, and by the regulations concerning markets, securities and payment instruments.

Therefore, as the body responsible for supervising the functioning and compliance with the Model and ensuring its continuous updating, the Supervisory Body must:

- Be independent and impartial in relation to those it is required to supervise;
- Be placed at the highest possible level in the hierarchy;

² 'Guidelines for the establishment of organisation, management and control models' pursuant to Legislative Decree 231 of 8 June 2001.

- Be vested with autonomous powers of initiative and control;
- Have financial autonomy, through the availability of its own budget;
- Have no operational duties;
- Ensure continuity of action;
- Meet the requirements of professionalism and integrity;
- Establish a systematic channel of communication with senior management and the supervisory bodies.

4.2 The Supervisory Body of Harmont & Blaine

In accordance with the provisions of Article 6, paragraph 1, letter b) of Legislative Decree 231/2001, in compliance with the requirements of autonomy, independence, professionalism and continuity of action outlined above, and in light of the guidelines issued by the most representative trade associations, foremost among which is Confindustria, Harmont & Blaine has established its Supervisory Body (hereinafter, the 'Supervisory Body') as a collegial body currently comprising two members, equipped with the knowledge and experience necessary to ensure effective operational control and supervision of the Model.

The Supervisory Body of Harmont & Blaine was established by a resolution of the Board of Directors dated 23 September 2015. The Supervisory Body operates at a senior level, reporting directly to the Board of Directors on the results of its activities, any critical issues that have arisen and any corrective or improvement measures taken.

The Company's Board of Directors guarantees the Supervisory Body autonomy of initiative and freedom of control over the Company's activities involving a risk of offence, in order to encourage compliance with the law and the Model and to enable the immediate detection of violations; however, the general obligations of management and supervision of subordinate staff, including for the purposes of compliance with the provisions of this Model, remain the responsibility of those formally designated for this purpose within the company organisation. The general principles governing the establishment of the Supervisory Body, as well as the operational rules governing its functioning, are set out in the Supervisory Body Regulations, which form an integral part of the Model.

The appointment of the Supervisory Body is subject to the fulfilment of the subjective eligibility requirements set out herein and in the Regulations of the Supervisory Body. In particular, the following grounds for disqualification must not exist at the time of appointment:

- Conflicts of interest, including potential ones, with the Company such as to compromise the independence required by the role and duties of the Supervisory Body;
- Direct or indirect ownership of shareholdings of such a magnitude as to enable the exercise of control or a dominant influence over the Company's ordinary Shareholders' Meeting;
- Employment in the civil service with central or local government bodies in the three years prior to appointment as a member of the Supervisory Body;
- With regard to the requirements of good repute, the following persons may not be elected as members of the Supervisory Body and, if elected, shall automatically and necessarily forfeit their office:
 - Those who find themselves in the circumstances provided for in Article 2382 of the Italian Civil Code, namely those who are disqualified, under legal restriction, bankrupt or have been sentenced to a penalty involving disqualification, even temporary, from public office or the inability to hold executive positions;
 - Those who have been subject to preventive measures ordered by the judicial authorities pursuant to Italian Law 1423 of 27 December 1956 (law on measures

- of prevention against persons dangerous to security and public morality) or Italian Law 575 of 31 May 1965 (Anti-Mafia Law);
- Those who have been convicted following a judgment, even if not yet final, or issued pursuant to Articles 444 et seq. of the Italian Code of Criminal Procedure, or even if the sentence has been conditionally suspended, without prejudice to the effects of rehabilitation:
 - ✓ For any of the offences set out in Title XI of Book V of the Italian Civil Code (criminal provisions relating to companies and consortia) and in Italian Royal Decree 267 of 16 March 1942 (regulations governing bankruptcy, composition with creditors, receivership and compulsory administrative liquidation);
 - ✓ a term of imprisonment of not less than one year, for any of the offences provided for by the regulations governing banking, financial, securities and insurance activities and by the regulations concerning markets and securities, and payment instruments (including, by way of example and without limitation, offences of unauthorised banking and financial activities referred to in Articles 130 et seq. of the Consolidated Banking Act, offences of counterfeiting currency, and the spending and introduction into the country, by prior agreement, of counterfeit currency referred to in Article 453 of the Italian Criminal Code, offences of fraudulent damage to insured property and fraudulent self-mutilation referred to in Article 642 of the Italian Criminal Code);
 - ✓ For an offence against the public administration, imprisonment for a term of not less than one year for an offence against public trust, against property, against public order, against the public economy or for a tax offence;
 - ✓ Imprisonment for a term of not less than two years for any intentional offence;
 - ✓ In any case and regardless of the severity of the sentence for one or more of the offences strictly provided for in the Decree;
 - Those who have held the position of member of the Supervisory Board within companies against which the sanctions provided for in Article 9 of the Decree have been applied, unless five years have elapsed since the final imposition of the sanctions and the member has not been convicted of a criminal offence, even if the conviction is not yet final;
 - Those against whom the ancillary administrative sanctions provided for in Article 187-quater of the Consolidated Law on Finance (Italian Legislative Decree 58/1998) have been imposed;
 - Those who have been committed for trial, pursuant to Articles 416 et seq. and 429 of the Italian Code of Criminal Procedure, for one of the offences referred to above, whilst the relevant proceedings are pending.

The revocation of the powers proper to the Supervisory Board and the attribution of such powers to another person may take place only for just cause, including those related to organisational restructuring measures of the Company, through a special resolution of the Board of Directors and with the approval of the Board of Statutory Auditors. The following constitute grounds for revocation for just cause:

- Failure to meet the eligibility requirements;
- Serious negligence or failure to perform duties related to the appointment (such as, for example, failure to carry out activities in good faith and with the diligence of a prudent person; failure to respond or delayed response to the Board of Directors regarding any requests relating to the performance of supervisory and control activities);
- Failure to attend two or more meetings, even if not consecutive, without just cause within a period of twelve consecutive months, as well as the loss of the requirements of good repute;

- Failure to exercise supervision or insufficient supervision by the Supervisory Body – in accordance with Article 6, paragraph 1, letter d) of Legislative Decree 231/2001 – resulting from a final conviction handed down against the Company pursuant to Legislative Decree 231/2001;
- The assignment of operational functions and responsibilities within the company organisation that are incompatible with the requirements of autonomy, independence and continuity of action inherent to the Supervisory Body.

In particularly serious cases, the Board of Directors may, however, decide – after consulting the Board of Statutory Auditors – to suspend the powers of the Supervisory Body and appoint an interim Supervisory Body.

The Supervisory Body may avail itself – under its direct supervision and responsibility – in the performance of the tasks entrusted to it, of the cooperation of all the Company's departments, drawing on their respective expertise and professionalism. In any case, responsibility for the activities carried out on behalf of the Supervisory Body rests with the Supervisory Body itself.

This power enables the Supervisory Body to ensure a high level of professionalism and the necessary continuity of action.

By way of example, the Supervisory Body may coordinate with:

- The department responsible for human resources management (for example, regarding the implementation of the staff communication and training plan, the implementation of the disciplinary system and the management of disciplinary proceedings);
- The various company departments (including through specific meetings), to ensure the best possible monitoring of supervisory activities;
- The company departments involved in carrying out any necessary measures to ensure compliance with the provisions of Decree 231/01;
- The General Manager and, where applicable, other persons delegated by the Board of Directors and the heads of the relevant company departments, to assess the imposition of any disciplinary sanctions against employees;
 - The Board of Directors, to assess the imposition of any disciplinary sanctions against 'senior management';
 - The relevant legal affairs department (for example, for the interpretation of legislation and the examination of any updates, as well as relevant case law);
 - The relevant administration and finance department (for example, regarding the monitoring of cash flows).

Furthermore, the Supervisory Body has been provided by the Board of Directors with adequate resources – in terms of spending authority – to support it in the tasks entrusted to it and to achieve results consistent with the functions assigned to it, through the annual allocation of a budget.

The methods for quantifying, funding, operating and reporting on this fund are described in the Supervisory Body Regulations.

4.3 Functions and powers of the Supervisory Body

The activities carried out by the Supervisory Body may not be subject to review by any other body or structure of the Company; however, the management body is in any case required to monitor the adequacy of its work, as the management body bears ultimate responsibility for the functioning and effectiveness of the Model.

The Supervisory Body is vested with the powers of initiative and control necessary to ensure effective and efficient supervision of the functioning and compliance with the Model in

accordance with the provisions of Article 6 of Legislative Decree 231/2001. In particular, the Supervisory Body is entrusted with the following responsibilities for the performance and exercise of its duties:

- Verifying that the Model continues to meet the requirements of efficiency and effectiveness over time;
- Overseeing, developing and promoting the constant updating of the Model, submitting, where necessary, proposals to the management body for any updates and adjustments to be implemented through amendments and/or supplements that may become necessary as a result of: i) breaches of the Model's provisions; ii) periodic review of the Model, including in relation to changes in the Company's internal structure and/or the manner in which business activities are conducted; iii) legislative developments regarding the regulation of administrative liability of entities for administrative offences arising from criminal offences; iv) the outcome of audits;
- Ensuring the periodic updating of the system for identifying, mapping and classifying sensitive activities;
- Maintaining constant contact with the audit firm, whilst safeguarding its necessary independence, and with other consultants and collaborators involved in the effective implementation of the Model;
- Identifying any behavioural deviations that may emerge from the analysis of information flows and from the reports that the heads of the various departments are required to submit;
- Promptly reporting to the management body, for appropriate action, any established breaches of the Model that may give rise to liability on the part of the Company;
- Managing relations and ensuring the flow of relevant information to the Board of Directors and the Board of Statutory Auditors;
- Regulating its own functioning, including through the introduction of rules governing its activities which regulate, amongst other things, the resources available, the convening of meetings, voting and the resolutions of the Body itself;
- Promoting and defining initiatives to disseminate knowledge and understanding of the Model, as well as to train staff and raise their awareness of compliance with the Model's provisions;
- Promoting and developing communication and training initiatives on the contents of Legislative Decree 231/2001, on the impact of the legislation on the company's activities, and on codes of conduct;
- Providing clarification regarding the meaning and application of the provisions contained in the Model;
- Ensuring the establishment of an effective internal communication system to facilitate the reporting of information relevant to Legislative Decree 231/2001, whilst guaranteeing the protection and confidentiality of the whistleblower;
- Drawing up and submitting for approval by the management body the budget required for the proper performance of the assigned tasks. This budget must, in any case, be as comprehensive as possible in order to ensure the full and proper performance of its duties;
- to have unrestricted access to, or to summon, any department, unit, officer or employee of the Company – without the need for prior consent – in order to request and obtain information, documentation and data deemed necessary for the performance of the duties set out in Legislative Decree 231/2001, from all employees and managers;
- Request relevant information from collaborators, consultants, agents and representatives outside the Company;
- Initiate any disciplinary proceedings and propose any sanctions referred to in paragraph 4 below;

- Verify and assess the suitability of the disciplinary system in accordance with and for the purposes of Legislative Decree 231/2001, in collaboration with the General Manager, any persons delegated by the Board of Directors and the department responsible for human resources management;
- In the event of inspections, investigations or requests for information from the competent authorities aimed at verifying the Model's compliance with the provisions of Legislative Decree 231/2001, liaise with the parties responsible for the inspection, providing them with adequate information.

The General Manager of Harmont & Blaine and any persons delegated by the Board of Directors shall, on behalf of the Board of Directors, ensure that the company's departments are adequately informed of the duties of the Supervisory Body and its powers.

4.4 Duty to inform the Supervisory Body – Information flows and whistleblowing reports

The Supervisory Body (and, in the event of a conflict of interest, the Legal & Compliance Department) must be promptly informed, via a dedicated internal communication system, regarding any acts, conduct or events that may constitute a breach of the Model or which, more generally, are relevant for the purposes of Legislative Decree 231/2001, and regarding any acts, conduct or events that may constitute further breaches subject to whistleblowing reports³ as provided for by Legislative Decree 24/2023 'Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of European Union law and laying down provisions on the protection of persons who report breaches of national law'.

The obligations to report any conduct contrary to the provisions contained in the Model fall within the broader duty of diligence and obligation of loyalty of the employer, as referred to in Articles 2104 and 2105 of the Italian Civil Code. In particular, any person who becomes aware of breaches of the model or of situations posing a risk must notify the Supervisory


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- a) offences** falling within the scope of application of the European Union or national acts listed in the annex to Italian Legislative Decree 24/2023 or of the national acts implementing the European Union acts listed in the annex to Directive (EU) 2019/1937, even if not listed in the annex to Italian Legislative Decree 24/2023, **relating to the following sectors: public procurement; services, products and financial markets and the prevention of money laundering and terrorist financing; product safety and compliance; transport safety; environmental protection; radiation protection and nuclear safety; food and feed safety and animal health and welfare; public health; consumer protection; privacy and the protection of personal data; and the security of network and information systems;**
 - b) acts or omissions affecting the financial interests of the European Union as referred to in Article 325 of the Treaty on the Functioning of the European Union**, as specified in the relevant secondary legislation of the European Union;
 - c) acts or omissions relating to the internal market, as referred to in Article 26, paragraph 2 of the Treaty on the Functioning of the European Union**, including infringements of European Union competition and State aid rules, as well as infringements concerning the internal market linked to acts that breach corporate tax rules or arrangements designed to obtain a tax advantage that undermines the object or purpose of the applicable corporate tax legislation;
 - d) acts or conduct that undermine the object or purpose of the provisions** set out in European Union acts in the areas referred to in the preceding points.

Body without delay (and, in the event of a conflict of interest, the Legal & Compliance Department). In the case of a criminal offence that has not yet been committed, they must also take immediate action to prevent the action from being carried out or the event from occurring, in order to secure the Company's exemption from liability, pursuant to Article 26, paragraph 2 of Legislative Decree 231.

The organisation of a structured information flow serves as a tool to ensure the effectiveness and continuity of oversight activities regarding the suitability and effective implementation of the Model, as well as for the retrospective investigation of the causes that may have led to a breach of the Model.

Persons who decide to report a breach must follow the procedures set out in the Whistleblowing Procedure.

In particular, internal reports may be made in the following ways:

<ul style="list-style-type: none">▪ postal address <div data-bbox="300 801 391 1003"></div> <p data-bbox="399 846 798 1281"><i>The internal report must be placed <u>in two sealed envelopes</u>: the first containing the Whistleblower's personal details together with a photocopy of their identification document; the second containing the Report. Both must then be placed in a <u>third sealed envelope</u> bearing <u>the word 'confidential'</u> on the outside, <u>addressed to the Reports Manager, specifying their role</u></i></p> <ul style="list-style-type: none">▪ orally, via a face-to-face meeting with the Reports Manager	<ul style="list-style-type: none">- at Harmont & Blaine S.p.A., Strada Statale 87 km.16.460, zona a.s.i., 80023 Caivano (NA), Italy – for the attention of the Harmont & Blaine Supervisory Body. <p data-bbox="821 936 1268 969">In the event of a conflict of interest:</p> <ul style="list-style-type: none">- at Harmont & Blaine S.p.A., Strada Statale 87 km.16.460, A.S.I. zone - 80023, Caivano (NA), Italy - for the attention of the Legal & Compliance Department of Harmont & Blaine.- With the Harmont & Blaine Supervisory Body; appointment to be arranged by email at the following address: organismodivigilanza@harmontblaine.com <p data-bbox="821 1563 1268 1597">In the event of a conflict of interest:</p> <ul style="list-style-type: none">- With the Legal & Compliance Department of Harmont & Blaine; appointment to be arranged by email at the following address:- legal@harmontblaine.com
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The prohibition on retaliation is provided for in Article 17 of Legislative Decree 24/2023, which is hereby incorporated in full⁴. Any acts undertaken in breach of this prohibition are null and void.

In addition to reports concerning general violations as described above, company departments operating within sensitive areas must send the following information to the Supervisory Body at the following email address: organismodivigilanza@harmontblaine.com: the periodic findings of the control activities they have implemented to put the Model into practice (summary reports of activities carried out, monitoring activities, final figures, etc.), any anomalies or irregularities identified within the available information (an incident that is not significant when considered in isolation may be assessed differently if it is repetitive or affects a wider area).

Such information may relate, by way of example only, to:

- Transactions perceived as 'at risk' (for example: decisions relating to the application for, disbursement and use of public funding, etc.);
- Measures and/or reports from judicial police bodies, or from any other authority, indicating that investigations are being conducted, including against unknown persons, into offences (and administrative offences) relevant to the administrative liability of entities and which may involve the Company;
- Requests for legal assistance submitted by employees in the event of legal proceedings being brought against them and in relation to offences relevant to the administrative liability of entities, unless expressly prohibited by the judicial authority;
- Reports prepared by managers of other company departments as part of their control activities, from which facts, acts, events or omissions may emerge that raise concerns regarding compliance with the rules and provisions of the Model;
- Information relating to disciplinary proceedings conducted and any sanctions imposed (including measures taken against employees) or decisions to discontinue such proceedings, together with the relevant reasons;
- Any other information which, although not included in the above list, is relevant for the purposes of proper and comprehensive supervision and updating of the Model.

4.4.1 Reporting by the Supervisory Body to the corporate bodies

The Supervisory Body reports on the implementation of the Model, the emergence of any critical issues, and the need for amendments. There are two distinct reporting lines:

- The first, on an ongoing basis, directly to the Board of Directors;
- The second, on a periodic basis, to the Board of Statutory Auditors, should the critical issues fall within the Board's remit.

As part of its reporting activities, the Supervisory Body prepares:

⁴ Article 17, paragraph 1 'The entities or persons referred to in Article 3 shall not be subject to any form of retaliation' refers to:

- a) whistleblowers (as defined in the Whistleblowing Procedure);
- b) facilitators (as defined in the Whistleblowing Procedure);
- c) persons in the same working environment (as defined in the Whistleblowing Procedure) as the whistleblower who are related to them by a stable emotional bond or by kinship up to the fourth degree;
- d) the whistleblower's work colleagues who work in the same workplace as the whistleblower and who have a regular and ongoing relationship with that person;
- e) entities owned by the whistleblower or for which the same persons work, as well as entities operating in the same workplace as the aforementioned persons.

- Upon completion of the audits, reports setting out the results of the work carried out, addressed to the Board of Directors and the management concerned;
- A summary report on the activities carried out during the current year (specifying in particular the checks performed and their outcome, any need to amend the Model or procedures, etc.) and a plan of activities scheduled for the duration of the Supervisory Body's mandate or on an annual basis, to be submitted to the Board of Directors and the Board of Statutory Auditors and to be carried out with the support of the dedicated departments;
- Immediately, a communication regarding the occurrence of extraordinary situations (for example: news of significant breaches of the Model's provisions, legislative changes concerning the administrative liability of entities, significant changes to the Company's organisational structure, etc.) and in the event of reports received that are of an urgent nature, to be submitted to the Board of Directors.

Minutes must be taken of the meetings of the Supervisory Body and of meetings with the corporate bodies to which it reports, and a copy of the minutes must be kept by the Supervisory Body. The General Manager and any persons delegated by the Board of Directors must ensure the use, albeit not exclusive, of suitable premises for meetings, hearings and any other necessary activities. Such premises must guarantee absolute confidentiality in the exercise of the Supervisory Body's functions.

The Supervisory Body or individual members thereof may be convened at any time by the aforementioned bodies or may in turn submit a request to that effect. Subsequently, the relevant members of the Supervisory Body shall report the outcome of the meetings to the entire Supervisory Body.

5. DISCIPLINARY SYSTEM

5.1 Function of the disciplinary system

In order for the Model to be effectively operational, it is necessary to adopt a disciplinary system capable of sanctioning breaches of the provisions contained in the Model itself. Given the seriousness of the offences relevant to the administrative liability of entities, any failure to comply with the Model undermines the relationship of trust established with the employee, requiring the initiation of disciplinary proceedings regardless of the conduct and outcome of any criminal proceedings that may be brought by the judicial authorities, in the event that the conduct in question constitutes a criminal offence or an administrative offence relevant to the administrative liability of legal entities.

5.2 Measures concerning employees

Compliance with the provisions and rules of conduct set out in the Model and the Whistleblowing Procedure constitutes fulfilment by Harmont & Blaine employees of the obligations laid down in Article 2104, paragraph 2 of the Italian Civil Code; obligations of which the content of the Model itself forms a substantial and integral part.

Any breach of the individual provisions and rules of conduct set out in the Model and/or in the Whistleblowing Procedure by Harmont & Blaine employees shall always constitute a disciplinary offence.

It should be noted that these employees are subject to the National Collective Labour Agreement for employees in the textile industry and for employees in the commercial services sector (hereinafter simply 'CCNL').

The measures set out in the Model and in the Whistleblowing Procedure, non-compliance with which is subject to disciplinary action, are communicated to all employees via an internal circular (including by electronic means), displayed in a location accessible to all, and are binding on all employees of the Company.

Disciplinary measures may be imposed on employees of Harmont & Blaine, in accordance with the provisions of Article 7 of Italian Law 300 of 20 May 1970 (the 'Workers' Statute') and any applicable special regulations.

For non-managerial staff, these measures are those provided for in the disciplinary rules set out in the National Collective Labour Agreement (CCNL), and specifically, depending on the seriousness of the offences:

- Verbal reprimand;
- Written reprimand;
- Fine;
- Suspension from work and pay;
- Dismissal for just cause (with or without notice).

Upon receipt of any report of a breach of the Code and/or the Whistleblowing Procedure, disciplinary action will be taken to investigate the breach. In particular, during the investigation phase, the employee will be formally notified of the allegation and will also be granted a reasonable period of time to respond in their defence. Once the breach has been established, the perpetrator will be subject to a disciplinary sanction proportionate to the seriousness of the breach committed and any repeat offences.

It is understood that the procedures, provisions and safeguards set out in Article 7 of the Workers' Statute and the National Collective Labour Agreement regarding disciplinary measures will be respected.

With regard to the investigation of breaches, disciplinary proceedings and the imposition of sanctions, the powers already conferred upon Harmont & Blaine's management, within the limits of their respective delegated authority and responsibilities, remain valid.

Jointly responsible for the practical application of the disciplinary measures described above are the General Manager and the HR Director, who shall impose sanctions following any report by the Supervisory Body, having also heard the opinion of the immediate superior of the person responsible for the misconduct.

The Supervisory Body must be promptly informed of any action relating to disciplinary proceedings against an employee for breach of this Code and/or the Whistleblowing Procedure, from the moment the disciplinary charge is brought, for the purposes of assessment.

5.2.1 Breaches of the Model and/or the Whistleblowing Procedure and related sanctions

Without prejudice to Harmont & Blaine's obligations under the Workers' Statute, the conduct constituting a breach of the Model and/or the Whistleblowing Procedure, together with the relevant sanctions, are as follows:

- 1) An employee who breaches any of the internal procedures set out in the Model (for example, by failing to follow the prescribed procedures, failing to report the required information to the Supervisory Body, failing to carry out checks, etc.) and/or the provisions of the Whistleblowing Procedure, or who, in carrying out activities in sensitive areas, behaves in a manner that does not comply with the requirements of the Model shall receive a **'verbal reprimand'**. Such conduct constitutes a failure to comply with the instructions issued by the Company.
- 2) An employee who repeatedly violates the procedures set out in the Model and/or the provisions of the Whistleblowing Procedure, or who, whilst carrying out activities in sensitive areas, adopts conduct that does not comply with the requirements of the Model, shall be subject to a **'written reprimand'**. Such conduct constitutes repeated failure to comply with the instructions issued by the Company.
- 3) An employee shall be liable to a **"fine"** if, by breaching the internal procedures set out in the Model and/or the provisions of the Whistleblowing Procedure, or by behaving in a manner that does not comply with the requirements of the Model whilst carrying out activities in sensitive areas, they expose the integrity of the company's assets to a situation of objective danger. Such conduct, carried out in breach of the Company's instructions, creates a situation of danger to the integrity of the Company's assets and/or constitutes acts contrary to the Company's interests.
- 4) The following shall be subject to the measure of **'suspension from work and pay'**: any employee who, by breaching the internal procedures set out in the Model and/or the provisions of the Whistleblowing Procedure, or by adopting conduct in the performance of activities in sensitive areas that does not comply with the requirements of the Model, causes harm to the Company by committing acts contrary to its interests; or any employee who is a repeat offender more than three times in a calendar year in relation to the breaches referred to in points 1, 2 and 3. Such conduct, arising from failure to comply with the Company's instructions, causes damage to the Company's assets and/or constitutes acts contrary to the Company's interests.
- 5) The following shall be subject to the measure of **'dismissal for just cause with notice'**: any employee who, whilst carrying out activities in sensitive areas, adopts conduct that does not comply with the requirements of the Model and/or the provisions of the Whistleblowing Procedure and is unequivocally aimed at committing an offence relevant to the administrative liability of legal entities, as well as any employee who is a repeat offender more than three times in a calendar year in relation to the breaches referred to in point 4. Such conduct constitutes a serious failure to comply with the

Company's instructions and/or a serious breach of the employee's duty to contribute to the Company's prosperity.

- 6) An employee who, in the performance of duties in sensitive areas, adopts conduct in breach of the provisions of the Model and/or the Whistleblowing Procedure, such as to result in the actual application against the Company of the measures provided for by Legislative Decree 231/2001, shall be subject to **'dismissal for just cause without notice'**. Such conduct radically undermines the Company's trust in the employee, constituting serious moral and/or material harm to the company.

The type and extent of each of the above-mentioned sanctions shall also be applied taking into account:

- The intentionality of the conduct or the degree of negligence, imprudence or incompetence, including with regard to the foreseeability of the event;
- The employee's overall conduct, with particular regard to the existence or otherwise of previous disciplinary records, within the limits permitted by law;
- The employee's duties;
- The functional position of the persons involved in the events constituting the misconduct;
- Any other specific circumstances surrounding the disciplinary offence.

This is without prejudice to Harmont & Blaine's right to claim compensation for damages arising from an employee's breach of the Model. Any compensation claimed will be commensurate with:

- The level of responsibility and autonomy of the employee who committed the disciplinary offence;
- Any previous disciplinary records against the employee;
- The degree of intent in their conduct;
- The seriousness of the effects of such conduct, meaning the level of risk to which the Company reasonably considers itself to have been exposed – pursuant to and for the purposes of Legislative Decree 231/2001 – as a result of the conduct in question.

In the event of a breach of the provisions and rules of conduct contained in the Model by managers, Harmont & Blaine, once the liability of the person responsible for the breach has been established, shall impose the sanction deemed most appropriate on those responsible, in accordance with the provisions of the current National Collective Labour Agreement applicable to managers in the industrial sector. If the breach of the Model results in a breakdown of trust between the Company and the executive, the sanction shall be dismissal for just cause. The aforementioned breaches shall be investigated, and the resulting disciplinary proceedings initiated, in accordance with the provisions of the National Collective Labour Agreement and company procedures, with the involvement of the Supervisory Body.

5.3 Measures against directors

In the event of breaches of the provisions and rules of conduct of the Model and/or the Whistleblowing Procedure by Directors, the Company, with the involvement of the Supervisory Body, shall take the appropriate steps to implement the most suitable measures provided for by law.

5.4 Measures against statutory auditors

In the event of breaches of the provisions and rules of conduct of the Model and/or the Whistleblowing Procedure by one or more statutory auditors, the Board of Directors, at the request of the Board of Statutory Auditors and/or the Supervisory Body, shall convene a Shareholders' Meeting in order to adopt the most appropriate measures provided for by law.

5.5 Measures regarding business partners, agents, consultants, collaborators and suppliers

Contracts and agreements entered into or to be entered into with business partners, agents, consultants, external collaborators, suppliers or other parties having contractual relations with the Company must include specific clauses stipulating that any breach of the provisions and rules of conduct set out in the Model and the Code of Ethics applicable to them and/or in the Whistleblowing Procedure, or the commission of offences (and administrative offences) relevant for the purposes of the administrative liability of entities, by such parties shall result in the termination of the contractual relationship, without prejudice to any claim for compensation should such conduct cause damage to the Company, as in the case of the application by the judge of the sanctions provided for by Legislative Decree 231/2001. Similar measures may be provided for in relation to intercompany service contracts.

6. TRAINING AND COMMUNICATION PLAN

6.1 Introduction

Harmont & Blaine intends to ensure wide dissemination, both within and outside its organisation, of the principles and contents of the Model and the Whistleblowing Procedure.

In particular, Harmont & Blaine aims to facilitate and promote awareness of the contents of the Model and the Whistleblowing Procedure not only amongst its employees but also amongst all those who, whilst not formally employed, work – in Italy or abroad – towards achieving Harmont & Blaine’s objectives under contractual arrangements.

Communication and training activities, which vary according to the position and role of the recipients, are in all cases based on the principles of completeness, clarity, accessibility and continuity, in order to ensure that the various recipients are fully aware of the company regulations they are required to comply with and the ethical standards that must guide their conduct.

The Supervisory Body coordinates and monitors communication and training activities.

6.2 Employees and members of the corporate bodies

Every employee is required to:

- Become familiar with the contents of the Model and the Whistleblowing Procedure;
- Understand the operational procedures by which their work must be carried out;
- Contribute actively, in accordance with their role and responsibilities, to the effective implementation of the Model, reporting any shortcomings identified therein.

The Model and the Whistleblowing Procedure, as well as any updates thereto, are formally communicated to all employees (including via electronic means), with a requirement to review them on the company intranet and to comply with them and with the policies and operating procedures linked to the Model.

The Model and the Whistleblowing Procedure are also formally communicated (including via electronic means) to the members of Harmont & Blaine’s corporate bodies, who are required to review and comply with them.

The aforementioned communications are archived and retained by the Supervisory Body. The documentation comprising the Model, the Code of Ethics (document describing the Model, information on the Company’s organisational structures, activities and corporate policies and procedures) and the Whistleblowing Procedure is made available to all employees on the Company’s intranet site, as is the Disciplinary Code (in addition to being displayed in a location accessible to all employees, in accordance with and for the purposes of Article 7, paragraph 1 of Italian Law 300/1970 – Workers’ Statute).

6.3 Other recipients

The communication of the contents of the Model and the Whistleblowing Procedure is also directed at third parties who have contractually regulated collaborative relationships with Harmont & Blaine or who represent the Company on a non-employee basis (for example: business partners, agents and consultants, distributors, business introducers and other independent contractors, suppliers, etc.).

To this end, Harmont & Blaine will communicate the contents of the Model and the Whistleblowing Procedure to third parties, and more generally to the market, by publishing the Model, the Code of Ethics and the Whistleblowing Procedure on the company website. The most significant third parties will be required to sign, either in their contracts or in a separate document, a declaration confirming that they are aware of the Model, the Code of Ethics and the Whistleblowing Procedure adopted by the company, available on the company’s website, and their commitment to comply with the contents described therein.

Furthermore, the General Section of the MOG, the Code of Ethics and the Whistleblowing Procedure are uploaded and available on the Company's website.

6.4 Training activities

All employees, in ways tailored to their level of involvement in activities identified as sensitive under Legislative Decree 231/2001, are required to participate in specific training, which may also be delivered via distance learning (e-learning).

Harmont & Blaine pursues, through an appropriate training programme aimed at all employees, their continuous awareness of issues relating to the Model, in order to enable the recipients of such training to achieve full awareness of company guidelines and to be in a position to comply with them fully.

Participation in training sessions is mandatory. The Supervisory Body, through the Human Resources Department, collects and archives evidence/certificates relating to actual participation in these training sessions. Furthermore, the Company guarantees:

- The organisation, whenever deemed necessary, of information sessions aimed at explaining any updates and amendments to the Model, to which the Company's employees and managers, the General Manager and, where deemed appropriate, also third parties collaborating in any capacity with Harmont & Blaine and its subsidiaries and associated companies will be invited to attend. Minutes will be drawn up for these meetings, indicating those present and the topics discussed;
- The periodic organisation of internal study sessions aimed at explaining and implementing a corporate culture based on respect for and promotion of the Model.

7. ADOPTION OF THE MODEL – CRITERIA FOR UPDATING AND ADAPTING THE MODEL

7.1 Audits and checks on the Model

The Supervisory Body draws up a document outlining its supervisory activities, through which it plans, in general terms, its work, setting out: a schedule of activities to be carried out during the Supervisory Body's term of office or in each individual year; the frequency of audits; the criteria and procedures for analysis; and the possibility of carrying out unscheduled audits and checks.

In order to implement the plan and carry out its activities, the Supervisory Body draws on the support of the Company's internal departments with specific expertise in the business areas subject to audit from time to time, as well as external consultants with regard to the performance of the technical operations necessary for the performance of the audit function. Should the Company decide to engage external consultants, these must always report the results of their work to the Supervisory Body.

During audits and inspections, the Supervisory Body is granted the broadest powers to enable it to carry out the tasks entrusted to it effectively.

7.2 Updating and adaptation

The General Manager and any persons delegated by the Board of Directors shall decide on the updating of the Model and its adaptation in relation to any amendments and/or additions that may become necessary as a result of:

- Breaches of the Model's provisions;
- Periodic review of the Model, including in relation to changes to the Company's internal structure and/or the manner in which business activities are conducted;
- New legislation regarding the rules on the administrative liability of entities for administrative offences arising from criminal offences;
- The outcome of audits.

Once approved, the amendments and instructions for their immediate implementation are communicated to the Supervisory Body, which, in turn, ensures, without delay, that the amendments are put into effect, requesting the Company to ensure the correct communication of the contents both within and outside the Company.

The Supervisory Body shall also, by means of a specific report, inform the Board of Directors of the outcome of the activities undertaken in compliance with the update and/or adaptation of the Model.

The Supervisory Body retains, in any case, specific duties and powers regarding the management, development and promotion of the constant updating of the Model. To this end, it makes observations and proposals, relating to the organisation and the control system, to the company departments responsible for this or, in cases of particular significance, to the Board of Directors.

Upon presentation of the annual summary report, the Supervisory Body submits to the Board of Directors a specific information note detailing the changes made in implementation of the delegation received, so that the Board may ratify them by resolution.

In any case, the Board of Directors retains exclusive authority to resolve on updates and/or amendments to the Model due to the following factors:

- Changes in legislation concerning the administrative liability of entities;
- Identification of new sensitive activities, or changes to those previously identified, including where such changes may be linked to the launch of new business activities;
- Comments made by the Italian Ministry of Justice pursuant to Article 6 of Legislative Decree 231/2001 and Articles 5 et seq. of Italian Ministerial Decree 201 of 26 June 2003;

- Commission of offences (and administrative offences) relevant to the administrative liability of entities by those subject to the provisions of the Model or, more generally, significant breaches of the Model;
- Identification of shortcomings and/or gaps in the provisions of the Model following assessments of its effectiveness.
 - The Model is, in any case, subject to a periodic review process every three years, to be arranged by resolution of the Board of Directors.