

SUMMARY OF PAMBIANCO SRL ORGANISATION, MANAGEMENT AND CONTROL MODEL

(Adopted pursuant to Legislative Decree 231 of 2001)

Contents

The company

PAMBIANCO Strategie di Impresa srl, founded in 1977 by Carlo Pambianco offers services to companies in the fashion, design, beauty and wine&food industries.

The business areas, in which the company currently operates, as described in its corporate website, www.pambianco.com, are:

- Strategic Consulting and Market Research
- Advising in Mergers and Acquisitions
- Head Hunting
- Corporate Communication
- Conferences and Training
- Publishing
- Private Equity

Today the Pambianco team is made up of 30 professionals with specific work experience in their areas of activity. The company's head office is in Milan, Corso Matteotti 11.

Corporate governance is overseen by the company's board of directors.

The reference person for the 231 model is David Pambianco.

Preamble and introductory notes

This document is a summary of the compliance project with Legislative Decree 231 of 2001. It presents an extract from the Organisation and Management Model adopted by the company.

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This document is a tool for communicating with all those interested in the activities of our organisation (stakeholders), in particular employees, customers, ownership, management, suppliers, trade union representatives, contractors, and supervisory bodies (recipients of the model). It is also useful for the understanding of operating procedures and practices as well as improving existing business and social relations.

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The organisation and management model described in this document was prepared through a corporate compliance project, which involved the entire organisation. The company's top management and senior figures were involved through an initial information and awareness process; the various company functions were involved through a risk-analysis process carried out in collaboration with consultants and qualified professionals. On the basis of this analysis, the company management identified the areas of significant risk and set up a model and operational protocols to manage possible criminal risks.

For any information on this document, please contact the management secretariat at hr@pambianco.com.

Notes on terminology: for ease of reading, the term Company is used for Pambianco S.r.l. The term Model is used for the Organisation and Management Model. The term Decree is used for Legislative Decree no. 231 of 2001.

1. Legislative Decree 231 of 2001

In accordance with the authority delegated to the Government, under Article 11 of Law No. 300 of 29 September 2000, and the international conventions, the Legislative Decree No. 231 of 2001 introduced the "Rules on the administrative liability of legal persons, companies and associations, including those without legal personality. This liability derives from specific offences committed in the interest or to the advantage of the entity, by certain natural persons, whether they are part of the organisation of the entity, in a senior position, or in a position of subordination to the management or supervision of a subject in a senior position.

On the basis of the constitutional principle that criminal liability can only be ascribed to a natural person, the new rules have introduced a non-criminal liability (hence the term 'administrative liability', which is, however, discussed in

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criminal seat) of companies or bodies that use the offence as a tool to assert their position on the market (interests or advantages).

This is an autonomous liability of the entity, which is added to the criminal liability of the natural person committing the offence, and makes it possible to directly target the company, or the entities, that have had an interest in or gained an advantage from the unlawful conduct of persons acting in their name or on their behalf.

2. Alleged offences

According to the principle of legality, expressed in Article 2 of the cited Decree, the entity cannot be held liable for an act constituting an offence, if its administrative liability in relation to that offence and the relevant sanctions are not expressly established by a law which came into effect before the commission of the act.

It is clear from this principle that liability is not connected to the mere commission of an offence--provided for as such by the criminal law system--but only for certain offences (defined as alleged offences) which the legislature introduced with Legislative Decree 231 of 2001, but which it has since extended with other liability cases and which it continuously updates and corrects both on the instructions of the European Union and in cases of national necessities.

The areas of alleged offences are as below:

- a) Offences committed in relations with the public administration (in particular corruption, extortion, fraud and misappropriation)
- b) Corporate and market-abuse offences
- c) Offences with the purpose of terrorism or subversion of the democratic order
- d) Offences against the individual
- e) Offences related to safety at work
- f) Offences of receiving, laundering and using money, goods or benefits of unlawful origin
- g) Cybercrimes
- h) Offences relating to organised crime (transactional offences and false statements)
- i) Offences relating to crimes against industry and trade
- j) Offences relating to violation of copyright
- k) Offences relating to the environment

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I) Offences relating to citizens without a residence permit

This classification by areas makes it possible to identify the processes and activities of the organisation (and the relevant persons) that may be involved, and then to define procedures and controls to handle these companies processes. Subsequently, the accurate application of the procedures will allow a specific control also on the single crime case. The special section of this document presents the areas of organisation and control where risks for the Company are possible.

3. The offender's membership in the organisation

Given that under Italian law criminal liability can only be incurred by a natural person, in order to establish the criminal liability of companies or bodies under Legislative Decree 231 of 2001, it is necessary that the alleged offence is committed by a natural person belonging to the business organisation of the company or body.

This assumption is set out in Article 5 of Legislative Decree 231 of 2001 when it establishes that the entity is liable for offences committed by two categories of natural persons:

- By persons who hold positions of representation, administration or management of the entity or one of its organisational units, with financial and functional autonomy, as well as by persons who exercise, even de facto, the management and control of the entity (persons in a top position)
- By persons under the direction or supervision of one of the persons in a top position (so-called subordinates).

4. Investigation and sanctions procedures

4.1 Sanctions

Legislative Decree 231 of 2001 imposes sanctions on the company in whose interest or to whose advantage an alleged offence has been committed by a person in a senior position or by a person subject to the direction or supervision of a senior person. These sanctions can be classified as follows:

- a) Financial penalties up to a maximum of EUR 1,549,370 (and preventive seizure as a precautionary measure);
- b) Interdictory measures:

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- Interdiction from exercising the activity;
- Suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
- Prohibition to contract with the public administration;
- Exclusion from facilitations, financing, contributions or subsidies and possible revocation of those granted;
- Prohibition to advertise goods or services;

c) Confiscation of the profit which the company has derived from the offence (in any event, also for equivalent amounts);

d) Publication of the conviction, which may be ordered in case of the imposition of disqualification measures.

4.2 Investigation procedure and sanctions application

The jurisdiction over an offence committed by the entity belongs to the criminal judge competent for the offences on which they depend (Article 36 of Legislative Decree 231 of 2001).

For the action of administrative liability of the entity, the Public Prosecutor has to prove the existence of the objective elements of liability, namely:

- That one of the alleged offences has been committed;
- That the offence was committed in the interest or to the advantage of the entity;
- That the offender formally or de facto performs a function in the entity and is in a senior or subordinate position, even if he has remained unknown.

A distinction must be made here as to whether the offender:

- Is in an top position;
- Is in a subordinate position.

In the first case, the entity fault is presumed and the entity must provide evidence of the existence in its favour of a cause for exoneration from liability, in accordance with Article 6 of Legislative Decree 231 of 2001.

In the second case, the Public Prosecutor, in order to establish the liability of the entity, must provide evidence that the commission of the offence was due to failure to comply with management or supervisory obligations, while the entity has the responsibility to prove the facts preventing it from being liable.

5. Offences committed abroad

According to Article 4 of Legislative Decree 231 of 2001, an entity may be held liable in Italy for offences - relevant to the administrative liability of entities - committed abroad. The conditions laid down in the Decree, on which the liability of the entity for offences committed abroad is based, are:

- The offence must be committed abroad by a person who is connected functionally to the entity, pursuant to Article 5(1) of the Decree;
- The body must have its head office in the Italian State territory;
- The State of the place where the offence was committed does not prosecute the entity.

6. Conditions for liability exoneration

Article 6, section 1, of Legislative Decree 231 of 2001 provides that an entity shall not be liable if it proves that:

- a) The management body has adopted and efficiently implemented, prior to the commission of the offence, organisational and management models appropriate for preventing offences of the kind occurred;
- b) The task of supervising the functioning, efficiency and observance of the models as well as ensuring their updating, has been entrusted to an internal body having autonomous powers of initiative and control;
- c) The natural persons have committed the offence by fraudulently eluding the organisation and management models
- d) There has been no omitted or insufficient monitoring by the body referred to in the point above.

7. Organisation and management model purpose

The identification of activities exposed to the risk of offences and their regulation in procedures, accompanied by an efficient system of internal controls, must have the following main aims:

- Ensure that all those who work in the name and on behalf of the Company are aware of the risks of incurring, in the event of violation of the model's dictates, offences liable to penal and administrative sanctions, not only against themselves but also against the Company;
- Affirm that any unlawful conduct is firmly condemned by the Company

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since, as even in cases where the Company could, in theory, benefit from it, it is in any event against, not only the legal provisions, but also against those principles of fairness and transparency that the Company intends to observe in the exercise of its activity;

- Provide the Company with the tool to prevent or counteract the commission of offences and thus avoid the risks of the resulting administrative liability of the entity.

One of the aims of the model is to make employees, corporate bodies, consultants and partners, who work on behalf of or in the interest of the company, aware of the importance of respecting roles, operating methods and protocols (procedures) when carrying out company activities.

8. Procedures to identify the risk of offences with specific regard to sensitive activities

8.1 Risk approach

To ensure the company's liability for offences exemption, it is essential that the organisation and management model has been drawn up following an appropriate procedure that detects risk offence opportunities, with specific reference to sensitive activities, taking into account the Company's actual operating and market conditions; this is achieved through a formal and documented risk-offence assessment, which is updated at least annually, and whose results are submitted to the administrative body.

In accordance with these criteria, organisation and management models have been defined (summarised in this document) and divided into several parts, according to individual activities and the different stakeholders. Furthermore procedures and behaviour instructions have been prepared, according to the logic of the behaviours requirements of the *compliance programmes* and management systems. This is to allow a real integration with the business activities and the coordination with the other existing systems (e.g. administration, human resources, safety, and quality).

The procedures represent those rules that the model imposes in the performance of a sensitive or risk activity and constitute the most relevant and qualifying aspect of the Model. Sensitive activities (in relation to the risk of offence) represent the sectors of activity and the business processes of the Company that could potentially be involved in the commission of the offences

indicated in the Decree and in the related rules.

8.2 Potentially sensitive activities for the application of the Decree and functions involved

- a) Company strategic and organisational management, including the company secretariat
- b) Administrative and personnel management (including relations with supervisory bodies)
- c) Management of workplace safety aspects
- d) IT and infrastructure security management, including maintenance of equipment and offices
- e) Supply and purchasing management
- f) Provision of consultancy, personnel recruitment and corporate communication services
- g) Publishing activities and organisation of events
- h) Company training activities

All corporate functions are involved.

9. Delegations and proxy powers

The assignment of responsibilities and tasks is one of the most critical aspects in the prevention of criminal risks, hence the need for the management to take special care of the system of delegations and proxy powers. This also represents an important aspect of the control systems defined by the model to implement the principle of dual responsibility for implementing decisions.

In concrete terms, the proxy system allows the top management of the company to give the heads of departments all the powers they need to exercise the powers and duties assigned to them. At the top of proxy system is the Board of Directors (BoD), which acts in accordance with the articles of association and defines the powers necessary for the application of the model, with particular reference to the members of the Supervisory Board. When assigning delegations and proxies, there still remains the responsibility for supervising the work and the qualification of the chosen person. Delegations of authority or assignment of tasks must always provide the availability of the necessary financial resources to the delegate.

10. The Supervisory Board

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The legislature has assigned to the Supervisory Board, an internal body of company's structure, the important and fundamental task of promoting the implementation of the Model, by monitoring company behaviours and acquiring information on the activities and associated risks relevant to Legislative Decree no. 231 of 2001. This body is also responsible for raising awareness and spreading the principles contained in the company's codes of conduct and protocols, and for verifying in practise the performance of the Model.

The Supervisory Board has an annual budget for the performance of its tasks. One of its assignments is to record the activities carried out in specific minutes, and a special procedure is established for the activation by any interested party. Responsibilities and minimum timing for information flows to the Supervisory Board are noted in a separate document.

11. Training, indoctrination and selection of human resources

In order to give tangible and effective implementation of the Model's principles, contents and related procedures, the Company ensures a correct divulgation of the same to its own employees (at all levels) and to persons who, for any reason, have contractual relations with it.

At the moment of recruitment, the necessary manuals and procedures are delivered and presented and each employee is requested to sign a declaration of knowledge, acceptance and commitment to the principles and basic rules of conduct.

A special space in the corporate network is also dedicated to the diffusion and knowledge of the Model and related procedures.

Participation in training and refresher courses are mandatory for all Company employees.

An annual report is prepared on the training activities carried out relative to Legislative Decree 231 of 2001 and on the planning for the forthcoming period.

12. The disciplinary system

The creation of an adequate disciplinary system, capable of sanctioning violations to the Code of Ethics principles and the established procedures, is an essential and indispensable requirement to ensure the effective and efficient implementation of the crime prevention models.

With regard to employees, in compliance with the procedures laid down in Article 7 of Law no. 300 of 30 May 1970 (Workers' Statute) and any special applicable

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regulations, disciplinary measures shall take into account the CCNL (disciplinary system for the applicable category and any company regulations or supplementary employment contract (where applicable)).

For persons bound to the company by contracts of a nature other than an employment relationship, the applicable measures and sanctioning procedures shall comply with the laws in force and be included in the contractual conditions.

13. Contents of the special part of the Model

13.1 Special Part

The special section Model 231 contains:

- A detailed list of alleged offences
- Activities related to the alleged offence
- Reference procedures for the activities management
- Specific protocols of conduct including information flows to the Supervisory Board

13.2 Reference to company procedures

Company procedures, instructions, circulars, and communications issued for the purpose of preventing unlawful conduct, from which the company could incur liability (in accordance with Legislative Decree 231 of 2001), form an integral part of the Model. This aspect is mentioned in the purpose and scope of these documents.

These documents are managed in the form of controlled documents in accordance with the internal procedure, which complies with the rules on international management systems (ISO standards).

14. Updates to the Model

The Administrative Body assesses the need to update the Model reported by the Supervisory Board and decides on the updating of the Model in relation to any changes or additions that may become necessary.

The following may be causes for updating:

- Changes in the legislation on the administrative liability of entities and significant innovations in the interpretation of the relevant rules;
- Identification of new sensitive activities, or variations of those previously identified, also possibly connected with the start-up of new business activities, changes in the internal structure of the Company, or the ways in which business activities are carried out;

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- Issuance and amendment of guidelines by the trade association;
- Commission of offences relevant to the administrative liability of entities by the recipients of the Model's requirements or, more generally, of significant violations of the Model;
- Detection of deficiencies in the Model's requirements following checks on its effectiveness.

The Model is, in any case, subject to a periodic annual review procedure to be arranged by the Administrative Body.

The top management shall periodically, but at least once a year, record in its minutes the updated actions concerning the application of the Model.

15. Reporting

Reports can be sent in writing, anonymously, by the following means:

- e-mail (independent and certified service):
pambianco@organismodivigilanza.com
- post: Pambianco Srl - Corso Matteotti, 11 20121 Milan - Attention Supervisory Board (personal and confidentiality)