

CODE of ETHICS

Lanificio dell'Olivo



This document was approved by the CEO of Lanificio dell'Olivo on 30 June 2020.

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1 INTRODUCTION

The Code of Ethics or Code of Conduct (hereinafter also referred to simply as "the Code") sets out the general values of an ethical nature and the principles of conduct in business according to which the Company has intended and intends to constantly guide its activities.

Lanificio dell'Olivo has over 70 years of history. Our philosophy is oriented towards continuous research in the production of innovative yarns that are rich in character, creativity, and imagination coupled with the values of high quality. Our mission is to create and develop the best possible yarns and to obtain recognition from major Italian and foreign fashion brands.

The Code of Ethics is intended to outline the rights, duties, and responsibilities of our organisation towards its "stakeholders" (including employees, suppliers, clients, the Public Administration, etc.) and expresses a set of rules of conduct that all those who work in the name and on behalf of the Company (directors, employees, executives and non-executives, consultants, and collaborators) must comply with in the conduct of company business and activities.

The Code of Ethics provides the ethical and moral standards of the Company that are considered essential both in order to ensure the integrity and efficiency of relationships within the company (relations between management and employees) and to consolidate the positive reputation that the company has in its sector.

All those who, for any reason whatsoever, work, collaborate, or maintain professional relations with Lanificio dell'Olivo must, therefore, always and on every occasion, pursue the highest ethical standards in relations with colleagues, clients, suppliers, competitors, partners, Public Administrations and, in general, with the

community, demonstrating honesty and integrity in every activity carried out.

Anyone who does not comply with the standards outlined in this document, regardless of the existence of specific sanctions under the law or according to the contract and the possible inclusion of facts of criminal relevance, is in breach of the principles that guide and characterise Lanificio dell'Olivo's corporate policy and is therefore liable to disciplinary sanctions, in proportion to the seriousness of the conduct and as a result of a discussion on the matter.

Therefore, in accordance with a corporate policy attentive to the issues of legality, Lanificio dell'Olivo intends to clearly and unambiguously define the set of values that the company recognises and adopts as guiding principles for its operations, as well as the set of responsibilities that it assumes, both internally and externally.

Lanificio dell'Olivo is committed to promoting the knowledge of the Code among its recipients and to providing every possible means to ensure its full and effective application.

1.1 Recipients of the Code of Ethics

The ethical values and principles of conduct outlined in the Code are addressed to:

⇒ Lanificio dell'Olivo staff, that is:

- directors and managers and, more generally, anyone who performs, at the Company, management, administration, direction, or control functions, including de facto functions of such type, regardless of the nature of the relationship that binds them to the Company



(top management);

- company's employees (persons subject to the direction of others).

⇒ subject to specific acceptance or stipulation in appropriate contractual clauses, anyone the Company has business relations with, whether commercial or not, each within the scope of his/her own functions and the position held ("External Parties"), including, but not limited to:

- agents, consultants, suppliers and, more generally, anyone who carries out cooperative activities, even occasionally, in the name of or on behalf of the Company or under its control;
- collaborators, clients, and partners.

Any reference to "Recipients" contained in the Code is understood to be addressed without distinction to all of the above-mentioned parties.

The Code of Ethics applies to all the activities carried out in the name of and on behalf of LdO, both in Italy and abroad, while taking into account the cultural, social, and economic diversity of the various countries in which the Company operates.

Observance of the principles set out in the Code is first and foremost a moral duty of the Recipients, who are required to be fully aware that it is instrumental to the pursuit of the company's objectives in accordance with the fundamental values outlined in the introduction.

Compliance with the provisions of the Code of Ethics must also be considered an essential part of the Company's contractual obligations pursuant to and for the purposes of art. 2104 of the Italian Civil Code and the National Collective Labour Agreement in force.

2 GENERAL PRINCIPLES and VALUES

The "General Principles" contained in this Code reflect the core values of LdO and are the foundation for achieving the conduct we want to foster at all levels of the organisation and with our stakeholders.

Reputation is a valuable asset for LdO and it is everyone's duty to protect and safeguard it. Compliance with the provisions of the Code must in any case be considered an essential part of the contractual obligations of the Company's employees and contractors pursuant to and for the purposes of the law.

2.1. Compliance with the law

LdO has, as an essential principle, compliance with applicable laws and regulations of an international, national, regional, provincial, and municipal nature in any area (administrative and fiscal, labour legislation, occupational safety and health, environmental, etc.), and, for this reason, it rejects all illegal practices by prosecuting any behaviour contrary to legislation, the principles of this Code of Ethics or internal procedures.

2.2. Equality and impartiality

In decisions that affect relationships with its stakeholders, LdO recognises equal rights for all, without any discrimination of age, gender, sexuality, health, race, nationality, political opinions, or religious beliefs.

LdO is committed to paying particular attention to disabled people, the elderly, and citizens belonging to the weakest social segments of society, in both direct and telephone contact.

LdO is committed to acting objectively, fairly and impartially in compliance with the laws and regulations in force, as compliance

with the laws and regulations in force is a fundamental principle.

2.3. Responsibility and honesty

When carrying out the company's mission, the conduct of all of the recipients of this Code of Ethics must be inspired by the ethics of responsibility.

When conducting any activity, situations must always be avoided where the persons involved in the transactions have, or may even only appear to have, a conflict of interest. A conflict of interest arises whenever a director, statutory auditor, department head, employee, consultant, or collaborator of the Company engages in commissive/omissive conduct aimed at obtaining a personal benefit or, in any case, is the bearer, even on behalf of third parties, of an interest other than the physiological one for the good performance of LdO and the professional gratification for the work performed and the results obtained.

2.4. Continuity, diligence, and care in the execution of duties and contracts

LdO is committed to ensuring the continuity of strategic activity and direction and coordination for all company structures. LdO is also committed to minimising the inconvenience to Clients in the event of disruption due to force majeure.

The recipients of the Code of Ethics must act with diligence, care, and professionalism in order to provide high quality services.



2.5. Transparency and completeness of information

The Directors, Executives, managers, employees, and collaborators of LdO are required to provide complete, transparent, understandable, and accurate information, so that, in establishing relations with the Company, stakeholders are able to take independent and informed decisions regarding the interests involved, alternatives, and significant consequences. In particular, when drafting any contracts, LdO shall take care to specify to the contracting party the conduct to be adopted in all the circumstances envisaged, and shall draft the clauses in a clear and comprehensible manner, always ensuring a level playing field is maintained with the Clients.

When drafting any communication with Clients, LdO pays the utmost attention to the use of languages and simple and easily understandable language.

2.6. Competition

The Company intends to develop the value of competition by adopting principles of propriety, fair competition, and transparency towards all market participants. All of the recipients of this Code of Ethics shall refrain from engaging in and/or encouraging conduct that may constitute forms of unfair competition.

2.7. Community and environmental protection

LdO is well aware of the influence, even of an indirect nature, that its activities may have on the conditions, economic and social development, and general welfare of the community, as well as the importance of social acceptance by the communities in which it operates.

For this reason LdO, in carrying out its activities,

is committed to safeguarding the surrounding environment and contributing to the sustainable development of the area: to this end it plans its activities by seeking a balance between economic initiatives and essential environmental needs, taking into account the rights of future generations.

LdO conducts its activities and pursues its objectives in respect of the environment and in compliance with the relevant legislation in force, giving the latter a prominent role in any decision relating to the company's activities.

The company promotes respect for the environment by identifying it as a qualifying and rewarding element for each type of project.

To this end, the company follows with particular attention the evolution of national and European environmental legislation.

2.8. Confidentiality

The Company ensures the confidentiality of the information in its possession and refrains from searching for confidential data, except in the case of express and informed consent and in compliance with current regulations. Moreover, LdO employees are prohibited from using confidential information for purposes unrelated to performing their activity.

2.9. Effectiveness, efficiency, and product quality

LdO pursues the objective of promoting the creation of products/services according to the principles of effectiveness and efficiency, so that every action is appropriate and consistent with meeting the needs and requirements for which it is intended, and so that in every work activity, the cost-effectiveness of the management of the resources employed is achieved and a commitment is made to offer a service that is suitable for the Client's needs and



in conformity with the most advanced standards.

LdO is committed, through the adoption of appropriate technological and organisational solutions, as well as through the constant training of human resources, to continuously improve the efficiency and effectiveness of the products/services it offers directly or through its subsidiaries.

2.10. Fairness of authority

When signing and managing contractual relationships involving the establishment of hierarchical relationships, in particular with staff, LdO undertakes to ensure that authority is exercised fairly and properly, avoiding any abuse. In particular, LdO will operate in such a way that authority does not become a mere exercise of power, detrimental to the dignity and autonomy of the staff.

2.11. Integrity and protection of the individual

LdO is committed to protecting the safety, health, moral and physical integrity of its employees, consultants, Clients, and Suppliers. To this end, it promotes responsible and safe

behaviour and adopts all the safety measures required by technological progress to ensure a safe and healthy working environment, in full compliance with current legislation on prevention and protection.

LdO is committed to protecting the individual in all areas.

It works constantly to achieve a cooperative and non-hostile working environment and to prevent discriminatory behaviour of any kind.

The recipients of the Code of Ethics are obliged to cooperate with the company in order to maintain a climate of mutual respect for the dignity, honour, and reputation of each individual.

The concept of discrimination does not include differences in treatment based on objective criteria that are not contrary to law or the collective agreement.

Requests or threats aimed at inducing people to act against the law and the Code of Ethics, or to behave in a way that is detrimental to their moral and personal beliefs, are not tolerated and will therefore be adequately addressed.

3 CHARTER OF SUSTAINABILITY COMMITMENTS

LdO is well aware of market trends and the importance of the values of Sustainability today, which is considered to be the integration of organisational, social, and environmental requirements into company strategies and operational processes, and has decided to implement a process for the management and improvement of these values.

Taking as a reference the definition of Sustainable Development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs, LdO has created its own sustainability programme called GOING GREEN, which aims to enhance the value of our work by focusing on respect for people and the environment.

A set of values and commitments that LdO has decided to integrate into its policy, operations, and management, to which all its organisational structures must aspire.

3.1 Values and objectives

Establishing policies and values oriented towards sustainability and pursuing objectives in its activities. Adopting management choices aimed at safeguarding current and prospective financial strength and profitability.

3.2 Sustainable supply chain

Orienting and raising awareness in the supply chain towards the values and requirements of GOING GREEN. Constant monitoring, qualification, and evaluation of its suppliers and processes according to Sustainability criteria.

3.3 Traceability

Maintaining a solid tracking system linked to the various stages of the production process in order to ensure complete transparency of data in the

chain, from raw materials to finished product.

3.4 Choice of materials

Evaluating the inclusion of raw materials with a lower social and environmental impact and produced according to criteria of protecting the environment and biodiversity, by producers that implement the same ethical values. With this in mind, over the years LdO has significantly increased the inclusion of items produced with certified organic materials derived from recycling practices that also respect strict environmental and social criteria.

Ensuring that raw materials of animal origin are obtained with respect for the dignity of each living being, a practice implemented through fruitful cooperation with reliable and qualified suppliers.

3.5 Improving environmental performance

Ensuring legal compliance, managing resources in the best possible way with the aim of reducing environmental impact, with particular attention to energy and water resources.

3.6 Improving social performance

Ensuring legal compliance, managing human resources in the best possible way, respecting the fundamental requirements of international conventions on human rights, raising awareness, monitoring its supply chain, and implementing constant improvements in occupational safety and health.

Management choices are based on ethical, social, and environmental considerations.



LANIFICIO
dell'OLIVO
Italian Fancy Yarns



3.7 Reputation

Complying with the requirements of the GOING GREEN Sustainability Programme for its business and adopting behaviour in line with the commitments made. Communicating the outcome of its actions in a transparent manner, monitoring the results, and sharing data with its supply chain, with a view to growth.

A prime example is the annual publication of

the Sustainability Report, in which data and documentation of business practices are collected.

Being receptive and available for inspections and monitoring visits of the company and its supply chain. LdO cooperates fully with certification bodies for control audits for maintaining its Certifications and with clients for the fulfilment of signed commitments.

4 SYSTEM OF CONDUCT

Lanificio dell'Olivo has always encouraged and supported behaviour aimed at spreading and implementing the fundamental values set out and shared above, which are to be applied to and required of all of the Recipients.

Staff

Lanificio dell'Olivo recognises the fundamental importance of the human, professional, and creative contribution of the people who work for them.

Team spirit, transparency, and mutual respect are considered the basis of relationships with all people. The company expects its staff to behave in an appropriate and transparent manner and in line with the principles of this Code in the performance of their duties. The Company also expects professionalism, reliability, determination, commitment, a sense of responsibility, dynamism, and an attitude focused on continuous improvement in the performance of every activity. The Company is committed to offering equal opportunities in work and professional advancement to all its staff members in accordance with their skills and performance. Each staff member is therefore offered identical opportunities for work and/or professional growth without any discrimination. Public and private corruption practices, illegal favours, and collusive behaviour are unacceptable and, therefore, prohibited. Lanificio dell'Olivo does not allow any form of

favouritism, whether of a personal or family nature.

No form of irregular work is tolerated. The company provides fair and reasonable salaries and terms and conditions; the salaries and benefits provided to LdO employees meet at least the legal requirements established in each country.

Personnel management

The management of working and cooperative relationships is aimed at developing each person's skills and competences, in accordance with an equal opportunities oriented policy of merit.

Each employee has a duty to exchange and disseminate essential information within his/her work unit or project. Making knowledge available to those who need it leads to better results and greater efficiency, and allows colleagues to develop full use of their skills more quickly. LdO promotes team spirit and cooperation and expects employees at all levels to work together to maintain a climate of mutual respect.

Protection of health and safety in the workplace

LdO is committed to fostering and consolidating a culture of health and safety in the workplace by developing risk awareness and promoting

responsible behaviour. It organises training plans and carries out preventive actions and periodic checks in order to protect workers' health and safety.

Each staff member must adopt the preventive measures established by LdO for the protection of his/her health and safety, which are communicated by means of specific guidelines, instructions, training, and information. Each staff member must not expose himself/herself or other workers to dangers that may cause injury or harm to themselves or others.

Confidentiality and privacy

Information of a confidential nature, data, and knowledge acquired, processed, and managed by employees in the performance of their work activities must remain strictly confidential and must not be acquired, used, communicated, or disclosed, either within or outside the company, except by authorised persons and in compliance with company procedures.

The utmost care and confidentiality is required to protect the information generated or acquired in order to avoid any improper or unauthorised use.

Clients

LdO's primary objective is the complete satisfaction of its Clients.

The Company is committed to creativity and innovation while maintaining a high level of

quality and service. For LdO it is essential that the relationship with Clients be based on the principles of fairness, honesty, professionalism, and transparency. The Company ensures appropriate methods of dialogue and listening, committing itself to always give feedback to suggestions and complaints, in order to strengthen the relationship in the long term.

The Company ensures that its products meet the expectations and requirements of the market, also in terms of the safety of the materials and chemicals used in the treatment of yarns, pursuing quality and continuous improvement in the activities carried out, thus contributing to the success of the company and the satisfaction of its stakeholders.

Suppliers

Suppliers play a key role in achieving LdO's objectives. In relations with its Suppliers, the Company promotes an honest, diligent, transparent, and cooperative conduct.

LdO is committed to raising awareness among its Suppliers on the subjects covered by this Code of Ethics in order to promote awareness and compliance with the rules of conduct consistent with those expressed in this document, especially with regard to respect for human rights and workers' rights and sustainable and responsible management of environmental and social impacts.

Suppliers are selected and qualified according to appropriate and objective criteria, based on their supply capacity and according to the

principles of impartiality, fairness, and quality. LdO balances the need to obtain favourable economic conditions with the need not to deviate from quality parameters in the supply of goods and services. The outcome of the control activities carried out on the goods and services received and the overall performance of the Suppliers are shared with them, with the aim of facilitating their progressive improvement, in the interests of both the Suppliers themselves and the Company.

Use of company assets

Personnel must diligently and respectfully use company assets made available as work tools in order to best carry out their duties, especially when such assets are used for personal use even if previously authorised. The staff is committed to complying with the laws and regulations in force in each country where LdO operates in order to protect copyrights and intellectual property.

Software and databases protected by copyright and used by personnel in the performance of their activities may not be reproduced or duplicated, either for business purposes or for personal use. It is forbidden to install and/or use unauthorised software or databases on the company's computers. Working time must be used responsibly and in the interest of the

company: employees may not carry out other activities during their working hours that are not strictly related to their official duties.

Institutional relations

All relations with government institutions (Ministries, Regions, Municipalities, Provinces, Local Health Authorities, etc.) can be exclusively attributable to forms of communication aimed at assessing the implications of legislative and administrative activity with regard to LdO, to a response to informal requests and acts of scrutiny (checks, inspections, etc.) or, in any case, to make known a stance on important matters for the Company.

Contributions and sponsorships

LdO may join requests for contributions and sponsorships limited to proposals from bodies and associations that have declared themselves to be non-profit and with high cultural, social or charitable value or, in any case, that involve a significant number of citizens. In the choice of proposals for contributions and sponsorships, LdO pays particular attention to any possible conflict of interest of a personal or business nature (for example, family relationships with stakeholders or links with bodies that may, for the functions they perform, facilitate in some way the activity of LdO).

5 IMPLEMENTATION, DISSEMINATION, AND MONITORING OF THE APPLICATION OF THE CODE OF ETHICS

LANIFICIO DELL'OLIVO is committed to widely disseminating this Code internally and externally through all corporate communication channels and to post it in places at the Company that are accessible to all staff. A copy of the Code of Ethics is given to each employee and collaborator, and is published on the corporate website so that each stakeholder can access it and become familiar with it. The existence of the Code of Ethics and its binding nature will be referred to in all economic relationships established by LANIFICIO DELL'OLIVO.

LdO is committed to ensuring compliance with the provisions of the Code of Ethics, carrying out supervision and monitoring activities on the implementation of the Code itself.

To this end, the Company:

- will ensure maximum dissemination and awareness of the Code of Ethics;
- will ensure the consistent interpretation and implementation of this Code;
- will carry out specific checks if violations of this Code are reported;
- will promote, in conjunction with the relevant company functions, the application of appropriate sanctions in the event that the above violations are confirmed;
- will ensure the prevention and suppression of any form of retaliation against those who

contribute to implementing this Code;

- will periodically update this Code according to the needs that may arise from time to time, also in light of the above-mentioned activities.

Without prejudice to the powers assigned to the corporate bodies in accordance with the law, all of the Recipients are required to cooperate in the implementation of the Code, within the limits of their competences and functions.

LdO encourages employees to seek clarification from their hierarchical superiors should any doubts arise regarding the interpretation or application of the Code or the appropriateness of conduct maintained or to be maintained in specific situations. Such requests will be answered immediately. The absence of any retaliation or negative repercussions for the employee as a result of this report and/or request for clarification is guaranteed. The information thus obtained will be kept strictly confidential.

6 REPORTS

Lanificio dell'Olivo promotes the prevention and verification of any unlawful conduct or any conduct contrary to the Code of Ethics and Conduct and encourages the Recipients to promptly report to the Personnel Director of Lanificio dell'Olivo any unlawful conduct or any conduct contrary to the Code of Ethics and Conduct, of which they become aware as a



result of their relationship with Lanificio dell'Olivo.

Except in cases of slander or libel, or for the same reason pursuant to article 2043 of the Italian Civil Code, a Recipient who reports in good faith illegal conduct or any conduct contrary to the Code of Ethics and Conduct, of which he/she has become aware as a result of his/her relationship with Lanificio dell'Olivo, cannot be punished.

Reports should be submitted to the following e-mail address: codiceetico@lanificiodellolivo.it

Alternatively, reports can be sent to the following address: Lanificio dell'Olivo S.p.A., Via Fratelli Cervi 84, 50013 Campi Bisenzio (FI), Italy.

7 DISCIPLINARY AND PENALTY SYSTEM

As mentioned above, failure to comply with the provisions contained in this Code represents, for Recipients subject to the disciplinary power of Lanificio dell'Olivo, conduct liable to be punished in accordance with the provisions of the relevant National Collective Labour Agreement that applies to the individual Recipient.

Any violations of the provisions of this Code committed by Recipients who are not directly subject to the disciplinary power of Lanificio dell'Olivo will be punished according to criteria of predetermination, proportionality, and reasonableness, in terms of the contractual relations between the Company and the Recipient responsible for the violation.