

Rp RICAMIFICIO LAOLO ITALY

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PREAMBLES

The Company, its Principles and the Code of Ethics

Ricamificio Paolo Italy S.R.L. (hereafter, simply, "Ricamificio Paolo Italy" or also "the Company") was established in 1985 from the love and passion for embroidery of its owner, Mr Paolo Casolo Ginelli. It stood out for many years as a small contract manufacturing company but, very soon, thanks to its strong potential and driven by its desire to grow and to demonstrate its capabilities, Ricamificio Paolo Italy decided to develop its collections in the fashion, lingerie, bridal wear and home wear industries, soon becoming a supplier of the Fashion Industry's most famous and influential brands.

Creativity, highly qualified personnel, innovation and know-how, but above all a great passion for the art of embroidery, are Ricamificio Paolo Italy's distinctive traits and strengths.

The Company has gradually extended its market area, also thanks to its participation at major industry trade shows, such as Première Vision in Paris and Intertextile in Shanghai, and it now has a presence in Europe, America and Asia as a supplier of the world's biggest brands in fashion and luxury goods.

Ricamificio Paolo Italy guarantees a high quality "**Made in Italy**" product in the various collections that it designs and presents every season. The highly qualified staff of all its departments and its use of latest generation software and machines is the combination that leads to the creation of a high level product of great value, enhanced by the constant research and innovation implemented by the Company.

Particular attention is paid to **quality control**. The skilled hands and expert eyes of personnel in charge of checking the perfection of the fabrics guarantee the high quality of the products created by Ricamificio Paolo Italy.

In running its business, the Company has always respected primary values such as legality, transparency, business correctness, good faith, integrity and loyalty and has always drawn its own models of conduct from those values.

The maintenance of ethically correct conduct has always been fundamental to Ricamificio Paolo Italy and thus it constantly respects the **principles** cited above and respects **good commercial practices**. The expansion of its activity, the increasingly frequent contact with customers of national and international renown and the need to stand out and diversify in a competitive market have led Ricamificio Paolo Italy to express in a **Code of Ethics** the ethical commitments and responsibilities applied by the Company in conducting its business and the company activities.

In fact, the Code of Ethics clearly and explicitly illustrates the values in which the Company believes, the guiding principles, the rules of conduct that enhance its decision-making processes and the duties and responsibilities which inspire the behaviours of persons who operate in the Company and with the Company.

The Code of Ethics is a public declaration of Ricamificio Paolo Italy's commitment to pursue the values and principles ratified therein.

Purpose and Recipients

The Code of Ethics is a fundamental and essential tool to guide the conduct and behaviour of persons who operate for the Company, so as to avoid committing actions that could damage the Company itself.

The Code of Ethics is aimed at the members of the Board of Directors and the Board of Statutory Auditors, at the attorneys, employees, collaborators and all those who operate in the name and on behalf of the Company (hereafter, the "**Recipients**").

The compliance with and respect of the values, principles and indications contained in the Code of Ethics by all Recipients, each within the field of their own responsibilities and functions, contribute to achieving the Company's goals and are fundamental for the good functioning, reliability, credibility and reputation of the same.

Compliance with the rules contained in the Code of Ethics is considered, for all purposes, an essential part of the contractual obligations assumed by the directors, employees and collaborators, in various guises, of the Company.

Therefore, all Recipients must know the content of the Code of Ethics, understand its significance and actively contribute to its implementation.

The Company also demands from its **commercial partners** and from all those who, in any guise, permanently or temporarily, have contact with the Company and/or have an interest in the activities implemented by the same, conduct in line with the general principles of the Code of Ethics.

To that end, clauses are included in contracts with third parties and/or declarations must be signed to obtain the commitment of those entities to respect the Code of Ethics, providing consequences for any violations.

The Code of Ethics thus represents a tool aimed at preventing, in all of the Company's relationships, even external, unlawful or in any case unethical behaviours.

The Company actively guarantees the dissemination and awareness of the Code of Ethics among all interested parties, along with the follow-up and update of the same, and it also verifies the actual application of the values and principles ratified therein and sanctions any violations.

GENERAL PRINCIPLES

Legality

Respect of existing regulations, whether of legislative or regulatory nature, national or international, constitutes an essential principle on which Ricamificio Paolo Italy bases its actions.

The Recipients are therefore required, as part of their respective duties, to know and observe the laws and regulations in force applicable to the conduct of their functions, so as to avoid behaviours that could expose the Company to a risk of conduct not compliant with one or more existing regulations. That context also includes attention to and respect of regulations governing competition, both on the domestic market and internationally.

In no way may behaviours implemented in violation of existing regulations and/or the principles contained in the Code of Ethics be considered beneficial for the Company and, therefore, nobody is authorised to implement those behaviours on the pretext of gaining an advantage for the Company itself.

Ricamificio Paolo Italy promotes the adoption of all organisational tools aimed at preventing the violation of legal rules.

Correctness - Anti-Bribery

All Recipients must mandatorily behave correctly and with moral integrity.

All of Ricamificio Paolo Italy's activities must be carried out with professional commitment, moral rigour, honesty, correctness and good faith, in respect of the legitimate interests of customers, shareholders and commercial and financial partners, in order to protect the Company's image.

The Recipients undertake not to implement any action that, despite being formally legitimate, may be in contrast with the values and principles established by the Code of Ethics.

Ricamificio Paolo Italy **does not tolerate bribery** in any form and strives to prevent it.

All Recipients must behave in a manner that does not induce third parties, such as the Public Administration, to violate the principles of impartiality and autonomy of judgment in order to achieve an unlawful or undue advantage or interest for the Company.

In conducting their activity, the Recipients are required not to accept donations, favours or utilities of any nature and, in general, not to accept anything in return for granting advantages to third parties improperly.

Similarly, the Recipients must not make donations in cash or assets to third parties or in any case offer utilities or unlawful favours of any nature in connection with the activity provided by them to the benefit of the Company.

Gifts that fall within normal practices of commercial courtesy are excluded from the prohibition. Even in that case, the Company policy is to offer only foodstuffs on the occasion of Christmas festivities or embroidery gadgets.

The Recipients involved must liaise with the Plant Director to procure the gifts as well as if they are in any **doubt** regarding the correctness of the conduct to be adopted.

The belief of acting to the benefit of the Company does not justify in any way the adoption of behaviours in contrast with the aforementioned principles.

Ricamificio Paolo Italy guarantees that no employee will be sanctioned, dismissed, demoted, suspended, transferred or discriminated against in any way for having refused to behave unlawfully, even if that refusal causes prejudicial consequences for the Company.

Non-Discrimination

The Company undertakes to act in respect of principles of fairness, equality and impartiality, strongly rejecting any discrimination based upon age, gender, state of health, sexual orientation, nationality, race, religious beliefs, political opinions and personal and social conditions.

The Company undertakes to promote the application of those principles by all Recipients.

Protection and Respect of the Individual and Fundamental Rights

Ricamificio Paolo Italy protects the individual in his/her physical and moral integrity and undertakes to respect the fundamental rights of all those persons with whom it liaises, also respecting cultural differences, customs and the history of each state and region.

The Company guarantees working conditions and environments respectful of **personal dignity**.

In particular, it is strictly prohibited to resort to harassment of any nature, or, more generally, to implement behaviours likely to compromise the serenity of the individual or to harm his/her dignity.

Integrity

Ricamificio Paolo Italy preserves the value of **fair competition** with other operators, in the awareness that virtuous competition can constitute a healthy incentive towards processes of innovation and development as well as protecting the interests of consumers and the community.

Ricamificio Paolo Italy refrains from any collusion or abusive behaviour in detriment to customers or third parties.

Transparency

Ricamificio Paolo Italy's actions are based upon the principle of transparency.

All actions, operations, negotiations and, more generally, behaviours of the Recipients must be based upon the utmost transparency, correctness and reliability.

The Company undertakes to provide to all its stakeholders, clearly, completely and promptly, information on the actions conducted.

Confidentiality

Ricamificio Paolo Italy undertakes to guarantee the protection and confidentiality of personal data and information in its possession in conformity with applicable regulations on privacy and intellectual and industrial property.

The Recipients are prohibited from disseminating or using confidential information of which they have become aware in the exercise of their activities, for purposes extraneous to that activity and they must always act in respect of the confidentiality obligations assumed by the company.

Diligence – Conflict of Interests

There is a relationship of complete trust between the Company and its Directors and employees at every level, as part of which it is the primary duty of the director and the employee to use their working capacities and the assets of the company to achieve the **corporate interest**, in conformity with the principles established in the Code of Ethics.

The Recipients must refrain from completing any activity that may constitute a conflict with the Company's interests, abandoning the pursuit of personal interests in conflict with those of the Company.

If the Recipients find themselves having an economic, financial or other interest, current or potential, in conflict with that of the Company, they must refrain from implementing any activity and must report the existence of the conflict to their hierarchical superior.

Safety, Safeguarding of Health and Working Conditions

Ricamificio Paolo Italy strives to create a working environment that guarantees to all Recipients and in particular to employees, in any guise and at any level, conditions respectful of health, safety and personal dignity.

Ricamificio Paolo Italy undertakes to promote and disseminate between the Recipients responsible behaviours, implementing the necessary preventive actions, in order to preserve the health, safety and security of all personnel as well as third parties who frequent the company premises.

The Company, in respect of existing rules, including, in particular, Italian Legislative Decree no. 81 of 2008 as amended and supplemented, undertakes to protect the **health of workers**, by implementing all necessary and opportune measures, in view of the guarantee of absolute conformity of the workplaces with health and safety standards.

The "culture" of health and safety is disseminated by Ricamificio Paolo Italy through **training and communication** and it is achieved by way of the continuous update of methodologies and systems, performing an analytical assessment of the critical risks of the processes and the resources to be protected.

Ricamificio Paolo Italy's employees, as part of their duties, participate in the process of risk prevention and protection of health and safety in relation to themselves, their colleagues and third parties.

All Recipients must scrupulously comply with the company safety rules.

Ricamificio Paolo Italy rejects any forms of **exploitation of labour**. It refuses to use work provided by minors and does not use, in any way, child labour provided by third parties.

Environmental Protection

Ricamificio Paolo Italy considers the environment to be a primary asset to be safeguarded and to that end it plans its activities seeking a balance between economic initiatives and essential requirements to protect the environment.

The Company operates in respect of existing regulations and attempts to limit the environmental impact of its activities. Ricamificio Paolo Italy, in particular, respects the obligations, prohibitions and restrictions on the use of specific substances, their disposal and recycling and implements actions aimed at continuously improving its

performances in terms of the environment, control and reduction of the use of hazardous substances, energy saving, water saving, minimisation of waste production and recovery and recycling of the same.

For years Ricamificio Paolo Italy has used suction systems linked to the laser cutting and finishing machines, constituted by bag filters and active carbons, thanks to which it guarantees extremely controlled internal and external emissions.

The Company is committed to verifying the application of its environmental policy and to promoting activities aimed at preserving the environment for future generations and at valuing natural resources.

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ADMINISTRATIVE AND ACCOUNTING MANAGEMENT

Accounting Principles

In preparing the financial statements and any type of accounting documentation Ricamificio Paolo Italy acts in the strictest respect of the regulations.

Any action, operation or transaction must be duly authorised, verifiable, legitimate, coherent and congruous; it must be correctly recorded in the company accounting system according to the criteria indicated by law and the applicable accounting standards, in respect of requirements of truthfulness, accuracy, completeness and clarity of information. The Recipients are required to provide the utmost collaboration to ensure that management events are correctly and promptly represented in the company accounts and to retain all suitable supporting documentation so as to make it easily obtainable and consultable by the authorised control bodies.

All Recipients involved must present to the administration office the expenses note for expenses incurred for travel and/or transfers.

Money Laundering

Ricamificio Paolo strives to ensure that its activity is exercised in full respect of the anti-money laundering regulations and all provisions issued in that regard by the competent Authorities.

All Recipients are therefore required to act in such a way as to avoid being implicated or involved in transactions likely, even potentially, to encourage money laundering.

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RELATIONSHIPS WITH PERSONNEL

Selection and Management of Human Resources

The Company develops the skills and potential of personnel who collaborate in various guises with the Company so that the capabilities and legitimate aspirations of individuals are fully realised as part of achieving the company goals. Ricamificio Paolo Italy undertakes to adopt criteria of impartiality, merit, competence and professionalism for any decision relating to relationships with employees, collaborators and autonomous workers in any guise operating for the same.

The **selection and recruitment** of personnel are guided by principles of fairness, transparency and impartiality. The Company recruits resources whose profiles effectively meet the business needs, making – similarly to the management of resources already in the workforce - decisions exclusively based upon criteria of professionalism and competence and rejecting any form of favouritism.

Recruitments are made in respect of regulations laid down on the right to work or any other provision in force and therefore based upon regular employment contracts, prohibiting any form of non-compliant employment relationship or one that is in any way elusive of existing provisions.

In respect of contractual rules, equal opportunities in terms of employment and professional development are offered, based upon skills, potential and professional qualifications without discrimination and/or favouritism, guaranteeing fair treatment based upon individual proficiencies and capacities.

Personnel receive accurate information on the characteristics of the role and duties to be performed, on the regulatory elements and on the minimum remuneration levels, as regulated by the applicable national collective labour agreement, and receive recruitment documents and any necessary personal protective equipment.

Harassment and Bullying

Any form of harassment in the workplace, of physical or psychological nature, is strictly prohibited, including that of sexual nature or any conduct attributable to bullying.

All Recipients are required to collaborate to maintain a climate of respect of the dignity, honour and reputation of each individual, playing an active part in preventing injurious or defamatory interpersonal behaviours.

Ricamificio Paolo Italy rejects any action that may constitute abuse of authority and, more generally, that violates the dignity and mental-physical integrity of the individual.

Duties of Personnel

Personnel undertake to act lawfully, to respect the contractual obligations, to comply diligently with the objectives relating to the assignment granted, as well as to ensure that all their actions comply with the values and principles illustrated in the Code of Ethics.

Personnel employed at the Company are required to guarantee the integrity of the company assets, using them sparingly and scrupulously, avoiding any personal use.

The processing of personal data and the use of IT systems and databases by personnel must occur in respect of existing regulations.

Smoking

Smoking is harmful not only for the perpetrator but it also compromises the health and safety of the working environment. For that reason, it is expressly prohibited to smoke within the premises of Ricamificio Paolo Italy in order to protect the salubrity of the workplaces, in full respect of persons operating within the same. In the external company areas, it is only permitted to smoke in the dedicated area.

Alcohol or Drugs

Ricamificio Paolo Italy undertakes to achieve and maintain a safe, healthy and productive working environment for all Recipients.

The Company recognises that the abuse - or improper use - of alcohol, drugs and other similar substances by its employees and/or collaborators has a negative effect on their role in terms of the efficient performance of work and it may have serious harmful consequences for themselves and the safety, efficiency and productivity of other employees and the Company.

The use, possession or distribution of alcohol or unlawful drugs, within the Company premises, is strictly prohibited.

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EXTERNAL RELATIONSHIPS

Relationships with the Authorities and Public Administrations

Relationships with the Authorities and Public Administrations must be based upon the utmost clarity, transparency and collaboration, in full respect of the law and according to the highest moral and professional standards.

As part of relationships with the Authorities, the Public Administrations and the respective representatives, it is prohibited and not permitted to implement any type of behaviour that may be attributed to **collusion** or be likely to prejudice the principles expressed in the Code of Ethics.

The Recipients must refrain from seeking to influence improperly the decisions or to determine them with violence, threats or misleading, and from soliciting or obtaining private information that may compromise the Company's integrity or reputation.

The Recipients, during checks and inspections by the Public Administration, are required to adopt a stance of **maximum openness and collaboration** and to comply with every request.

Relationships with Political and Trade Union Organisations

Ricamificio Paolo Italy does not favour or discriminate any political or trade union organisation.

The Company refrains from providing any undue contribution in any form to political parties, trade unions or other social formations of this nature.

The Recipients are required to refrain from any direct or indirect pressure on politicians or trade union representatives.

Relationships with Customers

Ricamificio Paolo Italy operates as a competent and reliable partner.

In conducting its activity, the Company pursues the aim of fully satisfying its customers' expectations.

In relationships with its customers, Ricamificio Paolo Italy bases its conduct on criteria of transparency, fairness, honesty, efficiency and professionalism and respect of the rules in place to protect fair competition.

The Company therefore demands that the Recipients base every relationship and contact with customers on the aforementioned principles.

Ricamificio Paolo Italy expressly prohibits the Recipients from encouraging, completing or tolerating practices of bribery, unlawful favours, collusion or solicitations aimed at obtaining orders from current or potential customers.

In managing relationships with customers, the Recipients are required to provide accurate, **truthful and comprehensive information** on the products and services offered, so that customers can make informed decisions.

It is strictly prohibited for the Recipients to grant to customers exclusivity of any nature, even if limited territorially, without the prior consent of the Plant Director.

Relationships with Commercial Partners

In its business relationships, Ricamificio Paolo Italy is inspired by principles of integrity, correctness, transparency, efficiency, respect of the law and values expressed in the Code of Ethics and it requires, also through specific contractual provisions, similar conduct from all those with which it holds commercial and/or financial relationships of any nature.

In **selecting** its suppliers, contractors and other commercial partners, Ricamificio Paolo Italy pursues criteria of quality, convenience, capacity and efficiency, according to objective and transparent assessment parameters, favouring those who have adopted policies to guarantee the ethical nature of their commercial conduct and practices. The selection of suppliers on exclusively subjective and personal bases or, in any case, by virtue of interests contrasting with those of the Company, is precluded.

Ricamificio Paolo Italy verifies in advance the reliability, reputational profile and adequacy of the entities with which it intends to establish a professional or business relationship and, periodically, of those with which it already holds relationships.

Relationships with suppliers and commercial partners, in the pre-contractual phase and in the execution phase, must be based upon the principle of **contractual good faith** and mutual respect of the obligations accepted.

Ricamificio Paolo Italy expressly prohibits the Recipients from encouraging, completing or tolerating practices of bribery, unlawful favours, collusion or solicitations aimed at obtaining orders from the Company.

Ricamificio Paolo Italy checks the effectiveness of the performances rendered by third parties in execution of the signed contracts and ascertains the due nature and congruity of the fees to be paid. In fact, only services actually rendered are remunerated and the respective fee must be **reasonable and proportionate**.

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CONTROL SYSTEM

Implementation and Dissemination of the Code of Ethics

The compliance with and respect of the values, principles and indications contained in the Code of Ethics by all Recipients, each within the field of their own responsibilities and functions, contribute to achieving the Company's goals and are fundamental for the good functioning, reliability, credibility and reputation of the same.

All Recipients must therefore know the content of the Code of Ethics, understand its significance and actively contribute to its implementation.

All Recipients are obliged to refrain from behaviours contrary to those rules and to contact their hierarchical superiors if they require clarifications on the methods of applying the same.

All Recipients, based upon their responsibilities, must also adequately inform third parties of the commitments and obligations imposed by the Code of Ethics and demand from them respect of the obligations directly regarding their activity.

Ricamificio Paolo Italy, for its part, actively guarantees the dissemination and awareness of the Code of Ethics among all interested parties, by distributing the document to all personnel, affixing it in an accessible location, publishing it on the Company's internet website www.ricamificiopaoloitaly.com, and by promoting and planning **periodic training initiatives** on the content of the Code of Ethics.

In particular:

- as to employees and collaborators, upon delivery of the Code of Ethics, the same sign a specific declaration of full acknowledgement and acceptance and undertake, in the conduct of their duties, to respect the principles and rules contained therein. Those undertakings are retained by the Plant Director.
- as to commercial partners, the communication of adoption of the Code of Ethics is sent to them, informing them of the availability of the text on the Company's institutional website. They are asked to sign a specific declaration of acknowledgement and acceptance.

Clauses are inserted into contracts with third parties, and/or declarations are signed, with a view to obtaining the commitment to respect the Code of Ethics and consequences are provided for violations of that commitment.

Ricamificio Paolo Italy also undertakes to follow up and update the Code of Ethics in order to adjust it to the evolution of civil sensibilities and the regulations relevant to the Code itself and it also verifies the actual application of the values and principles ratified in the Code of Ethics and adopts sanctions in the event of its violation.

Reports

Respect of the requirements of the Code of Ethics is entrusted to the prudent, reasonable and attentive supervision of each of the Recipients.

The Recipients are therefore invited to report facts and circumstances potentially in contrast with the principles and requirements of the Code of Ethics of which they become aware based upon the functions performed.

Reports must be made **promptly** and must contain the following elements: general details of the reporting person, description of the events being reported, any other persons who may report on the facts and/or documents or information in support of the report.

Reports must be made **in writing** and sent to the Plant Director, identified according to the company organisation chart, affixed on the notice boards using, alternatively, one of the following methods:

- by email, to the address stefania.daltilia@ricamificiopaolo.it;
- by letter in a sealed envelope, to be placed into the specific post box located at the administrative office.

The Plant Director guarantees the **confidentiality of the reporting person's identity** in managing the report.

That confidentiality is guaranteed, in particular:

- (i) for reports sent by email to the email address indicated above, by the same being accessed only by the Plant Director using an alphanumeric password created and subsequently changed by the Plant Director and known only to the Director;
- (ii) for reports inserted in the post box, by the locking of that post box, the key for which is stored by and available only to the Plant Director.

The Plant Director is entitled to hear from the person making the report and any other persons involved.

If the report concerns conduct referable to the Plant Director, the same will be sent to the Board of Directors by recorded delivery letter with notice of receipt sent to the Chairman of the Board of Directors at the following address: Via San Michele del Carso, 3 20144 Milan.

The Board of Directors will adopt all suitable measures to guarantee the confidentiality of the reporting person's identity in managing the report. It may also hear from the person making the report and any other persons involved. Ricamificio Paolo Italy will grant to Recipients who report violations of the Code of Ethics the maximum protection provided by existing regulations on "whistleblowing".

The Company guarantees, in particular, that nobody, in the working environment, will suffer retaliation, unlawful conditioning, inconvenience or discrimination, for having reported any violations. Ricamificio Paolo Italy **prohibits**, in fact, **acts of retaliation** or discrimination, direct or indirect, towards the reporting person for reasons linked, directly or indirectly, to the report.

Any violation of those measures of protection of the reporting person constitutes sanctioned conduct.

Commercial partners are also able to make report of facts and circumstances potentially in contrast with the principles and requirements of the Code of Ethics of which they become aware based upon their relationships with the company by the same methods indicated above.

Sanctions

Any violation of the principles established in the Code of Ethics compromises the fiduciary relationship between Ricamificio Paolo Italy and the Recipients. Any violation will be prosecuted by the Company incisively, promptly and immediately, through adequate and proportionate disciplinary measures, irrespective of any criminal significance of those behaviours and the bringing of criminal proceedings if they constitute a crime.

Compliance with the rules of the Code of Ethics by employees of Ricamificio Paolo Italy is considered an essential part of the contractual obligations assumed in accordance with and for the effects of Art. 2104 of the Italian Civil Code and the existing National Collective Labour Agreement. Any violation, by them, of the rules of the Code of Ethics may constitute a breach of the obligations deriving from the employment relationship or a disciplinary offence, with consequent application of the disciplinary sanctions provided by the National Collective Labour Agreement and contained in the disciplinary code affixed on the notice board, and is subject to compensation for damages.

Any lack of respect of the Code of Ethics and/or violation of the principles and indications contained therein by the Directors of Ricamificio Paolo Italy will involve the adoption of measures proportionate to the severity or recidivism of the violation and the degree of fault, up to the revocation of the mandate for just cause.

Any behaviour implemented by violation of this Code of Ethics by commercial partners linked to the Company by a contractual relationship other than that of employee may determine, in the most serious circumstances, the termination of the relationship in compliance with the clauses provided in the contracts.

This is subject, where the presuppositions are in place, to the right for the Company to take action to obtain compensation for any damages suffered.