

CODE OF ETHICS AND CONDUCT
FASHIONART S.R.L. SOCIETA' UNIPERSONALE

Table of contents

FASHIONART: a leading luxury and fashion design company.....	3
Introduction.....	4
Code of Ethics and Conduct.....	7
General principles.....	7
Legality.....	7
Compliance with anti-money laundering regulations.....	8
Correctness and good faith.....	8
Impartiality.....	8
Honesty.....	8
Efficiency	9
Integrity	9
Transparency.....	9
Free competition.....	10
Data protection	10
Protection of industrial and intellectual property.....	11
Protection of ‘Made in Italy’	11
Social sustainability.....	12
Environmental sustainability.....	15
Relations with public authorities, trade unions and political parties.....	17
Rejection of criminal behaviour.....	18
Conflict of interests.....	19
Financial transparency.....	20
Rules and standards of conduct.....	21
Implementation of the Code of Ethics.....	28
Scope of application and addressees.....	28
Ethics Manager	29
Disciplinary system.....	31
Responsibilities and duties of company bodies.....	32
Responsibilities and duties of employees.....	32

Responsibilities and duties of external Addressees.....33
Responsibilities and duties of all Addressees.....34



FASHIONART: a leading luxury and fashion design company

Fashionart S.r.l. is active in the design, creation, packaging and manufacturing of clothing items and has developed extensive experience in the textile industry and similar sectors over the years.

In particular, the Company is specialised in luxury fashion and design and is made up of experts in the design and production of haute couture garments.

Fashionart takes care of the entire production process: from the initial idea to the finished product, guaranteeing creative, exclusive and high quality collections at the same time as respecting social and environmental sustainability. Over the years, the company's team of artists, managers and experts has become a point of reference within the fashion and haute couture industry, guaranteeing exclusive attention and a professional approach in the creation of most fashion items.

Thanks to Fashionart's extensive experience in the fashion industry and its manufacturing partners, the company is able to follow the entire production cycle for exclusive garments on behalf of fashion houses, from the choice of materials to finding the right accessories, right through to delivery of the final product.

In particular, the Company provides sketches and samples, developing the relative design and graphics, and uses the best resources available to have the product made, depending on the garment to be packaged. The company ensures that it only works with the best partners possible for the particular type of material and type of treatment being used for the garment in question.

Through constant checks into the various stages of the production process, Fashionart ensures high standards of quality, respect for all individuals involved and environmental protection.

Fashionart carefully selects its raw materials and accessories to create exclusive styles and excellent designs, developing innovative technologies relating to the washing, dyeing and treatment of materials, also thanks to the numerous agreements in place with the best chemical suppliers, who always adopt an environmentally sustainable approach.

Introduction

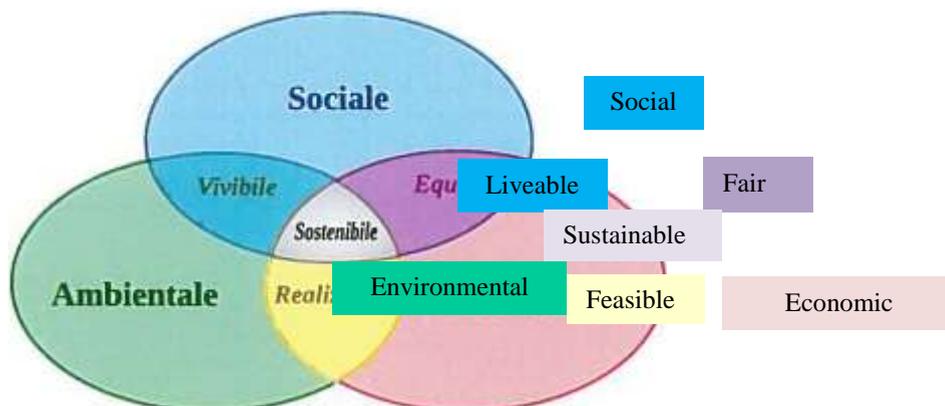
Social and Environmental Responsibility is of fundamental importance for Fashionart when defining its development strategies, as well as playing an indispensable role for the global economy and sustainability in general.

Corporate Social Responsibility (CSR) is an essential tool to support solidarity, cohesion and equal opportunities. Today, a company simply cannot limit itself to pursuing the goal of increased profitability without also taking into account the interdependence that exists between social and environmental objectives.

The main difference between today's concept of Corporate Social Responsibility and past initiatives lies in the **willingness** of companies to strategically manage their activities and develop tools to reach specific objectives.

In particular, Corporate Social Responsibility:

- involves companies adopting socially responsible conduct that goes beyond legal requirements. They take on this commitment on a voluntary basis as they believe it is in their interests in the long run;
- is intrinsically linked to the concept of long-lasting development, as companies must also take into account the economic, social and environmental repercussions of their activities;
- is not "in addition" to the company's basic activities but, rather, is linked to how the company itself is run.



The international ISO 26000 standard, which provides guidelines on Social Responsibility for Businesses and Organisations, defines social responsibility as *“organisations taking responsibility for the impacts of their decisions and activities on society and the environment, through ethical and responsible conduct that contributes to sustainable development, including the health and well-being of society”* and lists the main topics and principles followed by a socially responsible organisation, including:

- accountability for the impacts of their activities and decisions on society and the environment;
- adopting ethical and transparent behaviour which is in line with applicable legislation and international standards of conduct;
- highlighting stakeholder interests;
- respecting human rights.

Fashionart has made the concept of Social Responsibility its own, as it firmly believes that the only way to achieve sustainable commercial success is to adopt responsible conduct that contributes to sustainable development, through the management and control of business activities. This allows economic growth and company competitiveness to be strengthened without causing any harm to the environment and to the human resources involved, without escaping social responsibilities and without neglecting the interests of the general public.

Fashionart takes responsibility for the environmental and social impacts of its own activities, being accountable for its decisions by acting in an ethical and transparent way that:

- contributes to sustainable development, including the health and well-being of the general public;
- takes into account stakeholders' expectations;
- complies with applicable laws both in Italy and in the foreign countries where it operates, and remains in line with international standards of conduct;
- is integrated throughout the company's organisation and is implemented in all of its relations.

In particular, Fashionart supports a number of schools in the Italian province of Padua that specialise in technical and professional aspects of the fashion industry, donating the necessary

materials to allow students to gain experience in making and packaging items of clothing.

With a view to further improving the company's organisation, Fashionart decided to adopt the present Code of Ethics as a first step towards implementing the Organisation and Management Model pursuant to (Italian) Legislative Decree 231/2001. This Model will be adopted and implemented in order to prevent any conduct of the Company, its employees and its associates from leading to one of the crimes stated by (Italian) Legislative Decree 231/2001, ensuring that all behaviour is instead compliant with applicable legislation.

Code of Ethics and Conduct

The Code of Ethics and Conduct, hereafter referred to simply as the 'Code of Ethics', represents a tool that has been adopted on a voluntary basis and is applicable at a general level to the Company, with the aim of expressing the "business ethics" that the company recognises as its own and which it calls upon all employees, associates and external companies to comply with, including suppliers and subcontractors carrying out activities and/or services on behalf of the Company.

General principles

The Company fully respects, and expects all Addressees of the Code of Ethics to fully respect, the following general ethical principles, as it believes they are essential for the company to be run properly, ensuring Social and Ethical Responsibility.

Legality

The principle of legality means respecting all laws, regulations and authorities that are in force in Italy and in the foreign countries where the Company operates, both inside and outside the EU.

In this context, it is also important to respect the regulations, ethical principles and codes of conduct provided by professional associations, such as Confindustria (*the main association representing manufacturing and service companies in Italy*) and SMI (*the Italian Textile and Fashion Federation*), as well as the present Code of Ethics.

Addressees belonging to certain categories are obliged to respect any specific ethical standards and codes of conduct that may apply to them, referring in particular but not exclusively to individuals enrolled with professional registers.

In any case, it is strictly forbidden to pursue the interests of the Company in violation of the present principle of legality and, should a conflict of interest arise, the interests of legality must always

prevail.

This principle is applicable to both activities carried out in Italy and to those linked with international relations.

Compliance with anti-money laundering regulations

In the context of their relations with the Company, Addressees must not, in any way nor under any circumstances, be involved in events linked to money laundering resulting from illegal or criminal activities.

Before establishing relations or signing contracts with suppliers and subcontractors and other business partners, the Company and its employees and/or associates must ensure that the third-party companies that they will be dealing with have moral integrity, a solid reputation and a good name. The Company is committed to respecting all standards and regulations relating to anti-money laundering, both in Italy (*in primis* Italian Legislative Decree no. 231/2007) and abroad.

Correctness and good faith

The principle of correctness and good faith means respecting the rights and interests of all individuals and organisations involved with the Company's activities.

In particular, Addressees must act in a correct manner and in good faith in order to avoid any situations, even only potential situations, which could give rise to a conflict between their interests and those of the Company.

Addressees must also avoid situations in which it is possible to gain personal benefit and/or personal profit from opportunities arising as a result of carrying out their work in the name and/or on behalf of the Company.

Impartiality

The principle of impartiality means rejecting any form of discrimination based on the gender, nationality, religion, personal and political opinions, age, health and personal financial standing of the individuals involved with the Company.

The Company and the Addressees of the Code of Ethics should only ever use strictly objective criteria when assessing situations.

Honesty

The principle of honesty is to be understood both in the strictly ethical-moral sense of the word and in the broader social-civil meaning.

All relationships held by the Company, whether contractual, pre-contractual or implementing agreements must be clear and transparent. In this regard, proposals, letters of acceptance, clauses, declarations, commitments and similar documentation must be worded in such a way as to ensure that they are as clear and comprehensible as possible, in compliance with the related principle of equality and prevention of economic abuse.

Efficiency

The principle of efficiency means following rules to keep running costs down based on the cost/benefit relationship, in order to ensure that the company's assets, economic and financial resources are used in an optimal way. The aim is to obtain high quality services at the same time as maintaining a respectable level of competitiveness within the market.

In this regard, Addressees must protect and look after the company's resources and assets, ensuring that they are managed in such a way as to fully guarantee all necessary care and caution with regard to the object in question. Addressees shall also undertake to duly inform the Ethics Manager of any situation that could potentially harm the Company.

Integrity

The principle of integrity means rejecting any action that involves the use of force, whether it be moral or physical.

Under no circumstances shall the Company's aims, goals or objectives be pursued using acts of violence or threats or any other form of pressure.

Transparency

The principle of transparency also means respecting the rules of truthfulness, clearness and completeness with regard to information flowing to and from the Company, both internally and externally.

In this regard, all operations and transactions must be correctly registered, authorised, verifiable, legitimate, coherent and congruent.

All actions and operations must be appropriately registered and there must be the possibility to double check the decision-making and authorisation process as well as the execution phase.

For each operation, there must be suitable support documentation to be able to check, at any given time, the characteristics and reasons behind the operation, identifying the person who authorised, carried out, registered and verified the operation itself.

The Company uses objective and transparent criteria to select its stakeholders (business/financial/economic partners).

In accordance with applicable regulations and internal procedures, choices must be made on the basis of objective assessments relating to competitiveness, quality and price.

Stakeholders are also selected in consideration of the following criteria:

- guarantee that they will respect the Code of Ethics and Conduct;
- quality guarantee, also pursuant to shared company standards (ISO);
- guarantee that they have suitable means and organisational structures for the purpose;
- guarantee that legislation relating to employee health and safety and environmental protection is fully respected, with the willingness to share all documentation proving this to be the case;
- being up to date with social security and tax contributions (with the willingness to provide the DURC - insurance contribution payment certificate - and an official self-declaration in which the stakeholder declares that VAT has been duly paid on all invoices issued relating to dealings with the Company).

In particular, the Company guarantees that, once the supplier or subcontractor has been selected, constant checks are carried out into the entire production cycle, in order to monitor compliance with national and international legislation regarding workforce and environmental protection.

Free competition

The Company recognises free competition in a market economy as being a decisive factor for growth and an incentive to constantly improve its products/company processes. It therefore considers fair competition alongside its competitors as being a fundamental principle.

The Company carries out its activities in full compliance with the regulations in place to protect competition and the market in each of the countries in which it operates.

Data protection

The principle of data protection not only means respecting individuals' confidentiality rights, but also refers to compliance with the rules governing the correct processing of personal data, with individuals being duly informed of the methods used to process their data and for what purposes. To do this, the Company follows a set of procedures and complies with applicable legislation.

Protection of industrial and intellectual property

With regard to the protection of industrial and intellectual property, the Company ensures compliance with all legislation on a national (*in primis*, Italian Legislative Decree 30/2005), European and international scale.

The Company supports the correct use, for whatever purpose and in whatever form, of trademarks, patents, designs and logos and of all creative intellectual property, including computer programmes and databases, to protect the author's patrimonial and moral rights.

It is strictly forbidden to carry out any action which, in general, is aimed at forgery, alteration, duplication, reproduction or circulation, in any form, in breach of another party's intellectual property rights.

Furthermore, the Company forbids any conduct aimed at the loss, theft, unauthorised circulation or improper use of its own industrial and intellectual property or that of others, or of confidential information.

To this end, the Company carries out constant preventive checks within its own organisation and, to the extent possible, also in relation to third parties, in order to protect intellectual property rights.

Protection of 'Made in Italy'

The Company guarantees that it will provide clear and precise information on its products' country of origin, fully complying with the criteria set forth by applicable customs regulations. It also ensures that "Made in Italy", where present, is only shown on products that meet the legal requirements for being correctly identified as "Made in Italy" products.

Social sustainability

A) Protection of workers and their health and safety

This principle is integrated with the principle of protecting individuals, as there is a logical link between the two.

The Company considers the following aspects to be particularly important with respect to its activities:

- the physical and mental integrity of its workers;
- maintaining suitable working conditions, work premises, equipment and machinery;
- the safety of all company activities, both present and future;
- respect of applicable legislation with reference to accident prevention and the protection of employees in the workplace.

In this regard and to this end, the Company adopts the most appropriate measures to:

- a) avoid risks;
- b) assess the risks that cannot be avoided;
- c) combat risks at source;
- d) adapt the work to the workforce, especially with regard to the concept of “workplace” and the choice of work equipment, work methods and production processes used. The main aim is to diminish the amount of monotonous and repetitive work and reduce the effects of this type of work on employees’ health;
- e) take the level of technical development into consideration;
- f) replace anything dangerous with safe or less hazardous alternatives;
- g) plan prevention, aiming at a coherent system that successfully integrates technology, the organisation of work, working conditions, social relations and the influence of factors relating to the work environment;
- h) prioritise group protective measures over individual protective measures;
- i) issue appropriate instructions to workers.

The Company uses these principles in order to identify and correctly adopt and implement the necessary measures to protect the health and safety of its workers, including professional risk prevention, information and training, as well as providing a suitable organisation and all the means necessary to achieve this.

All Addressees must comply with these principles, especially when decisions have to be taken or choices have to be made and, subsequently, when they then have to be implemented.

B) Human Resource Development

The principle of human resource development aims at recognising the skills and abilities of individuals, above all those who operate in the name and/or on behalf of the Company playing an essential role in the growth, development and consolidation of the Company and its corporate purpose.

With regard to people, the Company recognises the need to protect individuals' freedom in all of its forms and condemns any displays of violence, especially if aimed at limiting personal freedom, as well as any form of prostitution and/or pornography, above all when involving children.

The Company does not allow sexual harassment, offensive or defamatory behaviour or any conduct which may prevent a peaceful atmosphere from being maintained in the workplace. In this regard, Addressees must actively work together to maintain an atmosphere of mutual respect for each other's dignity, honour and reputations. With regard to individuals who have a specific relationship with the company, especially employees, appropriate professional development policies are guaranteed and promoted, allowing individuals to enhance their technical-operational-legal-economic know-how.

The Company rejects any form of preferential treatment in the workplace, rejecting relationships based merely on clientelism/personal connections.

To protect the principles of transparency and non-discrimination, the Company and its departments undertake to:

- abide by criteria based on merit and skills, remaining strictly professional when making any decision regarding an employee;
- select, hire, train, pay and manage employees without any discrimination;
- create a work environment in which individuals' personal characteristics cannot give rise to discrimination.

With regard to employees, all forms of illegal employment are rejected: Company employees are only hired with legitimate employment contracts, on the basis of objective selection criteria, after receiving specific information on the characteristics, tasks and responsibilities relating to the position in question.

Employees' personal growth and development paths, including promotions and any salary increases or other forms of compensation or incentives (such as additional benefits), are managed in accordance with legal requirements and trade union agreements and,

above all, on the basis of individual merit. If all other criteria used to establish individual merit are equal, then the guarantee that the ethical principles stated herein are correctly followed becomes decisive.

By providing specific training courses, the Company promotes the personal and professional growth of its employees.

The Company protects the privacy of each worker, in compliance with legal requirements, and adopts standards that prevent personal data from being communicated and circulated without the prior consent of the individual involved, unless in the case of the exceptions provided for by law.

C) Respecting human rights and accepting International Labour Standards

Fashionart believes that it is absolutely essential that human rights are respected not only within its own organisation but also within all the companies that works with it and for it.

The Company believes that social sustainability must be a goal of all the organisations involved in its production chain and that this is an essential requisite in order to continue dealings with said companies.

The Company's main points of reference are represented by the documents forming the International Charter of Human Rights, i.e.:

- the Universal Declaration of Human Rights adopted by the United Nations in 1948;
- the International Covenant on Civil and Political Rights of 1966;
- the International Covenant on Economic, Social and Cultural Rights of 1966.

Furthermore, Fashionart publicly condemns any violation of the measures in place to protect against forced, mandatory or child labour, explicitly supporting the UN Convention on the Rights of the Child dated 20th November 1989.

The Company respects the International Labour Standards set forth by the fundamental conventions of the International Labour Organisation, such as:

- C29 - Forced labour convention, 1930;
- C105 - Abolition of forced labour convention, 1957;
- C87 - Freedom of association and protection of the right to organise convention, 1948;
- C100 - Equal remuneration convention, 1951;
- C155 - Occupational safety and health convention, 1981.

Environmental sustainability

A) Protecting and safeguarding the environment

With reference to the activities carried out by the company, the principle of environmental protection refers to the safeguarding of nature, mainly through measures to prevent pollution, reducing to a minimum any negative impact that its activities and services may have on the environment, where this is technically possible and economically sustainable.

The Company strictly respects applicable legislation regarding environmental protection, complying with the limits defined by any authorisations and recommendations issued by the competent authorities, both in Italy and abroad.

The Company shares environmental protection issues throughout its entire production chain as well as with its employees and associates, and is committed to raising awareness among the various levels of staff in order to increase the organisation's sense of responsibility for the safeguarding of the environment and respect for the local area where the Company operates.

B) Eco-efficiency and environmental competitiveness

The Company is aware of the fact that every product used within its production chain has characteristics which may affect the environment. Fashionart therefore supports innovation relating both to organisational aspects and managerial approaches and to the development of specific technologies in order to use resources in a more efficient way.

The Company believes that it is essential to trigger processes to improve the environment with a view to new markets that are increasingly sensitive to these issues and to eco-sustainable products. Innovation for environmental sustainability is pursued starting from the product design phase, right through to adapting production technologies on the basis of environmental requirements. Fashionart believes that it is essential to act in order to prevent and anticipate future problems and requirements and, for this reason, it is able to manage the changes necessary to progressively minimise the impact of its activities on the environment.

The Company believes that it is essential to pursue the **goal of continuously improving the environment.**

In this regard, Fashionart is committed to the following measures and asks the same of its suppliers and contractors, at the same time as maintaining the same standards of quality:

- designing “green” products and services that have a lower environmental impact than the market standard;
- introducing “clean” technologies that have a lower environmental impact than those normally used for the same purpose;
- saving and, where possible, recycling water;
- reducing the use of chemical substances when treating and processing fabrics, preferring solutions with a lower environmental impact instead;
- saving energy;
- using renewable energy;
- optimising and, where possible, recycling the production waste generated by the various phases of processing;
- making alterations to packaging in order to reduce its environmental impact, such as reducing the weight of the packaging and using reusable materials;
- eliminating any treatments that have a negative impact on the environment;
- reducing the use of toxic substances, by replacing materials with less harmful and more eco-compatible alternatives;
- researching market opportunities to sell waste, scrap and parts of used products, that otherwise cannot be reused by the company, even as secondary raw materials;
- notifying the wider community of the measures taken to improve the environment and the achievements obtained.

The Company respects legislation on accountability for the environmental impacts of products, and asks its suppliers and contractors to do the same. For example:

- Directive 94/62/EC on packaging and packaging waste;
- Directives 2012/19/EU and 2003/108/EC on electrical and electronic equipment (WEEE);
- (EC) Regulation no. 1907/2006 concerning the registration, evaluation, authorisation and restriction of chemicals (REACH), paying particular attention to the list of substances of very high concern (SVHC).

C) Monitoring product quality

Fashionart continuously monitors the upkeep of guaranteed production standards, across all phases of the process, through the constant presence of its own specialised personnel within the organisations that operate as part of its production chain.

The Company constantly checks that its suppliers and subcontractors only use its own materials, machinery and techniques, as well as checking the quality of raw materials, the process and the finished product.

With regard to the production chain, the Company carries out internal audits for its suppliers and subcontractors, including interviews with personnel working within the organisation, which may also be carried out on a confidential basis.

In this context, Fashionart mainly works with suppliers and subcontractors with whom it has a long-standing collaboration, characterised by mutual trust. In fact, Fashionart has always considered it essential to create and maintain long-lasting relationships with its suppliers and subcontractors, based on the shared standards of high quality products, Made in Italy excellence and the fight against counterfeiting, in full respect of the principles of social and environmental sustainability.

Relations with public authorities, trade unions and political parties

The aforementioned principles are to be particularly respected with regard to relations with public authorities, in order to guarantee the utmost clarity and transparency in all institutional activities.

Relations with institutional stakeholders are held exclusively through official channels and applicable legal procedures.

It is therefore necessary to state that certain conduct falling under normal business practice may be considered unacceptable if it concerns employees of public authorities or officials acting on behalf of public authorities, even if it is not in direct violation of laws and/or regulations.

For example, it is forbidden to offer money or gifts to managers, officials or employees of public authorities or to their relatives, whether they be Italian or foreign, unless they are of modest value.

Unlawful payments made directly or unlawful payments made through individuals acting on behalf of the Company are considered as acts of corruption, both in Italy and abroad.

It is forbidden to offer or accept any object, service or favour of value in order to obtain more preferential treatment as regards any relation with the public authorities.

When any business negotiations, requests or relations with the public authorities are ongoing, the individuals involved must not attempt to inappropriately influence the decisions of the other party, including those taken by officials involved with the negotiations or who make decisions on behalf of the public authorities.

In the specific case of public procurement tenders, it is essential to operate in compliance with the law and correct business practices.

If the Company uses a consultant or another third party to represent it in relations with the public authorities, the same directives that apply to Company employees shall also apply to the consultant or its staff or to the third party involved.

Furthermore, with regard to relations with the public authorities, the Company must not be represented by a consultant or third party which may give rise to conflicts of interests.

During business negotiations, requests or business relations with public authorities, the following actions may not be taken, whether directly or indirectly:

- examining or proposing employment and/or business opportunities that may personally benefit employees of the public authorities;
- offering or in any way providing gifts;
- soliciting or obtaining confidential information which may compromise the “integrity” or the reputation of both parties.

In order to guarantee or contribute to maintaining its position of utmost independence with regard to relations with public authorities, the Company does not finance or make other contributions to political parties, movements, political and trade union committees and organisations, nor to their representatives or candidates.

Furthermore, the Company does not finance associations, nor does it sponsor events or conferences, whose purpose is political or involves trade union propaganda.

Rejection of criminal behaviour

The principle of rejection of criminal behaviour is meant in its widest sense, relating to any form of crime, whether it be petty crime, organised crime, especially mafia-style or any other form of criminal association, or crimes linked to terrorism, even if politically or religiously motivated,

respecting the principles of peace and civil coexistence.

The Company expressly condemns and forbids the use of its financial resources to fund and carry out any activity whose purpose is to achieve terrorist objectives or overthrow democratic rule.

To this end, the Company undertakes not to enter into any kind of relationship, especially a working, contractual or business relationship, with parties that are even only potentially involved with criminal activities, the mafia, terrorism or similar.

This is applicable to relationships both in Italy and abroad.

In this regard, the Company is committed to adopting all useful and necessary precautions to check the reliability of its partners, as well as verifying that any capital and means used by the latter in their relations with the Company are from a legitimate source.

The Company verifies the commercial and professional credibility of its suppliers and does not use suppliers who have headquarters or who reside or who have any connection whatsoever with countries considered being non-cooperative by the Financial Action Task Force (FATF), operating against money laundering.

Upon request or even if it is only considered appropriate to do so, and in respect of the principle of data protection, the Company shall undertake to cooperate with any Authorities, including foreign authorities, who may ask for information or carry out investigations with reference to the relations held by the Company and its partners, whether they be Italian or foreign.

Conflict of interests

Addressees must avoid any situation, and refrain from any activity, which may create a conflict between their own personal interests and those of the Company, or which may interfere and hinder their ability to make impartial and objective decisions in the interest of the Company.

In addition to going against legal regulations and the principles set forth by the Code of Ethics, conflicts of interest are damaging to the Company's reputation and integrity. A conflict of interests is deemed to exist whenever directors, employees and associates pursue an objective that is different from the objective being pursued by the Company, or when they voluntarily gain or try to gain a personal advantage when carrying out activities in the interest of the Company, or when they gain or try to gain such an advantage on behalf of third parties.

In order to avoid even only potential conflicts of interest, the Company, when assigning responsibilities or beginning new relationships, shall ask its various directors, employees and associates to declare whether any potential conflicts of interest exist, taking no response to mean

that they are excluded. This declaration must be promptly delivered to the Company should any potential conflicts of interest arise afterwards. Depending on the individual involved, declarations shall be submitted to the governing body or to the supervisor in charge.

Financial transparency

The principle of financial transparency refers to the use of tools and procedures in order to fully comply with regulations against money laundering and the handling of stolen goods.

In this regard, each financial transaction must be verified or verifiable, by tracing its movements to and from the Company's accounts.

In the context of recent reforms, the use of cash is therefore strictly kept within legal limits and, vice versa, electronic payment methods are promoted.

Rules and standards of conduct

Conflict of interests

Addressees must avoid giving rise to or causing or contributing to causing or in any case facilitating transactions that present real or potential conflicts of interest with the Company, as well as any other activity that may interfere with their ability to make impartial decisions in the best interests of the Company and in full compliance with the regulations set forth by the present Code of Ethics.

In particular, employees must not have financial interests that are in contrast with those of the Company, for example with reference to those belonging to a supplier, a competitor or a customer.

Should Fashionart employees find themselves in a conflict of interest, even if only potentially, then they must notify their supervisor of the situation, refraining from carrying out any operation in the meantime.

Relations with public authorities, authorities, public officials and public service employees

All relations held with public authorities, authorities, public officials and public service employees must fully comply with applicable laws and regulations, as well as with the present Code of Ethics, in order to ensure, first and foremost, that the principle of legality is fully respected.

With reference to relations held with public authority employees, with authorities or their officials, with public officials or with public service employees, Fashionart personnel are therefore forbidden from accepting, offering or promising, even indirectly, any money, gifts, services or favours as a means to influence decisions, in order to obtain preferential treatment or for any other purposes connected with carrying out official acts.

In connection with said types of relations, any requests for or offers of money, favours of any kind, gifts exceeding a modest value and usage permits relating to the circumstances, that are made or received by Fashionart personnel, must be promptly notified to their superiors (so that said requests or offers cannot, in any way, jeopardise the integrity and independent position of the parties involved and cannot be interpreted as a way of unfairly obtaining advantages).

In the case of investigations, inspections or official public requests, Fashionart personnel are under the obligation to ensure due collaboration.

Relations with stakeholders

Fashionart personnel must ensure that relations with stakeholders (suppliers, users, banks, etc.) respect the principles of utmost correctness and transparency and comply with applicable laws, the present Code of Ethics and specific company procedures, both in Italy and abroad.

Where compatible, the company's personnel must adopt the same rules of conduct with stakeholders as those followed for relations with public authorities.

Employees must guarantee that all companies that come into contact with the Company are treated in the same way and shall refrain from any actions or behaviour aimed at soliciting personal benefits for themselves or for others.

The selection of suppliers and the definition of purchase terms and conditions for goods and services must comply with the principles of fair competition and correctness and must be based on objective judgement with reference to competitiveness, quality, usefulness and supply price, accurately assessing after-sales service guarantees and the general range of offers available.

Fashionart personnel purchasing goods and services on behalf of the Company must:

- check and ensure that each transaction is legitimate, authorised, documented, registered and verifiable at all times;
- evaluate the quality, value for money and cost of the offers in question and how well they meet the company's requirements;
- assess the professionalism, efficiency and general reliability of suppliers;
- check that selected suppliers have the appropriate means, also financial means, organisational structures, skills, know-how, quality control systems and resources in place to meet the company's requirements and uphold its reputation;
- ensure that contracts with suppliers include a declaration that said suppliers have read and accept the present Code of Ethics.

Market relations and public relations in general

Fashionart personnel must respect the specific rules and principles regarding fair competition and lawful advertising, protecting fair market practices.

With specific regard to the Company's online presence through its own website or social media pages/accounts, the employees in charge must comply with all rules set forth by specific laws and applicable regulations as well as with the principle of clarity in terms of the content and the purposes of the website and/or social media pages/account, the sources of any information included

therein and the recipients of said information, expressly providing a disclaimer specifying any liability that is accepted or not accepted.

When registering other people's data, personnel must strictly comply with all data protection regulations.

Under no circumstances may employees use human resources or take advantage of individual rights in order to obtain preferential treatment with regard to their own position within the Company or the Company itself.

External communications

Specifically identified and designated company departments and individuals are responsible for handling relations between the Company and the media. All media relations must be managed in compliance with company policies. All external communications must be consistent, truthful and transparent and must include complete and congruous information.

In any case, it is strictly forbidden to:

- disclose any price sensitive information obtained while carrying out company activities;
- communicate false or biased information regarding the Company or other subjects with whom the Company has dealings when carrying out its activities;
- use any kind of pressure to obtain preferential treatment from media/public information agencies.

Professional development

Fashionart personnel must ensure that they consistently maintain a level of professional development that is appropriate to their position within the Company and, in any case, that is in line with the Company's quality standards.

Specific training and relative refresher courses are required of any personnel who are in charge of specific company departments or finding the solution to specific issues that are of particular importance to the Company.

Conduct within the company

Fashionart employees are committed to acting with decorum within the company, avoiding any kind of clothing, language or behaviour which may be offensive or which may cause embarrassment or discomfort to colleagues and other individuals within the company.

It is strictly forbidden for any members of staff to possess, consume, offer or share around alcohol or drugs in the workplace or present themselves at work under the influence of such substances. Smoking is only allowed in the designated and equipped areas, where available.

Confidentiality

Fashionart personnel must guarantee full confidentiality, even after they stop working for the Company, with regard to any data, news and information that the Company considers to be confidential and that is protected through specific security measures, especially when said information has an economic value.

Fashionart personnel must therefore avoid divulging any such information and/or using it for speculative purposes for their own benefit or for the benefit of others.

Confidential information may only be sent to those who are authorised to receive it, in the interests of the Company.

Diligence

Fashionart personnel must protect and safeguard the Company's values and goods that they have been entrusted with, avoiding situations of risk for resources and company assets and, in any case, situations that may have a negative impact on the Company's integrity and security.

In any case, Fashionart personnel must avoid using the Company's resources, assets or materials for their own personal benefit or for improper purposes.

Reporting and financial statements, financial rules

Fashionart personnel must pay careful attention when reporting on company activities and, specifically, when preparing financial statement items and other company documents.

In this regard, it is necessary to guarantee:

- appropriate cooperation with the company departments in charge of preparing company documents;
- that all figures and information provided are complete, clear, accurate and transparent;

- that principles regarding the correct drawing up of financial statements and other company documents are duly followed.

Fashionart personnel must adopt all necessary measures and precautions in order to guarantee the transparency and correctness of all business and, above all, financial transactions.

In particular, the following conditions are compulsory:

- any tasks and responsibilities assigned to third party professionals or companies with regard to technical-economic-financial support and consulting carried out on behalf of the Company must be recorded in writing, with indication of the content and the economic conditions agreed upon;
- the departments in charge must ensure that payments are correctly made on time to all counterparties, also by checking that the person/organisation indicated on the order is the same as the one receiving the payment;
- incoming and outgoing financial flows must be checked;
- the set minimum requirements in place for the selection of providers of the goods and/or services that the Company intends to purchase must be scrupulously respected;
- there must be fixed criteria in place to assess proposals;
- all necessary information must be requested and obtained in order to assess the business/professional reliability of suppliers and partners.

Health and safety measures adopted by employees in the workplace

With regard to workplace health and safety, Fashionart personnel must, in particular:

- take care of their own health and safety and that of other people present in the workplace who may be affected by their own actions or negligence (so-called interference risks), in compliance with the training, instructions and equipment provided by the employer;
- contribute to fulfilling the obligations in place to protect health and safety in the workplace, together with the employer and the individuals in charge (in particular, the health and safety officer);
- respect the provisions and follow the instructions provided by the employer and the individuals in charge (in particular, the health and safety officer), in order to ensure group and individual safety;
- correctly use all work equipment, substances and hazardous products, means of transport as well as safety devices and personal protective equipment;
- immediately notify the employer and individuals in charge (in particular, the health and

safety officer), of any failures, negligence or violations with regard to the rules and instructions provided, any shortcomings with regard to equipment and safety and protective devices, as well as any hazardous conditions that they may become aware of, intervening directly in case of emergency, in order to eliminate or reduce grave and imminent situations of danger, to the best of their ability. In these cases, the employer and the individuals in charge (in particular, the health and safety officer) must be notified immediately;

- f) never remove or modify safety devices, warning signs or control devices without due authorisation to do so;
- g) look after the personal protective equipment provided to them, refraining from making any changes based on personal initiatives and reporting any defects or problems to the employer or to the individuals in charge (in particular, the health and safety officer);
- h) refrain from carrying out operations or manoeuvres under their own initiative which are not their responsibility or which may jeopardise their own safety or the safety of other workers;
- i) take part in training courses organised by the Company;
- j) undergo the health checks required by applicable legislation or, in any case, organised by the doctor in charge;
- k) comply with all other general or specific instructions issued by the Company, as well as with other rules of conduct adopted pursuant to applicable regulations.

Use of IT systems

Fashionart personnel are responsible for devices belonging to the Company's IT system.

When carrying out their professional activities, Fashionart personnel must use IT devices and services in full respect of current applicable legislation (with particular reference to computer crime, computer security, data protection and copyright) and company procedures.

In particular, it is forbidden for Fashionart personnel to:

- gain unauthorised access to computer systems or telecommunications;
- hold and disclose access codes to computer or telecommunications systems without authorisation to do so;
- circulate equipment, devices or software aimed at damaging or interrupting a computer system or telecommunications;
- unlawfully intercept, hinder or interrupt computer or telematic communications;

- damage information, data and software and computer or telecommunications systems;
- access pornographic websites or websites with explicit sexual content.

Fashionart personnel may not create back-up files, upload or download programmes, register with websites or create or manage social media profiles, without the Company's express authorisation to do so.

In any case, Fashionart personnel must only use software with the correct licences, whenever open-source programmes are not being used.

Personal computers and email addresses made available to employees are Company resources and, as such, may only be used by employees for company purposes: to this end, the Company reserves the right to verify the content of personal computers and archived emails in order to ensure that applicable laws, the present Code of Ethics and company procedures are being duly followed, without going against the ban on remote checks on the employee.

Implementation of the Code of Ethics

Scope of application and addressees

The Code of Ethics forms part of the company's wider compliance policy which involves the Company being committed to correctly complying with all regulations and best practices applicable to its activities, including those concerning personal data protection (Italian Legislative Decree no. 196/03), health and safety in the workplace (Italian Legislative Decree no. 81/08), environmental protection (Italian Legislative Decree no. 152/06) and related disciplines.

Given the purpose of providing ethical guidance to the Company's activities, the present Code of Ethics is binding for:

- directors, general managers, statutory auditors, audit firms;
- employees;
- employees of third parties operating on behalf of the Company on the basis of staff leasing agreements or secondments;
- workers with a contract for work on a continuative and coordinated basis;
- third party associates, consultants, experts, freelance workers and professionals;
- outsourcing service providers, based on work and service contracts, supply or sub-contracting contracts;
- in general, any other public or private individual who enters into relations or partnership agreements with the Company or who operates on behalf of the Company, whether on a permanent or temporary basis.

These individuals are defined as "Addressees".

All Addressees are therefore under the obligation to comply with the principles and values stated within the Code of Ethics, insofar as they are applicable to them. Furthermore, this Code of Ethics also applies to activities carried out by the Company abroad.

In particular, compliance with the rules set forth by the Code of Ethics is to be considered an essential part of the contractual obligations in place for all Company employees, pursuant to and by effect of the provisions of article 2104 and et seq. of the (Italian) civil code with regard to permanent employment, and pursuant to and by effect of the provisions included in every single contract drawn up by the Company with other individuals, to which, in any case, the general rules of good faith and correctness shall apply, in accordance with articles 1175 and 1375 of the (Italian) civil code.

Any violation of the Code of Ethics may lead to disciplinary and legal action and, in the most serious cases, may lead to the employment contract being terminated in the case of an employee, to the termination of an agreement in the case of a third party and, lastly, to the revocation of responsibilities and liability actions in the case of directors, statutory auditors or an audit firm.

With regard to all individuals being aware of and knowing about the Code of Ethics, the Company is committed to ensuring that it is duly circulated both internally and externally by:

- providing a copy to all members of company bodies and all members of staff;
- keeping a copy in a place that is accessible to all, so that it is available to all
- internal and external Addressees and to any other Company stakeholder.

Contracts with Addressees operating outside of the Company shall also include specific contractual clauses, or shall provide for the signing of specific declarations, to certify that the party in question has taken note of the Code of Ethics and is committed to respecting and upholding it. Said clauses/declarations shall, in any case, also state the contractual sanctions applicable should said commitment be violated, for example the potential dissolution of the contract or application of penalties.

Addressees are under the obligation to:

- refrain from any conduct that goes against the content of the present Code of Ethics;
- report to their superiors or to the department in charge should they require clarification on how to apply the regulations set forth by the Code of Ethics;
- promptly notify the Ethics Manager of any information, of which they have become aware either directly or through others, regarding possible violations of the Code of Ethics as well as any requests to violate the Code of Ethics which they may have received. Said notifications should preferably be made in writing and may also be sent via email to the address responsabile.etico@fashionartsrl.com;
- work together with the Ethics Manager to look into possible violations.

Ethics Manager

The company's management is responsible for circulating and implementing the Code of Ethics and, to this end, appoints an Ethics Manager and defines his/her role.

The Ethics Manager is a single person, chosen from among the Company's employees in order to

ensure a direct relationship between the activities of the Ethics Manager and the Company's

organisation, also with a view to adopting the Organisation and Management Model pursuant to (Italian) Legislative Decree no. 231/2001. This position shall cease automatically when the Supervisory Board is appointed, which will happen at the same time as the Organisation and Management Model is adopted pursuant to (Italian) Legislative Decree no. 231/2001.

The Ethics Manager is responsible for making sure that the Code of Ethics is duly respected and for proposing solutions to the specific issues that he/she is presented with, as well as advising the governing body on the most appropriate disciplinary sanctions to apply on a case by case basis.

Therefore, the Ethics Manager:

- requests and obtains all kinds of information and documentation from all Company levels and departments;
- carries out checks and inspections in order to verify whether the Code of Ethics is being violated; ensures that reports are drawn up with the results of the checks carried out; together with the other departments involved, contributes to making sure that the Code of Ethics is constantly updated and adapted according to requirements, also following adoption of the Organisation and Management Model pursuant to (Italian) Legislative Decree no. 231/2001;
- makes proposals to the governing body regarding any updates and adjustments to be made to the Code of Ethics.

When carrying out the aforementioned tasks, the Ethics Manager has the power to:

- gain unlimited and unconditional access to all company documents and information from every department and from every employee, as well as to find out about all relations with organisations outside of the Company;
- gain access to all places where Company activities are carried out;
- consult with and interview any individual within the Company and the company organisation in order to gather information on the progress of work being carried out and work planned and on whether the principles, values and rules of conduct are being correctly applied;
- check all economic-financial transactions, projects and proposals, making sure that all procedures have been followed and that the principles, values and rules of conduct described in the present Code of Ethics have been correctly applied;
- carry out any regular and surprise spot checks and controls that may be necessary in order to fulfil his/her duties, in accordance with regulations.

The Ethics Manager regularly informs the governing body about his/her work and, on an annual basis, must hold a specific meeting in order to make a general assessment of the ethical conditions within the Company and define guidelines for the future.

After being informed by the Ethics Manager, it is nonetheless up to the Company to decide whether to carry out investigations, as long as there are the specific requirements in place to complete such assessments.

The Company sanctions the failure to fulfil the duty to provide information and sanctions the relative violation of the duty to provide information, if this is done for purposes of requital or emulation.

Disciplinary system

A) Violations of the Code of Ethics

If the Ethics Manager ascertains that the rules contained in the Code of Ethics have been violated, then he/she shall notify the governing body. The governing body or the shareholders' meeting or another individual delegated with the task, shall then promptly and specifically notify the transgressor in writing, via registered letter with acknowledgement of receipt sent to their home address, expressly indicating the fact that gave rise to the violation and the time and place of its occurrence. This must take place regardless of whether or not the violation has been recognised by the competent judicial authority.

The governing body cannot take any action unless prior written notification has been provided, expressly indicating the fact that gave rise to the violation and when and where it took place, and unless the transgressor has been given an appropriate amount of time, following receipt of said notification, to prepare his/her defence and have a hearing, if necessary. The transgressor shall have the right to present their own defence, also in writing.

The final action taken must be justified and the transgressor must be notified thereof in writing, via registered letter with acknowledgement of receipt sent to their home address.

B) The disciplinary system

Sanctions are decided by the governing body and vary depending on:

a) the seriousness of the violation;

- b) the jobs carried out by the individual in question;
- c) the tasks carried out by the external associate;
- d) the level of intent;
- e) the degree of negligence and malpractice;
- f) the extent of the damage that potentially could have been caused by the behaviour representing the hypothesis of an alleged offence, as referred to by (Italian) Legislative Decree no. 231/01.

The Shareholders' Meeting is responsible for deciding on any sanctions to be applied to the governing body and the supervisory board.

Responsibilities and duties of company bodies

Within the scope of their management powers and responsibility to act on behalf of the company, company bodies first and foremost are under the express obligation to comply with the provisions contained in the present Code of Ethics.

These subjects are required:

- to respect the applicable legal framework and the principles of the present Code of Ethics;
- to behave with autonomy, independence and correctness with public institutions, public subjects, business associations, political parties and all other domestic and international operators;
- to behave with integrity, fairness and a sense of responsibility with respect to the Company;
- to guarantee that they will diligently take part in meetings and activities of company bodies in an informed way;
- to ensure that they contribute to deliberating on, executing and sharing company goals;
- to assess any conflicts of interests or incompatibility issues with Company roles and responsibilities or positions inside and outside the Company, refraining from carrying out any actions in situations that present a risk of personal interests overlapping with those of the Company;
- not to hinder, in any way, the supervisory and/or audit activities carried out by shareholders or by other company bodies;
- to keep all information that they become aware of when carrying out their duties strictly confidential, refraining from using their position to obtain personal benefits, whether directly or indirectly;
- to ensure that all activities are carried out in full respect of laws and the rules of conduct issued by the Company, in order to safeguard confidential company information;
- to respect the rules of conduct issued to employees, insofar as they pertain to them and within the scope of their responsibilities.

The sanctions that may be imposed on members of company bodies who violate the rules and principles of the Code of Ethics are as follows:

- a) a formal written reprimand and order to comply with the Code of Ethics;
- b) suspension from office and from pay for a period lasting from one to sixth months in the case of serious, repeated or multiple violations;
- c) revocation of office with immediate effect following particularly serious violations that jeopardise the relationship of trust, thereby representing just cause.

Responsibilities and duties of employees

Employees, referring to the ordinary classification of the professional categories of directors, managers, white-collar workers and blue-collar workers, must ensure that their professional conduct complies with applicable legislation and the principles stated by the present Code of Ethics, both inside and outside of the Company.

In particular, employees must:

- diligently respect the provisions of the Code of Ethics, refraining from any conduct that goes against them;
- avoid behaving in such a way as to create, cause or contribute to conduct which may represent one of the critical offences listed by (Italian) Legislative Decree no. 231/2001;
- cooperate with the Company during respective controls, monitoring and supervision, providing any information and data requested by the Company or by the Ethics Manager, preferably in writing, also via email to the address responsabile.etico@fashionartsrl.com.
- notify the Ethics Manager of any potential violations of the present Code of Ethics within the company;
- cooperate as much as possible in order to verify potential and/or alleged violations of the present Code of Ethics;
- inform third parties entering into relations with the Company about the provisions of the Code of Ethics and ask them to duly comply with them.

Disciplinary sanctions applicable to Company employees (managers, white-collar workers and blue-collar workers) represent contractual obligations, pursuant to and by effect of the combined provisions of article 2104 of the (Italian) civil code and article 7, paragraph 4, letter b) of (Italian) Legislative Decree no. 231/01.

The sanctions applicable are the same as those stated by the CCNL (*national collective bargaining agreement*) in force for workers belonging to the sector in question (CCNL for small textile businesses). Depending on the violation in question, the governing body or the department in charge of formulating the formal notification must strictly comply with the disciplinary action provided for by article 7 of (Italian) Law no. 300/70.

The sanctions applicable are as follows:

- a) verbal reprimand;
- b) written reprimand;
- c) a fine equal to a maximum of four hours' pay;
- d) suspension from work and from pay for up to ten days;
- e) termination of employment.

Responsibilities and duties of external addressees

External Addressees are obliged to respect the rules of conduct included in the present Code of Ethics, insofar as they are compatible with the relationship held with the Company and within the limits of their respective roles and responsibilities.

The commitment to comply with the general principles and rules of conduct is an essential requirement in order to create and hold ongoing relations with the Company. Specific measures shall be taken in the case of any violations of these principles and rules, including termination of the contract or the application of penalties.

In particular, non-compliance or violations of the Code of Ethics shall lead to the following sanctions, applied in relation to their level of seriousness, which must be expressly provided for in the relative contract:

- a) penalty of a maximum of € 3,000.00 or, where applicable, 10% of the value of the contract or other specific measures that the Company considers necessary for the different types of relationship held with the third parties;
- b) suspension of service provision at the same time as issuing a formal final deadline by

which time the effects of the violation in question must be completely eliminated, otherwise

the contract will be dissolved ipso jure;

c) immediate dissolution of the contract in accordance with art. 1456 of the (Italian) civil code.

This is without prejudice to the Company's right to claim compensation for all direct and indirect damages caused.

Responsibilities and duties of all Addressees

Regardless of their role and relationship with the Company, all Addressees are under the obligation to comply with the provisions of the Code of Ethics adopted by the Company, with particular reference to:

- a) fully complying with all principles, values and rules of conduct described in the present Code of Ethics;
- b) adopting appropriate behaviour to avoid even only the risk of committing one of the critical offences listed by (Italian) Legislative Decree no. 231/2001;
- c) notifying the Company of any situations relating to potential violations of the rules contained in the Code of Ethics, preferably in writing, also via email to the address *responsabile.etico@fashionartsrl.com*.

As a result, the Company will investigate the notification and prepare the necessary actions to eliminate the situation of risk.