



# CODE OF ETHICS

## ORGANIZATION MODEL

(Leg. Decree 231/01 and sub. amendments & additions)

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**Successori Reda S.p.A.**

Via Robiolio, 25  
13835



## Code Of Ethics

### **Preliminary note**

This code of ethics governs the activities of the company SUCCESSORI REDA S.p.A. within the context of the business activities carried out by the same, with reference to the “alleged” crimes referred to in legislative decree 231/01 and subsequent amendments and additions and to relations with third parties.

This code of ethics considers the instructions referred to in the guidelines of Confindustria, the Confederation of Italian Industry (updated as of 30.3.2008).

**SUCCESSORI REDA S.P.A.**, with Headquarters in Valdilana – via Robiolio no. 25, tax code 01676570029, VAT No. 01676570029 (hereinafter referred to as Organization or Company) is involved in the activity of cloth production.

The Organization, in addition to complying with the law and with regulatory requirements in force in the conducting of its activities, intends to observe high ethical standards in the daily running of its business: these standards and the principles that inspired them have been brought together in this code of ethics (hereinafter also referred to as code).

The code is a tool that integrates rules of law and regulatory standards. The company believes, in fact, that corporate decisions and the behaviour of its own personnel are based on ethical rules, even in cases in which they may not be codified by specific legislation.

The term personnel refers to the group of people who work for the Organization or for it: employees, directors and collaborators of various kinds (e.g. full-time or occasional collaborators, professionals etc.).

The code describes the duties and ethical responsibilities assumed by those which, in various ways, contribute towards the achievement of the Organization’s goals with respect to: shareholders, employees, collaborators, external consultants, suppliers, customers and any other subjects inasmuch as stakeholders connected with the activity of the Organization.

So in the various relationships with the Company, the code requests that personnel be guided by certain general principles of an ethical nature.

Particular care and attention is demanded of the top executives (especially the directors), and of the managers (on the basis of the various hierarchies) and of the members of the supervisory body, all of whom have the duty to ensure that the code is being applied and duly updated: these parties are called upon to guarantee that the principles adopted are constantly applied, and to maintain a line of conduct worthy of being an example to employees and collaborators.

The code is placed at the disposal of customers, suppliers and any other third parties who interact with the Organization; in particular, it is disseminated (also via IT systems and the web site) to any third parties



receiving assignments by the Organization or having permanent relationships with the same, inviting them to abide by the principles and criteria of conduct in their relationship with the Organization itself, and possibly also requesting a declaration of responsibility from them.

Moreover, through the same methods or through direct delivery, the code is disseminated to all personnel, as specified above, save for forms of publicity provided for by the law for particular purposes (e.g. art. 7 Law 300/70).



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## **1. The organization's principles for the conduct of business**

The principles listed below are deemed to be of fundamental importance. The Organization undertakes, therefore, to abide by them in its dealings with all other parties. In exchange, the Company demands that these principles be respected by all parties, internal and external, having relations of any kind with the same.

### **Observance of laws and regulations**

The Organization works in abidance with the law and strives to ensure that all its personnel behave in the same way: the conduct of individuals must be in compliance with the law, irrespective of the context and activities involved. This commitment also applies to consultants, suppliers, customers and any other party having relations with the company.

### **Integrity of conduct**

The Organization undertakes to provide quality services and to compete on the market according to principles of fair and free competition and transparency, while maintaining honest relationships with public, governmental and administrative institutions, with citizens and with third party enterprises.

### **Discrimination**

In decisions affecting relations with its stakeholders (choice of customers, relationships with shareholders, management of human resources and organization of work, selection and management of suppliers, relationships with the local community and with the institutions that represent it), the Organization avoids any kind of discrimination based on age, sex, sexuality, state of health, race, nationality, political opinions and religious beliefs of the persons with whom it comes into contact.

The same criterion is adopted in the selection of human resources and in relations with personnel.

### **Recognition of the value of human resources**

The Organization acknowledges the fact that its human resources are of fundamental importance for its future development. It therefore undertakes to guarantee a safe workplace, in order to facilitate the execution of the work and to accord the utmost recognition to the professional capacities of each member of staff. The workplace, based on the principles of respect, fairness and cooperation, shall strive to encourage the involvement and empowerment of personnel, with regard to the specific goals to be achieved and the methods to be applied for achieving them.

The management of human resources is based on respect for the personality and professionalism of each person, guaranteeing dignity and respect.

The Organization repudiates all forms of forced labour or work performed by minors in violation of the law and refuses to tolerate violations of human rights.

### **Equitable exercise of authority**

In its relations with the hierarchical structure, the Organization undertakes to make every possible effort to avoid all forms of abuse.

The company shall avoid the abuse of a dominant position.

The aforementioned values shall in any case be safeguarded also in choices relative to the organization of work.

### **Safeguarding of health, safety and the environment**

The Organization intends to conduct its activities correctly from the environmental standpoint. It takes pains to disseminate correct and truthful information on its activities.

**Prohibition of unethical conduct**

Conduct, either on the part of single parties or organizations seeking to reap the benefits deriving from the contributions of others, by exploiting positions of power, is considered unethical and likely to foment hostile attitudes towards the Organization.

**Fairness in contractual situations**

Work contracts and assignments shall be executed according to the terms established intentionally by the parties: The organization undertakes not to exploit the ignorance or incapacity affecting its counterparties.

It is, moreover, essential to avoid relationships in which whoever is operating in the name and on behalf of the Organization seeks to benefit from contractual loopholes or unforeseen events in order to renegotiate the contract for the sole purpose of exploiting the position of dependence or weakness in which the other party has the misfortune to find itself.

**Protection of competition**

The Organization intends to promote the principle of fair competition, by abstaining from collusive or predatory behaviour and from abuse of a dominant position. So all the parties working with the Organizations under various forms may not participate in agreements in any way that enters into conflict with the rules that govern fair competition between enterprises.

**Optimization of the Company's investment**

The Organization undertakes to strive to obtain results, also economic/financial results, that exploit the shareholders' investment to the full.

**Transparency and completeness of information**

The Organization is bound to supply complete, transparent, comprehensible and accurate information so that, in formulating their relationship with the company, the stakeholders are able to take autonomous and decisions, well-informed regarding the interests involved, the alternatives and the relevant consequences. In particular, in the formulation of any contracts, the Organization shall specify the relative clauses in a clear and comprehensible manner.

**Protection of personal data**

The Organization collects and processes the personal data of its customers, shareholders, collaborators, employees and other parties, both natural persons and legal entities, including sensitive data such as that revealing their owner's state of health or trade union preferences. The Organization undertakes to treat these data within the limits and in compliance with the terms laid down in the privacy policy, with specific reference to Legislative Decree 196/2003 ("Code on Privacy") and relative attachments, as well as the regulations laid down by the watchdog for the protection of personal data. Any personnel of the Organization responsible for processing sensitive and general data as part of their work duties shall operate in compliance with the aforementioned legislation and with the operational instructions provided.

**Control of work activities**

The company may adopt control and verification procedures of its work activities for safety or organizational reasons. These controls, whether they be "defensive" or organizational, shall comply with the legislation on the subject and shall not overstep the limits of reasonableness, in relation to the results they are aiming to achieve.

**Processing of information**

Information relative to other parties are processed by the Organization with respect for the confidentiality of the parties involved.



## **2. Code of conduct for personnel**

The conduct of personnel (directors, employees and collaborators) towards the Organization shall always be based on the following principles:

### **Professionalism**

Personnel shall carry out their work activity and duties with diligence, efficiency and honesty, using the tools and time at their disposal to the best of their ability and assuming the responsibilities connected with their obligations.

### **Loyalty and honesty**

Corporate personnel shall be loyal to the company.

Within the context of their work activity, personnel are expected to have knowledge of the organizational model and to comply with it and with the legislation in force in a diligent manner. In no case whatsoever may the pursuit of the interests of the Organization justify dishonest or illegal conduct.

### **Fairness**

Personnel shall not use for personal purposes – unless authorized to do so – the information, resources and equipment available to them for the performing of their functions or for the assignments entrusted to them. No individual shall accept nor exert, either for him/herself or on account of others, pressure, recommendations or mentions that could either jeopardize the Organization or bring undue advantages for him/herself, the Organization or third parties; each member of staff shall reject and shall not make promises of undue sums of money or other benefits.

### **Confidentiality**

Personnel shall guarantee maximum confidentiality with regard to news and information forming part of the company assets or inherent to the company's activity, in compliance with the rules of law, the regulations in force and internal procedures.

Moreover, personnel shall not use information reserved for purposes not connected with the performance of their work activities.

### **Conflicts of interest**

Personnel shall inform their direct superiors or contact persons without delay of any situations or activities likely to create a conflict of interest, either direct or indirect, with respect to the Organization, and of any other cases in which situations of major self-interest exist. Personnel shall respect the decisions taken by the Organization in this regard.

## **3. Criteria of Conduct**

### **3.1. Relations with personnel**

#### **Selection of personnel**

The assessment of personnel to be employed is carried out on the basis of matching the profiles of the candidates with the profiles desired and with corporate requirements, taking care to respect equal opportunities for all parties involved, and to comply with the legislation in force (particularly arts. 4 and 8 Law 300/70).

The information requested is required exclusively for the assessment of professional and psychological profiles and aptitudes, while respecting the candidate's private sphere and opinions.



The human resources department adopts, during the selection process, expedient measures in order to avoid favouritism and concessions.

The assessments and results will be kept confidential in accordance with the legislation in force.

#### **Establishment of the employment relationship**

Personnel are hired with regular employment or collaboration contracts. No form of irregular employment is tolerated. At the time the employment relationship is established, each individual receives detailed information regarding:

- the characteristics of the function and the tasks to be performed
- rules of employment and salary considerations
- regulations and procedures to be adopted in order to avoid possible occupational health risks.

This information is presented to the employee in such a way that acceptance of the job is dependant on effective understanding thereof.

#### **Management of human resources**

The Organization undertakes to safeguard the moral integrity of its personnel, ensuring their right to working conditions that respect the dignity of the individual. All individuals shall be afforded the same respect and dignity and be entitled to the same professional development and career opportunities.

The Organization avoids all forms of discrimination against its own personnel.

Access to roles and positions is determined on the basis of expertise and ability. Moreover, whenever compatible with overall operating efficiency, flexible forms of work organization are established to facilitate the management of periods of maternity, as well as child care and situations of difficulty in general.

#### **Integrity and protection of individuals**

The Organization protects workers from acts of psychological violence and opposes any discriminatory attitudes or forms of behaviour.

The achievement of individual goals shall be assessed fairly establishing clearly expressed criteria to be used for assessing the skills of individuals and their contribution; the results obtained shall be appropriately rewarded. All individuals, within the sphere of their own activities and relations, shall respect these principles and cooperate with the Organization to protect them. Any reports of discriminatory actions shall be immediately reported to superiors or contact persons, without fear of reprisal. Any individual who feels that he/she has been subjected to harassment or discrimination for reasons connected with age, sex, race, state of health, nationality, political opinions and religious beliefs etc. may report the occurrence not only to their immediate superiors but also to the supervisory body.

The Organization does not tolerate discrimination or harassment: individuals rendering themselves responsible for such actions will be subjected to disciplinary penalties which may even result in dismissal.

Disparity is not considered a discrimination if justified or justifiable on the basis of objective criteria. Different retribution or level in relation to similar duties will not be considered discrimination.

#### **Dissemination of human resources policies**

Policies relative to human resources and the organization of activities are disseminated to all personnel, through corporate instruments (e-mail, organizational documents and communications, also verbal, from managers).





### **Optimization and training of human resources**

The managers deploy and optimize all the professional skills existing in the organization by using all available means to foster the development and growth of individuals: for example, co-locations with expert personnel, experiences aiming at the covering of positions of greater responsibility, training courses. Institutional training is provided for, to be delivered in given moments of the individual's career (e.g. after hire) and regular training is provided for operational personnel, particularly on specific topics, also in accordance with the law.

### **Management of personnel working time**

Each manager is required to optimize personnel working time by demanding that performance be consistent with the tasks assigned and with work organization plans.

Requests for services, personal favours or any other forms of conduct that violate the present code of ethics, but which are presented as duties due to a superior, constitute an abuse of a dominant position.

### **Involvement of personnel**

Personnel involvement in the performance of work duties is encouraged in various ways, including the arrangement of opportunities where they are encouraged to take part in discussions and decisions that serve to achieve corporate goals.

### **Changes in the organization of work**

In cases where work activities are reorganized, the value of human resources must be safeguarded. The Organization follows the criteria below:

- the burden for the reorganization of the work must be distributed as evenly as possible among the personnel, consistent with the effective and efficient performance of corporate activities
- in cases in which new or unforeseen situations have to be dealt with, personnel may be assigned to tasks that differ from those performed previously, though care must be taken to ensure that professional capacities are safeguarded as far as possible and in compliance with the law.

### **Health and safety**

The Organization is committed to providing a work environment able to protect the health and safety of its personnel. Personnel shall follow internal regulations and procedures for the prevention of risks and the protection of health and safety and shall report in a timely manner any shortcomings or failures to comply with the applicable standards.

In particular, the Organization supplies information and training, also in conformity with legislative provisions, particularly regarding the behaviour to be adopted in matters of hygiene and safety in the workplace in order to avoid dangers, assess potential hazards and eradicate risks at their source.

Moreover, the Company undertakes to carry out specific assessments, especially regarding the planning of jobs and the choice of work tools and of work and production methods, taking into account the degree of technical evolution and giving priority to collective protection measures over individual protection measures.

Moreover, the safety policy also involves suitable programming of prevention, also through information, training and instruction of collaborators.

### **Safeguarding of privacy**

In the processing of the personal data of its personnel, the Organization complies with the provisions laid down in Legislative Decree 196/2003.

All individuals are provided with a copy of the policy on the protection of personal data which sets out: purpose and method of processing, any parties to whom the data are transmitted, and any information required for exercising the right of access referred to in article 13 of Legislative Decree 196/2003. In cases



in which the law so requires, individuals will be asked to give their consent to the processing of their personal data.

It is prohibited (not permitted by the legislation in force) to carry out any kind of survey on the ideas, preferences, personal tastes and, in general, the private life of employees and collaborators.

### **3.2. Duties of personnel**

Personnel shall behave loyally, in observance of the obligations laid down in the employment contract and the contents of the code of ethics, fulfilling the tasks assigned.

#### **Management of information**

In order to guarantee the integrity, confidentiality and availability of information, personnel shall have knowledge of and enforce corporate policies on information security. In drawing up their own documents, they shall use clear, objective and complete language, agreeing to any controls by fellow workers, superiors or outside parties authorized to make such requests.

#### **Confidentiality of corporate information**

Corporate information and know-how shall be protected with the maximum confidentiality. The most important data that the Organization acquires or generates in the course of its business activities shall be considered as confidential information and treated with due care and attention: this also includes information acquired from and concerning third parties (customers, professional contacts, professional partners, employees etc.).

If topics that are important, confidential or of an economic nature are to be discussed, the other party will be required to sign a confidentiality agreement drawn up according to corporate standards or, alternatively, to adopt the measures required in relation to the elements in question.

Both during and after the termination of the work relationship with the Organization, the personnel involved may only use the confidential data in their possession in the interests of the Organization and under no circumstances may they use it to their own advantage or to that of third parties.

#### **Confidential information on third parties**

The employees of the Organization shall abstain from the use of illegal means in order to acquire confidential information on the enterprises of third parties. Anyone who, in the context of a contractual relationship, should gain knowledge of confidential information on other parties shall use it exclusively as provided for in the relationship in question.

#### **Confidential information**

Except in cases of necessity, connected with the normal running of the activities of the Organization and/or of third party enterprises, personnel shall abstain from acquiring data the use of which could constitute an abuse of confidential information in the eyes of the law. Personnel gaining knowledge of data of this nature during their own business activities shall not reveal them to third parties unless they are required by the latter for the fulfilment of their assignments.

#### **Conflict of interest**

All of the Organization's personnel shall avoid situations in which conflicts of interest could arise and shall refrain from personally taking advantage of business opportunities that have come to their knowledge in the course of the performance of their functions.

Examples of situations that could lead to a conflict of interest are:

- carrying out an activity that is in competition with that of the Organization, even through other members of the family



- holding a senior position (CEO, board member, department head) and maintaining economic interests with suppliers, customers or competitors (ownership of shares, holding of professional positions etc.), including those resulting from family ties
- handling relations with suppliers and performing work activities for the same suppliers, even in cases in which the work activities are performed by a relative
- accepting money or favours from individuals or companies that have, or intend to have, business relations with the Organization.

Should even the appearance of a conflict of interest arise, the individual involved shall notify his or her superior.

The individual is also required to provide information on activities performed outside of working hours in case the latter may appear to create a conflict of interest with the Organization.

#### **Illegal payments, free gifts, entertainment expenses**

The Organization's personnel are forbidden to accept or receive any presents, bonuses or other free gifts having a substantial monetary value, by suppliers, customers or any other parties with whom relationships of a professional or business nature are in course or with whom negotiations are underway. In particular, personnel shall not accept gifts or services that could have an effect on actions to be taken in the performance of their functions.

The above may not be circumvented through the use of third parties.

Any members of the Organization's personnel who receive unauthorized free gifts or benefits shall inform their superiors, who will then take appropriate action, also with regard to communications to third parties on the corporate policy.

#### **Use of corporate resources**

Personnel are required to make every effort to safeguard corporate resources by acting responsibly and in compliance with the operating procedures established to govern their use, which must be documented in a precise manner. In particular, each individual shall:

- use the resources assigned to him/her in a careful and efficient manner
- avoid improper use of corporate resources
- avoid improper use of the corporate resources assigned to him/her and report immediately to the units in charge of any threats or events that might prove damaging to the Organization.

As regards computer applications and telephone systems, personnel are required to:

- comply carefully with corporate security policies in order to avoid compromising the functional efficiency and protection of IT systems
- refrain from sending e-mail messages that are threatening or insulting, that contain vulgar language or inappropriate comments which might offend people and/or damage the corporate image
- not to visit Internet sites whose contents are improper and offensive and, in any case, not connected with their professional activities
- use corporate tools in accordance with company regulations

The Organization reserves the right to prevent distorted uses of its own resources and infrastructures through the utilization of IT systems, control systems, financial control and analysis and risk prevention systems, all in compliance with the provisions of the legislation in force.

#### **Participation in anti-social and criminal activities**

The Organization refuses processes and anti-social and criminal activities and declares its firm intention not to participate in such phenomena. It is prohibited for the Organization's personnel to engage in relations of any kind with organizations and elements involved in anti-social and criminal activities that pose a threat to society and to the lives of citizens. In the face of extortion, by anti-social and criminal parties, personnel shall refuse any kind of compromise and shall refrain from paying out money or providing any other services, immediately reporting any such requests to their superiors.



### **3.3. Relations with customers**

#### **Impartiality**

The Organization undertakes not to subject its customers to arbitrary discrimination, in compliance with its own corporate decisions.

#### **Contracts and communications to customers**

Contracts and communications to customers of the Organization (including advertising messages) shall be:

- clear and simple
- drawn up in accordance with the regulations currently in force, without resorting to elusive or improper practices
- complete, so as to avoid neglecting any item that might be relevant to the customer's decision.

#### **Conduct of personnel towards customers**

The Organization's approach to dealing with customers is based on a willingness to serve, combined with respect and courtesy, all within a relationship of respect and professionalism at all levels.

### **3.4. Relations with suppliers**

#### **Selection of suppliers**

Purchasing processes are designed to obtain the maximum competitive advantage for the Organization while granting equal opportunity to all suppliers; they are also based on loyalty and impartiality: The selection of suppliers and the determination of purchasing conditions are based on the objective assessment of the quality and price of the goods or services, as well as on guarantees of assistance and timeliness.

The Organization reserves the right, in any case, to request certification of the following requirements:

- an appropriately documented availability of resources, including financial assets, plus organizational structures, planning capabilities and resources, know-how etc.
- the existence and effective implementation, in cases in which the Organization's specifications so require, of adequate corporate quality systems
- any certifications provided for by the law or by mandatory regulations.

#### **Integrity and independence in relations**

Relations with suppliers, including those concerning financial and consulting contracts, are subject to periodical monitoring by the Organization. The stipulation of a contract with a supplier shall always be based on extremely clear relationships, avoiding, wherever possible, forms of dependence.

The exchange of documents with suppliers shall be suitably filed: in particular, accounting documents shall be kept for the periods established by the legislation in force.

#### **Safeguarding of the ethical aspects of the supplies**

In the interest of ensuring that procurement activities comply with the ethical principles adopted, the Organization undertakes to introduce, for certain supplies, corporate prerequisites: for example, the presence of an environmental management system as well as compliance with laws on occupational health and safety.

To this end, suppliers' contracts may contain contractual clauses that provide for:

- self-certification or a declaration from the supplier regarding its compliance with specific social obligations: for example measures that guarantee respect of the fundamental rights of workers, principles of equal, non-discriminatory treatment and safeguarding of child labour, or compliance with product or service quality standards
- the possibility for the Organization to implement inspections at the production units or at the offices of the supplier in order to confirm that these requirements are being met.

**Dominant position**

The Organization undertakes, outside of normal business relations, not to abuse any dominant positions it might have.

**3.5. Relations with shareholders****Accounting transparency**

With a view to guaranteeing transparency and completeness of accounting information, the documentation on the details to be reported in the accounts to justify the entries shall be clear, complete, correct and duly filed for control purposes. The associated record shall reflect the description contained in the supporting documentation and shall specify the criteria adopted in the determination of the economic elements based on evaluations.

**The Shareholders' Meeting**

The Shareholders' Meeting is the event during which a profitable dialogue is undertaken between the Organization's shareholders and corporate bodies (board of directors).

The corporate bodies shall, in any case, prepare with due care and attention and disseminate in a timely manner the support material required to enable the shareholders' meeting to make informed decisions.

The regular participation of the corporate bodies in the works of the shareholders' meeting is guaranteed.

**Protection of company assets**

The resources available shall be used, in compliance with the legislation in force, with the articles of association and the code of ethics, to increase and reinforce corporate assets, for the protection of the Organization, its shareholders, creditors and the market. In order to guarantee the integrity of the company share capital it is, in any case, forbidden, with the exception of the cases in which the law expressly permits, to return shareholders' contributions in any form or to release shareholders from the obligation to make them, to pay out profits not effectively earned or allocated by the law to the reserve fund.

**3.6. Relations with public administration**

The term "public administration" refers to any person, party, contact qualifiable as a public official or person assigned to carry out a public service, operating on behalf of central or suburban public administration office, or public enforcement authorities, independent authorities, community institutions or private parties licensed to carry out a public service.

**Fairness and loyalty**

The Organization intends to conduct relations with public administration offices in a totally transparent and ethical manner. these relationships, which shall be conducted in compliance with the legislation in force, shall be based on the general principles of fairness and loyalty, so as not to compromise the integrity of both parties involved.

Personnel shall refrain from any behaviour that could be prejudicial to the impartiality and independent judgement of the public administration offices. In performing operations and conducting relationships with public administration offices, personnel shall guarantee the transparency and traceability of the relevant information. Particular caution shall be exercised in operations relative to tender procedures, contracts, permits, licences, requests for public funding (regional, state or Community). Should the Organization require the professional services of employees from public administration offices (as consultants), such services shall be provided in compliance with the legislation in force.

**Gifts, free articles and benefits**

**Successori Reda S.p.A**

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No one belonging to the Organization may bestow money or offer economic advantages or any other kind of benefit to public administration employees for the purpose of obtaining advantages for themselves or for the Organization.

Any form of gift which exceeds, or can be construed as exceeding, normal commercial practices or courtesy, or which is in any way meant to obtain favourable treatment in the pursuit of any activity tied to the Organization, is prohibited: specifically, all forms of gifts to public officials or to their family members, capable of influencing their independence of judgement with a view to obtaining more favourable treatment or undue services or advantages of any kind are prohibited.

The above may not be circumvented through the use of third parties: to this end, not only illegal payments made directly by the organizations concerned or by their employees will be considered as bribery and corruption, but also illegal payments made by persons acting on behalf of the said organizations.

In any case, the Organization refrains from practices not permitted by the law, by commercial practice or by the ethical codes of the companies or bodies with which it has relations.

Any free gifts shall be suitably documented in order to permit checks and shall include the authorizations of the department manager or relevant contact persons. A copy of the relevant documentation (e.g. transport document) shall be kept. Should one of the Organization's employees receive, from a public administration employee, explicit or implicit demands for benefits – barring free gifts of negligible value - he/she shall immediately report the occurrence to his/her direct superior or to the party specifically assigned to adopt suitable measures.

#### **Initiatives that the Organization may take**

Should the Organization so wish, it may sponsor the programmes promoted by public administration for the use and benefit of the community, as well as the activities of foundations and associations, provided that such action is carried out in compliance with the legislation in force and with the principles of this code of ethics. Should the Organization wish to make donations in cash, equipment or resources, such donations shall be made in compliance with the procedures provided for by law.

### **3.7 Relations with the community**

#### **Economic relations with parties, trade unions and associations**

The Organization does not finance political parties, their representatives or candidates either in Italy or abroad, nor does it sponsor conferences or festivities the sole purpose of which is mere political propaganda. The Organization will not, under any circumstances, allow itself to be pressured, either directly or indirectly, by political figures: it will not, for example, accept recommendations when hiring employees, nor will it stipulate consultants' contracts for similar purposes.

The Organization does not make contributions to organizations with which conflicts of interest could arise (e.g. trade unions). It is, however, possible to cooperate with such organizations, both financially and otherwise, on specific projects that comply with the following criteria:

- clear and well-documented description of the use the funding is to be put to
- express authorization from the departments responsible for managing the relations in question within the Organization.

#### **Contributions and sponsorizations**

The Organization may only accept requests for contributions from organizations and associations that declare themselves to be non-profit making, that have proper articles and memorandum of association, that have a sporting, cultural or charitable value or that involve a large number of citizens. Sponsoring activities are acceptable when they concern themes connected with social issues, the environment, sport, entertainment and the arts.

As regards the choice of proposals selected, the Organization pays particular attention to all possible



conflicts of interest, both personal and corporate: e.g. family ties with the parties involved or ties with organizations which might, given the tasks they perform, somehow favour corporate activities.

### **3.8 Dissemination of information**

#### **External communication**

The Organization's communications to its stakeholders, as described above, are formulated in respect of the right to information. Under no circumstances is the communication of false or biased information or comments permitted.

All communications comply with the law, rules and practices of professional conduct and must be made in a clear, transparent and timely manner, safeguarding, among other things, information likely to influence the market and industrial secrets.

All forms of pressure or attempts to obtain favours from the mass media shall be avoided.

To guarantee that information is complete and consistent, the Organization's media relations are reserved exclusively to the departments responsible.

#### **Control of confidential information**

Particular caution shall be exercised in the external communication of documents, data or information concerning corporate events not in the public domain that could, if rendered public, affect the activities of the Organization. The communication of this information shall be authorized in advance by the directors or by the parties assigned to do so.

With regard to information management, it is expressly forbidden to behave such in a way as to encourage phenomena likely to impoverish the company's assets or create undue personal advantages or benefits for third parties.

## **4. Implementing procedures of the code of ethics**

### **4.1 Dissemination and communication**

The Organization undertakes to disseminate the code of ethics, using all the means of communication and opportunities available such as, for example, the corporate web site, specific communications, also computer-generated, informative meetings and training of personnel.

All those involved shall have access to the code of ethics, and shall be familiar with the code and abide by its contents.

With a view to guaranteeing a correct understanding of the code, the company departments assigned to the task provide a series of information and/or a training programme geared at promoting knowledge of its principles and ethical standards, which may also be accompanied by training or information sessions, should the need arise.

### **4.2 Supervision of the implementation of the code of ethics**

The responsibility for verifying the effective implementation and application of the code of ethics lies with:

- the Organization's managers and/or management functions
- the Board of Directors
- the supervisory body: this body, in addition to monitoring that the code of ethics is effectively observed and having, to this end, access to all the Organization's sources of information, proposes suitable updates to the code also in the basis of reports received from personnel or third parties.

The supervisory body has the following responsibilities:

- to communicate to the directors or to the director specifically responsible for taking suitable measures, the reports received regarding violations of the code of ethics





- to express binding opinions regarding the reviewing of the most important policies and procedures in order to guarantee their consistency with the code of ethics
- to contribute to the periodical review of the code of ethics

#### **4.3 Reporting of problems or suspected violations**

Anyone who finds out about, or is reasonably convinced of the existence of, a violation of this code, of a given law or of corporate procedures, shall immediately report this to his/her manager or superior and/or to the supervisory body.

This report shall be made in writing and duly signed by its author. The Organization takes the necessary measures to ensure that all those reporting violations are protected from any kind of reprisal. And, to this end, the confidentiality of the identity of the reporting party is safeguarded, unless otherwise required by law.

The responsibility for carrying out investigations on possible violations of the code of ethics lies with the management body at the proposal of the supervisory body who may also decide to interrogate the author of the report and the person responsible for the alleged violation. Personnel are required to cooperate fully with any internal investigations undertaken.

Following such investigations, the company department responsible will be informed of the behaviour prompting the possible application of disciplinary penalties or activation of contractual procedures.

#### **4.4 Operational procedures and decision-making protocols**

With a view to preventing violations of the legislation in force and of the code of ethics, the Organization has provided for specific procedures (“processes”) to be adopted by all those involved in the operational process, for the purpose of identifying the parties responsible for the decision-making, authorization and operation implementation processes. The individual operations making up the various phases shall be carried out by different parties, the duties of who shall be clearly defined and known within the organization so as to prevent unlimited or excessive powers being attributed to individuals.

All of the Organization's actions and operations shall be properly recorded to enable verification of the decision-making, authorization and operation implementation process. Each operation shall be properly documented so that, at any time, controls may be undertaken to attest to the details of the operation and the reasons for its implementation and in order to identify who authorized, carried out, recorded and checked the operation itself.

### **5. Disciplinary measures consequent to violations**

The provisions of this code form an integral part of the contractual obligations assumed by the personnel, and by any other parties entering into business relations with the Organization.

Violation of the principles and criteria of conduct laid down in the code of ethics jeopardizes the relationship of trust between the Organization and the parties responsible for the violation irrespective of whether they be directors, consultants, collaborators, customers or suppliers, and may also give rise to disciplinary measures of various kinds.

#### **5.1. Employees (executives, clerical and factory workers)**

The measures that might be taken depending on the gravity of the violations, the type of regulation violated, how the events took place, the existence or otherwise of previous violations and any other relevant circumstances, are covered by the CCNL (National Collective Workers' Agreement) for the textile and clothing industry, applicable to the employment relationship, and may be as follows:

- a) verbal reprimand
- b) written reprimand





- c) fine (up to a maximum sum equivalent to 2 hours of the minimum national wage)
- d) suspension (up to a maximum of three days)
- e) dismissal.

### **5.2. Executives**

In the event of violation by executives of the Organization of the regulations contained in the code of ethics, the management will proceed to take – depending on the gravity of the violations, the type of regulation violated, how the events took place, the existence or otherwise of previous violations and any other relevant circumstances – the most appropriate measures in compliance with the terms laid down in the National Collective Workers' Agreement for industrial managers (in particular, termination of the work relationship, given the lack of conservative disciplinary measures).

### **5.3. Directors and Statutory Auditors**

In the event of violation of the code of ethics by directors and/or statutory auditors of the Organization, the supervisory body will inform the board of directors and the board of statutory auditors of the same, with a view to taking the most appropriate action depending on the persons involved, the type of violation, the existence or otherwise of previous offences, the context in which the violation was committed and any other relevant circumstances.

In less serious cases, the supervisory body may caution the transgressor or send an official warning.

If the supervisory body deems the violation serious enough to require annulment of the appointment, a shareholders' meeting will be called in order to pass a resolution on the matter.

### **5.4. Collaborators and external consultants**

Parties connected with the Organization through collaboration or consultancy relationships whose behaviour, in the performance of their activities, comes into conflict with the regulations contained in the code may be punished by termination of the relative relationship, on the basis of the express termination clauses contained in the contracts stipulated with these parties.

In less serious cases, depending on the type of violation, the existence or otherwise of previous offences, the context in which it was committed, the persons involved and any other relevant circumstances, the supervisory body, the board of directors, the president or the CEO may caution the transgressor or send him/her an official warning.

The appropriate departments of the Company are responsible, together with the supervisory body, for the writing, updating and inclusion in letters of appointment or cooperation agreements of these specific contractual clauses which also provide for the right to claim compensation for any damages deriving to the Company as a result of the application by the judge of the measures provided for in the decree.

### **5.5. Customers and suppliers**

Parties connected with the Organization by commercial relationships whose behaviour, in the performance of their activities, comes into conflict with the regulations contained in the code may be punished, in the most serious of cases depending on the type of violation, the existence or otherwise of previous offences, the context in which it was committed, the persons involved and any other relevant circumstances, with reprimands, official warnings or with the termination of the relative relationship, on the basis of the express termination clauses contained in the contracts stipulated with these parties.

The appropriate departments of the Company are responsible, together with the supervisory body, for the writing, updating and inclusion in the various types of contract of these specific contractual clauses.

### **5.6. The Supervisory Body**

Should the supervisory body or any one of its members violate any of the regulations contained in the Company's code of ethics depending on the type of violation, the existence or otherwise of previous offences, the context in which it was committed, the persons involved and any other relevant



circumstances, the board of directors or the director assigned specifically for this purpose may proceed with reprimands or official warnings or, in cases that are more serious or with greater involvement of the company image, even take the steps required to annul or terminate the appointment.

#### **5.7. General regulations**

As already mentioned, these hypothetical violations are intended purely as examples without exclusion of the possibility to apply penalties in relation to the gravity of the violation. The penalty system provided for will be made known to the parties involved, firstly, for employees, according to the provisions of the law (posted in accordance with art. 7 Law 300/70) and then, for everyone, by a suitable means of communication, which may also be personal. In applying the penalties, the following rules will be taken into consideration:

- for employees, including managers, the procedure laid down in art. 7 of Law 300/70 will be followed
- for all other parties the violation shall, in any case, be notified to the party who will be guaranteed the right to present justification, prior to the adopting of the disciplinary measure
- in special cases, the party may be also suspended from his/her functions while awaiting the decisions adopted, or while awaiting for checks to be carried out by the Court or by other authorities. These decisions do not, however, constitute a condition for the applicability of these penalties.
- The application of the individual measures will take account of the principle of proportionality, in relation to the objective gravity of the event or events, the position of the alleged transgressor, the intentionality of the behaviour or the degree of blame, the contribution to the damage in cases in which more than one individual is involved in the violation, the overall behaviour and personality of the alleged transgressor, the existence or otherwise of previous offences, the social and/or internal relevance of the behaviour and any other relevant circumstances.

In the case of a conviction, even in the first instance, for the crimes provided for by the decree, the condemned party shall immediately notify the supervisory body which will proceed to inform the entire board of directors and the board of statutory auditors, as described above.

## **6. Final provisions**

This code of ethics is approved by the Company's board of directors and shall be kept duly updated.

Any amendments and/or additions to this code of ethics shall be approved by the board of directors subsequent to consulting with the supervisory body, and disseminated in a timely manner to all recipients involved.