



RULES FOR MANAGING THE CARDATO RECYCLED TRADEMARK

Article 1

THE OBJECT OF THESE RULES

- 1.1 These rules establish the procedure to follow in order to obtain a release from Prato's Chamber of Commerce for the concession to use the CARDATO RECYCLED trademark in regards to the product called CARDATO RECYCLED, that is, the production of products manufactured using a minimum percentage of MECHANICAL WOOL, produced within the district of Prato in accordance with the attached Protocol for the calculation and verification of the environmental footprint of products throughout the product's life cycle (Appendix 1).
- 1.2 The concession to use the CARDATO RECYCLED trademark is subordinate to the issue of proper Certification to ensure the products conform to the requirements of these Regulations.
- 1.3 Certified products can be labeled in accordance with the indications provided in these Rules and the license to use the trademark contained in the contract (Appendix 3) attached to this Regulation.
- 1.4 The Company must guarantee their products' traceability with regards to the batches/series that it intends to distinguish with the trademark. . In case said management is not divided into batches/series, overall product quantities must be considered in terms of calendar years.
Thus, detecting the characteristic data will refer to the overall quantity of carded regenerated products or mechanical wool.
- 1.5 The trademark is owned by the Chamber of Commerce of Prato, which oversees its correct use, with the assistance of official inspection offices should it see fit.

Article 2

DEFINITIONS

- 2.1 These Rules use terms and definitions in accordance with the elements listed below:
 - **AUDITING:** by means of this systematic, independent, documented process, evidence is obtained and objectively evaluated in order to establish the extent to which the product and the organization meet the requirements outlined in these Rules.
 - **AUDITOR or EVALUATOR:** person who has the demonstrated personal characteristics and skills necessary for carrying out the auditing process, belonging to the certification body
 - **PARTICIPATION CERTIFICATE:** data validation certificate issued to a subcontractor involved in the production chain of a producer applying for the trademark.
 - **CARDATO RECYCLED:** product derived by processing mechanical wool. Its composition (to be verified in the initial mix for semi-finished or finished products) must be made up of at least 65% mechanical wool.
 - **CERTIFICATE:** this document is issued by Prato's Chamber of Commerce following approval by the Certification Committee. It identifies the product families to which certification refers and the main data characteristics in relation to the physical footprints of the same delegating to the Certification Agency's initial/annual report for indications regarding of such information;
 - **LIFE CYCLE:** consecutive and interlinked stages of a product system, from raw material acquisition or from the generation of natural resources to final disposal. (UNI EN ISO 14044).
 - **CERTIFICATION COMMITTEE:** this Agency belongs to Prato's Chamber of Commerce. Based on the regulations contained in these Rules, said agency is responsible for deliberating the issue, maintenance, extension, modification, reduction, suspension and revocation of the license to use the trademark, as well as being in charge of certification pertaining to an organization's products.
 - **CONTRACT:** contract regulating the License to use, by which one gains the right to utilize the CARDATO RECYCLED trademark.
 - **PRATESE DISTRICT:** territorial area defined according to Article 36 of Law 317/1991, modified by Art. 6 point 8, Law 110/99. It includes the municipalities of "Agliana, Calenzano, Campi, Cantagallo, Carmignano, Montale, Montemurlo, Poggio a Caiano, Prato, Quarrata, Vaiano and Vernio".



- **CERTIFICATION AGENCY – VERIFIER:** agency appointed by Prato's Chamber of Commerce for the completion of activities from preparatory verification to certification issue at the companies applying to use the CARDATO RECYCLED trademark.
- **MECHANICAL WOOL:** fiber derived from processes of charring e shredding of fabric, rags or patches clothes or parts of used or recycled clothes.
- **MANUFACTURING:** processing activities aimed at the realisation of certified products identified through reports in the Protocol for the calculation of the product's environmental footprint.
- **CARDATO RECYCLED TRADEMARK:** trademark belonging to Prato's Chamber of Commerce, registered at the Trademarks and Patents Office of Prato's Chamber of Commerce on 09/15/2009, with number PO/2009/C/215.
- **INCONFORMITY:** failure to satisfy a requirement established by these Rules.
- **ORGANIZATION:** company operating in the textile and clothing sector that places a request with Prato's Chamber of Commerce to use the CARDATO RECYCLED trademark.
- **CONSULTING COMPANY:** independent structure registered in the Accreditation List drawn up by the Chamber of Commerce, published on the website: www.po.camcom.it, that has been commissioned by companies to reveal of characteristic data necessary for verifying the conduct of the Certification Agency for the use of the CARDATO RECYCLED trademark.
- **TRACEABILITY:** a company's ability to retrace the productive history of a product being certified with particular reference to the types of materials and components used to produce it, in addition to its manufacturing and distribution history.
- **ENVIRONMENTAL FOOTPRINT IMPACT ASSESSMENT:** information and data analysis phase aimed at understanding and evaluating the size and significance of the potential production system's impact throughout the product's life cycle.
- **INSPECTION:** confirmation, sustained by objective evidence, of having satisfied the requisites specified in these Rules.

Article 3 GENERAL CONDITIONS

- 3.1 Organizations may request trademark concession taking care to specify the homogeneous products/families for which they intend to obtain application. Said products can be varied/integrated/changed in accordance with the guidelines established by the certification maintenance process. Mechanical wool producers will insert raw materials included in the above-specified definition of Mechanical wool.
- 3.2 An interested Organization must show that it possesses the following requisites. It must:
 - be registered in the Business Register, not be behind on payment of annual fees and have at least one operative Headquarters in the Pratese district;
 - be fully free to exercise its rights, not being inactive, in a state settling, bankruptcy or composition with creditors;
 - Be in order with norms regarding the labeling and product identification.

Article 4 FIELD OF APPLICATION

- 4.1 The CARDATO RECYCLED trademark may be issued for the production of mechanical wool and all textile products called CARDATO RECYCLED. Mechanical wool used to manufacture products must come, for at least 70% of annual production for the product subject to certification, from Agencies that adhere to these Rules using processes carried out in the District of Prato that employ shredding and charring of fabrics, rags or patches or parts of garments, either new or used.
- 4.2 It is the Certification Committee's responsibility to be the final judge as to whether a product for which trademark use has been requested can be considered part of these Rules or not, and if, consequently it can be granted the concession requested. Products considered part of these Rules include fibers obtained by shredding and charring processes, generally called 'Mechanical wool'.



- 4.3 The creation of MECHANICAL WOOL and CARDATO REGENERATED products for which an organization plans on requesting certification must be carried out (workmanship) exclusively in the Pratese district.
- 4.4 Brand concession must cover all the production batches of certified items and will be undertaken by the Organization to univocally correlate the impact of these batches. Said method of managing of impact must follow the indications foreseen in these Rules and in the Protocol.
- 4.5 Informational and contract documents pertaining to the CARDATO RECYCLED trademark can be viewed in a special section of the Chamber of Commerce's website at the following web address: www.po.camcom.it.

Article 5 CERTIFICATION PROCESS

- 5.1 The certification process begins upon filling out the CERTIFICATION REQUEST (Appendix 4). Among other things, the following information must be specified:
 - The Organization's professional data;
 - The products applying for certification;
 - The Consulting Company that will assist the Organization within the scope of these Rules;
 - Expressed acceptance by the Certification Agency carrying out inspections aimed at data validation.
- 5.2 In the event that only the Compliance certificate is requested, the company must report this by ticking the appropriate box on this form.
- 5.3 Together with the CERTIFICATION REQUEST, the Organization will proceed by registering the Contract that will regulate their relationship with Prato's Chamber of Commerce for the entire duration of CARDATO RECYCLED trademark use, which will depend on the inspection's positive outcome.
- 5.4 Upon receiving the documents referred to in the points above, Prato's Chamber of Commerce will verify their completion, requesting missing data if necessary. Once inspection activities have been completed, it will inform the Consulting Company hired by the Organization and the Certification Agency, in order to begin the certification process.
- 5.5 Consulting companies must be accredited by Prato's Chamber of Commerce and fulfill the following requisites:
 - They must have had System Management Certification for at least 5 years, which testifies to the companies suitability and skills;
 - Certification of carrying out services linked to specifying and quantifying of environmental footprint;
 - Adequate knowledge of the textile sector.

Prato's Chamber of Commerce will see to publicizing a proper notice for the creation of the Accreditation List.

- 5.6 A subcontractor who is not part of the certified supply chain may also apply for certification, but only if they intend to apply the Cardato brand protocol to their production/service. In this case, the Certification Agency and the Consulting Company will carry out an Audit and the Certification Committee will issue the certificate following the regulations established for organizations.
- 5.7 A subcontractor involved in the certification process because it supplies an Organization that has requested the trademark may request to obtain a participation certification. The participation certificate will include an impact measurement as outlined according to the model attached to the Protocol (Appendix XIII). The information will be validated by the Certification Agency and the company can use the Cardato brand as provided in these Regulations. The request for a participation certificate must be made to the Chamber of Commerce with the forms outlined in art. 5.2.

Article 6 AUDITING

- 6.1 The Consulting Company will work with the Organization in order specify and draw up the data and



information necessary for quantifying environmental footprint for each one of the articles or workmanship specified in the CERTIFICATION REQUEST or for its entire group of products or workmanship, in accordance with the requests of the Organization itself. With regards to this activity, it will be the Consulting Company's responsibility to guarantee that the elements outlined in the Protocol are carried out. The latter must also support the Organization arranging and acquiring the data and information necessary to the next phase of the validation process.

- 6.2 The Consulting Company must take action and contact the Company within five (5) working days after receiving the charge. The former must complete the report by and no later than fifteen (15) working days from receiving complete information and data requested by the Organization itself.
- 6.3 With the support of the Consulting Company, the Organization will report emissions, differentiating between general impact of company and emissions that are solely attributable to the articles or processes for which the CARDATO RECYCLED trademark use is being requested.
- 6.4 The Organization and the Certification Agency will agree upon the date in which to carry out Auditing, at least seven days in advance with regards to the agreed upon date. At least two (2) working days before the Auditing date planned, the Certification Agency will provide the following information:
 - Name of the group being verified,
 - Verification plan;
 - Possible suppliers whose site plans to be inspected..

The Organization may ask the Certification agency to substitute the members of an inspection group, providing its reasons in writing and contextually notifying the Chamber of Commerce. Within seven (7) working days, the Certification Agency will provide written notification providing reasons behind possible refusal of the request formulated by the Company, contextually informing the Chamber of Commerce.

During inspection activities, inspectors will check data and information in accordance with what has been established in the Protocol. In the same way, inspectors will verify criteria insuring the traceability of the productive batches of the articles for which certification is being requested, in relation to characteristic emission factors.

- 6.5 In addition to positive or negative evaluation regarding the attainment of certification, the Final Auditing Report, will specify for each article/family (where foreseen) or the unit impact for each process (Kg and/or linear meter). It will explicitly specify the processes and registration viewed, highlighting any possible situations that prove an obstacle to certification issue (irregularities). Additionally, the report will highlight quantities of raw materials and/or certified knitwear as well as identifying the companies in possession of the trademark supplied.

The Final Auditing Report will be delivered in three copies: one for the Organization, one for the Certification Agency and one for Prato's Chamber of Commerce.

The system for classifying and managing errors or irregularities will be carried out by the Certification Agency and registered in the Final Auditing Report according to the following set up:

a) "Critical"

- a.1) The complete lack of one of more requisites outlined in the Rules and/or Protocol
- a.2) In the event that the organization opposes or obstructs the execution of surveillance auditing;
- a.3) If the organization fails to meet the financial obligations assumed when the contract was laid out (payment of certification and surveillance activities set out in the tariff and verification contract);
- a.4) In the event of non-resolution of the NC by the organization identified in the audit within the time limit notified to the organization.
- a.5) An anomaly concerning the fraudulent use of the Trademark;
- a.6) In the event of failure to notify of any changes in products/processes that involve a modification to the calculation model for the products' environmental footprint

b) "Major"

- b.1) The incomplete application of the elements outlined in the Rules and/or Protocol;
- b.2) irregularities capable of harming the truthfulness and/or traceability of the data;



b.3) poor reliability of data regarding emissions calculation and neutralization or the fact that these prove hard to get;

c) "Minor"

c.1) partial inefficiency or ineffectiveness regarding the application of all that is outlined in the Rules and/or Protocol.;

c.2) suggestions on how to improve the system for calculating emissions.

If inconformity is not attributable to the Company, but to one or more of its suppliers, these actions will, in any case, be communicated to the Organization. Thus, it will be the Organization's responsibility to inform its suppliers regarding adherence to these Rules, notifying them of the commitments necessary for obtaining this certification. In this regard, it is necessary to point out that significant irregularities regarding of significant impact refer to manufacturing processes and transportation carried out even outside of the Organization, by all operators within the company's supply chain (Suppliers) that deal with the products or processes to be certified.

6.6 With regards to the positive outcome of the Final Auditing Report and any actions undertaken by the Company, the following situations can occur:

a) Irregularities were not found, or if found, these were exclusively classified as being minor: should this be the case, emission data pertaining to the articles or organization are to be considered validated;

b) Irregularities were found and classified as being major: should this be the case, the Organization must proceed by correcting the irregularities found, requesting an additional visit by the Certification Agency in order to achieve the case described in point a);

c) Irregularities were found and classified as being critical: should this be the case, the organization can take on the Certification Process again, subordinate to the indications given by the Certification Committee.

6.7 If the Organization does not agree with the conclusions presented in the Final Auditing Report, it may present its own observations to the Certification Committee within 10 days of having received the Final Auditing Report.

Article 7 CERTIFICATION COMMITTEE

7.1 The Certification Committee is nominated by Prato's Chamber of Commerce and it is made up of a maximum of five members.

7.2 In order to guarantee the interests of the subjects involved in the certification process, in a balanced way, the Certification Committee is presided over by the President of Prato's Chamber of Commerce and includes a representative of the 'Unione Industriale Pratese' (the Pratese Industrial Union), a representative of Can Prato, a Confartigianato rep and a representative of the trade unions CGIL CISL and UIL.

7.3 When notifying of its appointment, the association must attest to the competence of its own representative regarding the subject of textiles.

7.4 Those who are involved in inspection activities regarding the CARDATO RECYCLED trademark, or who may risk a conflict of interests with certification requests from companies, may not be part of the Certification Committee..

7.5 Members of the Certification Committee are held to respecting privacy and to not divulging information that they become aware of while carrying out their job.

7.6 Members hold their post for a two-year term and may be re-elected.

7.7 If the President is temporarily absent or unable to carry out his duties, the Vice President will take on his functions. The Vice President is one of the Certification Committee members and he/she is elected by the Committee itself during their inaugural meeting.

7.8 Based on the procedures established by these Rules, the Certification Committee has the function of deliberating regarding:

a) Issuing or refusing to issue CARDATO RECYCLED certification;

b) Issuing or refusing a participation certificate



- c) Certification maintenance;
- d) Changes in the certification's object;
- e) Extending or reducing certification;
- f) Suspending certification;
- g) Revoking certification;
- h) Applying sanctions as per Article 8 of these Rules, referred to in the Contract undersigned by the Company and the Chamber of Commerce of Prato.

7.9 In addition to the elements foreseen in the previous point, the Certification Committee also has the following functions:

- a) To supervise the work of the inspection structures and the consultants, by inspecting possible claims made by the Organizations of the Chamber of Commerce of Prato. Additionally, the Certification Committee is responsible for deciding relative actions to adopt until authorization to carry out inspections is withdrawn;
- b) To supply opinions or interpretations regarding documents linked to the CARDATO RECYCLED brand;
- c) To provide opinions or interpretations about how the Rules work.

The Certification Committee's President:

- a) presides over the Certification Committee's meetings;
- b) calls the Certification Committee's meetings and defines the order of the day;
- c) approves the meeting's minutes containing the decisions reached.

7.10 Certification Committee meetings are called by Prato's Chamber of Commerce upon request by the President of the Certification Committee, after having agreed upon the order of the day. Prato's Chamber of Commerce sends convocations to members at least five (5) days prior to the date set for the meeting. Convocation can be sent via email/fax/priority mail/telegram.

7.11 Certification Committee meetings are considered valid if at least three of the members are present; an employee of Prato's Chamber of Commerce is present without the right to vote. His or her role is to draw up the meeting's report which contains the decisions taken, in addition to having the task of verifying that all procedures were carried out with formal regularity. The report must be undersigned by the President and the Reporting Secretary.

7.12 Deliberations are considered valid if approved by the majority of members present.

7.13 Members of the Certification Committee that find themselves in situations that compromise the objectivity of their judgment regarding certification, cannot participate in discussions or deliberations relative to said decision.

7.14 When faced with an Organization's successful completion of the certification process, the Certification Committee will issue the certificate within twenty (20) working days of the date of process completion. The following elements must be included on the certificate: Numero identificativo del certificato;

- o Certificate identification number;
- Organization identification;
- Identification of certified articles or processes that receive certification;
- Wording "The validity of this certificate is subordinate to periodic surveillance of the report on the product's environmental footprint";
- Date it was first issued;
- Date of current issue.

Certification issue is followed by registration of the Organization and its relative products or processes in the list of certified organizations that can be found on the website of the Chamber of Commerce of Prato. Certification is also followed by concession of the license for trademark use. The List of Certified Organizations is kept by Prato's Chamber of Commerce and it is open to public consultation, even on-line at www.cardato.it; Said list is continuously updated with insertions and/or cancellations



Article 8
INCONFORMITY AND SANCTIONS

8.1 Faced with revealed inconformity as per article 6.4 and the following points, the Certification Committee can apply the following sanctions to the certified organizations responsible: admonishment, suspension and revocation of the Certificate, as described in the table below.

| <i>IRREGULARITY CLASSIFICATION (Inconformity)</i> | <i>DESCRIPTION</i> | <i>RELATED SANCTION</i> |
|---|--|---|
| CRITICAL | <p>Complete lack of one or more of the requisites outlined in the Rules and/or Protocol.</p> <p>In the event that the organization opposes or obstructs the execution of surveillance audits;</p> <p>In the event that the organization fails to meet the financial obligations assumed at the time the contract was laid out (payment of certification and surveillance activities set out in the tariff and verification contract);</p> <p>In the event of non-resolution of the NC by the organization identified in the audit within the time limit notified to the organization.</p> <p>In the event of failure to notify of any changes in products/processes that involve a modification to the calculation model for the products' environmental footprint</p> | <p>Failure to issue the Certification (applies to Companies that are not yet certified).</p> <p>Suspension or revocation of Certification (applied to Companies that have already been certified).</p> |
| | <p>Irregularities concerning the fraudulent use of the CARDATO RECYCLED trademark (improper or deceitful use or advertising of the certification and concession of use for the trademark obtained);</p> | <p>Certification revocation and possible contractual fines.</p> |
| MAJOR | <p>Incomplete application of the elements established by the Rules and/or by the Protocol for the calculation of the product's environmental footprint along its entire life cycle.</p> <p>Irregularities capable of harming the truthfulness and/or traceability of the data.</p> <p>Untrustworthiness of data relating to the quantification of emissions or the fact that it is hard to get.</p> | <p>Failure to issue Certification until the irregularity is resolved (applies to Companies that are not yet certified).</p> <p>Certification suspension until the irregularity has been resolved; possible contractual fines.</p> |
| MINOR | <p>Partial ineffectiveness or inefficiency in applying all that is laid out in the Regulations and/or Protocol.</p> <p>Suggestions on how to improve the efficiency of the System for quantifying and neutralizing emissions.</p> | <p>Warning report.</p> <p>Concession or maintenance of</p> |



| | | |
|--|--|--|
| | | <p>the Certification, verifying that improvements have been carried out during the successive surveillance inspection.</p> <p>Supplying the documents testifying to the fact that irregularities have been resolved.</p> |
|--|--|--|

- 8.2 In addition, the Certification Committee can appeal to organizations failing to comply with contractual fine, except in the case of compensation for major damage as per Art. 1382 of the Civil Code).



Article 9 THE CERTIFICATE

- 9.1 The Certificate is valid for one year, unless the Certification Committee of the Chamber of Commerce of Prato orders suspension or revocation of said Certification as per these Rules.. The participation certificate is also valid for one year.
- 9.2 Annual renewal comes about automatically unless the company provides notice of cancellation a month prior to expiration. Once the term has expired, the company will receive automatic notice of the first suitable inspection to be carried out by the Certification Agency. Diverse planning may follow; in any case, this process must not occur more than a month after the certificate/attestation's expiration. The year's renewal will start on the date in which the preceding certificate/attestation expires.
- 9.3 Use of the certification should not mislead the client with declarations that highlight properties and characteristics of the product/process that are not directly correlated with the contents of the Trademark. Considering said aim, during inspection, the Certification Agency will also evaluate if an organization has been using certification correctly.
- 9.4 The Certificate and the rights derived from it are not transmissible.
- 9.5 Obtaining certification is an indispensable condition in order for Prato's Chamber of Commerce to release the licence to use the CARDATO RECYCLED trademark as a specific contract to be signed by the organization. The trademark is shown below:



- 9.6 Certified products will be labeled by the organizations, which will take care to complete the label's data, including the code assigned to the Organization, the name of the article and/or reference to its identification code, the number of the article's roll or series and logo linked to the Trademark.
- 9.7 In respect of the specifications and indications established above, the Organization may choose the shape of its label. The label can be affixed on the product or on its packaging (box, etc). The addition of any qualification that is not expressly foreseen is forbidden. Nonetheless, it is permissible to use explanation of private trademarks as long as these do not have praising meaning or prove misleading to the market, in addition to other truthful and proven references that are allowed by community, national and regional law and that are not in conflict with the finalities and contents of this document.
- 9.8 The License for use of the CARDATO RECYCLED trademark and the rights deriving from it, are not transmissible.
- 9.9 Certification maintenance foresees an annual inspection in which the Organization, with the support of the Consulting Company will evaluate the progress of the organization's emissions, as well as the products/processes certified/attested relative to the past year. Said activities also include updating data and information that allows unitary emissions of the articles/ processes certified to be newly calculated.
- 9.10 Annual surveillance inspections are carried out according to the same methods foreseen for the issue of the initial Certificate.
- 9.11 Confirmation of the Certificate is tacitly renewed unless irregularities classified as 'Critical' or 'Major' are uncovered as per point 4 of the aforementioned Article 7. In said situations, the Certification Committee can carry out additional supplementary inspections whose cost will be charged to the



Organization.

- 9.12 In addition to the inspections mentioned in the preceding points, the Chamber of Commerce of Prato reserves the right to carry out unplanned inspections in order to verifying that the requisites established in the contract are being respected. The costs of said inspections will be sustained by Prato's Chamber of Commerce.
- 9.13 Prato's Chamber of Commerce can carry out activities aimed at surveying the market regarding the correct use of the trademark, taking care to notify the Organizations of any irregular and/or suspicious situations that may arise, requesting clarifications and written conclusions in order to evaluate if contractual terms are being respected.
- 9.14 The organization must provide the Certification Agency and Chamber of Commerce written notice of any planned amendments to the characteristics of the products and/or production process which may affect conformity with the requirements of the Regulations for the Management of the CARDATO RECYCLED Brand and Protocol for the calculation of the product's environmental footprint. The Certification Agency will determine whether such notifications require the need for further evaluation.
- 9.15 Failure to notify the Certification Agency and Prato Chamber of Commerce of any planned changes may result in the suspension and eventual revocation of use of the Trademark.

Article 10 RIGHTS AND DUTIES

- 10.1 An organization that obtains certification has the obligation to:
 - a) faithfully observe all that is established in the Rules and Protocol;
 - b) make itself available for inspection by the Certification Committee, allowing free access and guaranteeing all forms of assistance during inspection, supplying any useful information needed to carry out said task;
 - c) maintain, in an unaltered way, all of the conditions that allowed for its certificate's issue and the use of the CARDATO RECYCLED trademark:
 - exclusively for products or processes for which certification has been issued;
 - in its entirety and without changes, respecting the shapes, colors and proportions that render it immediately distinguishable;
 - use it on letterhead, promotional or advertising material and pertinent publications if these elements refer to products for which certification has been issued;
 - d) use the label only on products included in the certification;
 - e) avoid carrying out any act or omission that can damage the reputation of the CARDATO RECYCLED trademark;
 - f) avoid using the trademark/certification in case of suspension, revocation or renouncement;
 - g) avoid releasing products on the market that are not in conformity with the methods of use; if these have already been released, one must immediately recall them from the market at one's own expense;
 - h) keep the Chamber of Commerce of Prato informed with regards to changes to a product/products and to a production process or processes that significantly influence product's emissions relative to the previous year;
 - i) periodically consult the website of Prato's Chamber of Commerce to learn about possible updates concerning certification;
 - j) pay the Consulting Company and the Certification Agency the sums and fees foreseen for the activities they've carried out.
- 10.2 Prato's Chamber of Commerce commits to the following:
 - a) to provide their services in a way that avoids damaging the normal development of business activities;
 - b) to supply evidence regarding inspection activities by delivering the Auditing Reports that have been carried out;



- c) to make information and updates regarding management of the CARDATO RECYCLED trademark available on the Chamber of Commerce's website (at www.cardato.it).

Article 11

RULE VARIATION OR CHANGES IN REFERENCE SPECIFICATIONS

- 11.1 Prato's Chamber of Commerce can present changes to these Rules and correlated documents. In addition, certified Organizations or in possession of the attestations can ask Prato's Chamber of Commerce to make changes. In this case, if Prato's Chamber of Commerce recognizes that said requests and the reasons supporting them are well founded and congruous, it can proceed directly or make use of experts within the sector.
- 11.2 Possible changes to the Rules will be communicated to all certified Organizations or in possession of the attestations by Prato's Chamber of Commerce by means of registered letter with receipt of return or another equivalent method. Said communication will illustrate the changes made and include projects to update the Rules. Changes to the Rules and/or other correlated documents will also be published on the Chamber of Commerce of Prato's website.
- 11.3 In any case, Prato's Chamber of Commerce reserves the right to carry out inspections aimed at ensuring that the Organization has adopted new and/or changed requisites. Should the Organization fail to make said changes by the established deadline, the Certification Committee can suspend or revoke the former's certification.
- 11.4 Organizations that have already been certified have the faculty to refuse to accept changes to the Rules and correlated acts and thus, give up their certification and license to use the trademark within 30 days of receiving notification of changes.

Article 12

EXTENSION AND/OR MODIFICATION OF THE CERTIFICATION'S OBJECT

- 12.1 Upon request by the Organization, a Certificate's field of application can be extended to include other families of products or processes. Contextually, it is possible to eliminate some products from certification activities.
- 12.2 Managing an extension or change will cause CERTIFICATION APPLICATION to be updated and bring about the nullification of its previous version. The new application can be accepted in full or in part and an inspection may be carried out by means of a special additional visit, or added to the surveillance activity program foreseen. The costs of extension or changes will be in accordance with the Fee Chart. They will be calculated in relation to the number of articles that have been subject to changes.
- 12.3 Approved extensions and changes carried out after having completed the certification process will bring about the issue of a new Certificate which will nullify and substitute any previous certificate.

Article 13

RENOUNCEMENT, REVOCATION OR SUSPENSION OF THE TRADEMARK The Organization can give up the use of the trademark taking care to guarantee a minimum of 30 days advance notice with regards to the date of its periodic surveillance inspection. After its renunciation, the Organization commits to stop putting the trademark on certified products. Prato's Chamber of Commerce will proceed by nullifying the certificate and taking the Organization and its products or processes off the list published on its website

- 13.2 Suspension of the certificate, with or without contractual penal sanctions, either in its entirety or for one or more products, is decided by the Certification Committee, which must act when faced with critical or major inconformity. In these cases, Prato's Chamber of Commerce will notify the Organization by means of a registered letter or an equivalent method, regarding the suspension and its related reasons, allowing the organization a maximum of 60 days from receipt to correct/remove the causes of the inconformity indicated. Should this term expire without fruitful results, Certification will be revoked. A request for suspension can also be presented by the Organization itself. It is only possible to revoke a suspension after Prato's Chamber of Commerce has conducted an additional inspection verifying that conformity has been reached. Inspection activities for the management/resolution of a situation linked to Certificate Suspension are completely charged to the Organization. If the Agency does not carry out annual renewal within the deadlines established in Article 9.2 of this Regulation,



without justification or written requests for dispensation accepted by Prato's Chamber of Commerce, then suspension will be automatic.

- 13.3 The suspended Organization cannot utilize the Certificate and CARDATO RECYCLED trademark.
- 13.4 Revocation can be decided by the Certification Committee in case of violation of these Rules, if said violations do not allow for simple suspension, as per the guidelines outlined in Article 9. The decision to revoke Certification is communicated to the organization by Prato's Chamber of Commerce by means of registered letter or other equivalent means. Revocation will also be implemented should an organization fail to pay the Consulting Company, Certification Agency and the Chamber of Commerce, the sums established in the fee chart. Following revocation, the organization:
- is forbidden to use the Certificate and the CARDATO RECYCLED trademark;
 - must eliminate from its letterhead all technical information and advertising and cancel from its products any reference to certification, destroying any leftover forms or other materials of any kind, characterized by graphics and certification references.

Article 14 ECONOMIC CONDITIONS

- 14.1 Fees owed to the Consulting Company and Certification Agency for carrying out their activities are defined in the Fee Chart and approved by the Chamber of Commerce of Prato. These fees are made available to the Organization together with the contract.
- 14.2 Changes to the Fee Chart will be communicated to the Organizations by means with certified mail and they enter into effect at the first inspection or issue following the data of receipt. The Organization has the right to give up certification within thirty (30) days of having received news of the changes.
- 14.3 Fees must be paid directly to the Consulting Company, the Certification Agency or the Chamber of Commerce of Prato according to the methods outlined in the Fee Chart and to the extent specified in said document.

Article 15 INCORRECT TRADEMARK USE

- 15.1 Trademark use is incorrect when said use can mislead the market regarding the nature, quality and origin of products/processes or when said trademark is not used in conformity with these Rules and its indications. Specifically, trademark use is incorrect when the trademark is applied to products that have not been certified.
- 15.2 In case of incorrect or fraudulent use, the Chamber of Commerce of Prato adopts all means necessary to safeguard its harmed interests

Article 16 APPEALS

- 16.1 Possible controversies regarding the interpretation and application of these Rules and of the documents attached to them that cannot be resolved in an amicable way, can be deferred to the judgment of three arbitrators. Two of these may be respectively chosen by each of the parties, while a third, can be chosen as agreed upon by the parties; the latter will serve as president. In case of disagreement, the third arbiter will be chosen by the President of Prato's Court.
- 16.2 In any case, the parties jointly agree and expressly declare that controversies will be devolved to the exclusive jurisdiction of the Court of Prato.

Article 17 PRIVACY

- 17.1 Prato's Chamber of Commerce, the Consulting Companies and the Certification Agency, while carrying out their functions, will become aware of information that must be used in a way that is limited to the activities necessary to carry out the elements foreseen in Certification Rules. Each structure is, nonetheless, responsible for keeping professional secrets and to respect legislative requirements regarding the issue of privacy.
- 17.2 Information pertaining to Companies or to their products cannot be released to third parties without the



explicit consent of the organization itself. For cases foreseen by the law on free diffusion of information to third parties, the organization must, in any case, be informed in advance.