

ETHICAL CODE

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1. INTRODUCTION

The Royal Co. Srl, hub of excellence for the production of classic and fancy yarns in noble fibres, has incorporated its growth with the Made in Italy worldwide. On the creative side as well as on the technical one, research is the soul of The Royal Co. Srl. a continue development through experimentation and innovation which guarantees to the clients an essential resource of inspiration and a reliable creative support, season after season.

The norms of the current Ethical Code concern and apply to the company's top management team, to the administrators, to all employees, suppliers, consultants and to all those who will establish a collaboration with THE ROYAL CO. SRL. The company will monitor the conformity with the norms that make up the Ethical Code and will ensure transparency in terms of remedial actions in case of breach.

THE ROYAL CO. SRL agrees to provide a wide internal and external distribution of the present Code through the different company channels and to post it in common areas accessible to all employees. A copy of the Ethical Code is delivered to each employee, collaborator and is published on the company's website so that each stakeholder will be able to see it and acknowledge it. The existence of such Ethical Code and its binding features will be underlined in all financial relations that will be established with THE ROYAL CO. SRL.

All employees, including collaborators, have to be aware of the Code, and actively contribute in making sure it will be carried out and to notify potential deficiencies. THE ROYAL CO. SRL agrees to promote awareness amongst collaborators and to facilitate their constructive contribution on its contents.

The present code is composed of 3 section; each represents an element of the Ethical system of THE ROYAL CO. SRL:

1. General Principles: the activities of the company are based on these Ethical principles;
2. The List of Values: indicates the set of sustainability values that complete the general principles in managing the company's activities.
3. Conduct System: identifies the behavioural criteria to be followed in relating with stakeholders.

2. GENERAL PRINCIPLES

The "General Principles" included in the present Code reflect the basic values of THE ROYAL CO. SRL and are fundamental for the type of commercial behaviour that we want to carry out, at all organizational levels and with all our stakeholders. Reputation is a precious asset for THE ROYAL CO. SRL and it is everyone's duty to protect it and maintain it. To comply with the norms of the Ethical Code, must be considered an essential part of the employee's and external collaborator's contractual obligations towards the company in accordance with the law.

2.1. Compliance with the law

THE ROYAL CO. SRL agrees to lead its activity in compliance with the applicable international, national, regional, provincial and council legislation in relation to every field (administrative and fiscal, work legislation, health and safety in work places, environmental etc), to therefore reject any kind of illegal activity and that it will prosecute behaviour which is contrary to the legislation and principles of the present Ethical Code or internal procedures.

2.2. Equality and impartiality

THE ROYAL CO. SRL recognizes the rights for equality and impartiality when making decisions that influence stakeholders' relations, without any age, gender, health, race, nationality, political and religious discrimination.

THE ROYAL CO. SRL agrees to focus particular attention to people with disabilities, old people, and citizens that come from lower social ranks, both when dealing with them directly or by telephone.

THE ROYAL CO. SRL agrees to act objectively and impartially while conforming to the applicable norms. To conform to the applicable rules and laws is considered an essential principle.



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2.3. Responsibility and honesty

In carrying out the company's mission, the behaviour of all the addressee of the present Ethical Code should be inspired by the ethics of responsibility.

When leading activities one must avoid any type of situation in which the parties implicated in transactions are or appear to have a conflict of interest. A conflict of interest takes place every time an administrator, a manager, an auditor, an employee, a consultant, a collaborator behaves in a deceptive or defaulting way which aims at obtaining a personal advantage or to achieve interests on behalf of third parties; interests that are different from that of the positive evolution of THE ROYAL CO. SRL and from professional gratification for the job and for the achieved results.

2.4. Continuity, diligence and accuracy in the performance of tasks and contracts

THE ROYAL CO. SRL is committed to ensuring the continuity of the strategic activity and of the direction and coordination of all company resources. Furthermore, it will also make sure to minimize the inconveniences of customers in the event of disruptions occurring for force majeure. The recipients of the Code must act with diligence, accuracy and professionalism in order to provide high quality services.

2.5. Transparency and completeness of information

The Directors, executives, managers, employees and collaborators of THE ROYAL CO. SRL are required to give complete, transparent, understandable and accurate information so that the stakeholders, while establishing their relations with the Company, are able to make independent decisions regarding the interests involved, the alternatives and the relevant consequences.

In particular, while formulating any contracts, THE ROYAL CO. SRL takes care to specify to the contractor the behaviour to upkeep in all foreseeable circumstances, processes and clauses in a clear and comprehensible way, while always ensuring the maintenance of equal partnership status with customers. In drawing up any communication with the customers, THE ROYAL CO. SRL pays the utmost attention to the use of languages and of simple language of easy comprehension.

2.6. Competition

The Company intends to develop the value of competition by adopting the principles of fairness, fair competition and transparency for all operators on the market. All recipients of this Code shall refrain from engaging in and / or incentivize behaviours that may constitute unfair competition.

2.7. Relations with the community and environmental protection

THE ROYAL CO. SRL is aware of the influence, also the indirect one that its activities can have on the conditions, economic and social development and the general welfare of the community and the importance of social acceptance in the communities where it operates.

For this reason, THE ROYAL CO. SRL, in the conduct of its business, is committed to safeguarding the environment and to contribute to the sustainable development of the territory: to this end, it plans its activities considering the Charter of Values for Sustainability, seeking a balance between economic initiatives and essential environmental needs, taking into account the rights of future generations.

THE ROYAL CO. SRL, therefore, is committed to improving the environmental and landscape impact of its activities, as well as to prevent risks to the population and to the environment, not only in respect of current law, but taking into account the development of scientific research and best experiences in the field.



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2.8. Confidentiality

The Company guarantees the confidentiality of information in its possession and refrains from seeking confidential data, except for case expressly and consciously authorized and in accordance with applicable legal standards. In addition, employees of THE ROYAL CO. SRL are required not to use confidential information for purposes not related to the exercise of its activity.

2.9. Effectiveness, efficiency and quality of products / services

THE ROYAL CO. SRL aims to promote the development of products / services according to the principles of effectiveness and efficiency, so that any action be fair and conducive to the satisfaction of needs and requirements being addressed and that every working activity be implemented with the thoughtful use of the resources deployed with the commitment to provide adequate performance to the needs of the customer and according to the highest standards.

THE ROYAL CO. SRL undertakes, through the adoption of appropriate technological and organizational solutions, as well as through constant training of human resources, to continuously improve the efficiency and effectiveness of the products / services offered directly or through its subsidiaries.

2.10. Equitable authority

In underwriting and managing contractual relations which entail the establishment of hierarchical relations, particularly with staff, THE ROYAL CO. SRL is committed to making sure that the authority will be exercised fairly and correctly avoiding any abuse. In particular, THE ROYAL CO. SRL will operate in such a way that the authority does not become mere exercise of power, which is detrimental to the dignity and autonomy of the staff.

2.11. Integrity and protection of individual

THE ROYAL CO. SRL is committed to protecting the safety, health, moral and physical integrity of its employees, of the consultants and of its customers and suppliers. To this end, it promotes safe and responsible behaviour and adopts all security measures required by the technological evolution to ensure a safe and healthy work environment, in full compliance with current legislation on prevention and protection.

THE ROYAL CO. SRL is committed to protecting the person in every area.

It works constantly to achieve a collaborative, non-hostile work environment and to prevent discriminatory behaviour of any kind. The recipients of the Code are obliged to cooperate with the company in order to maintain a climate of mutual respect of dignity, honour and reputation.

The disparity of treatment justified by objective criteria, which is not in conflict with the law or the collective agreement, is not to be considered as discrimination.

Requests or threats aimed at inducing people to act against the law and the Code of Ethics or to adopt behaviours detrimental to moral and personal convictions, are not to be tolerated, and will therefore be properly addressed

3.0 CHARTER OF THE COMMITMENTS FOR THE SUSTAINABILITY

THE ROYAL CO. SRL is aware of market trends and of today's importance in the VALUES of Sustainability, integrated into the company's strategy and in its organizational, social and environmental operational processes. The company has decided to pursue a path of management and improvement of these values.

The Charter of Values thus summarizes the VALUES and COMMITMENTS that THE ROYAL CO. SRL has defined to incorporate into its policy, operations and management, to which all organizational structures need to inspire.



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3.1 Values and goals

To establish policies and values oriented towards the sustainability and the pursuance of the objectives in its business. To adopt management decisions that aim to safeguard the present and future financial strength and profitability.

3.2 Sustainable value chain

To Orientate and sensitize the industry to the values and requirements of the "Sustainability Protocol". To Keep own suppliers updated on initiatives in a sustainable setting and monitor their behaviour. Optimize the handling of materials.

3.3 Traceability

Building a purchasing system and a production data storage system designed to show, for each different production process, the origin of the raw materials and the executor of the works.

3.4 Choice of materials

Evaluate the inclusion of raw materials with lower social and environmental impact made in accordance with environmental protection and biodiversity criteria as well as at producers who implement the same ethical values. Ensure that the raw materials of animal origin are obtained with respect of the dignity of each human being.

3.5 Improving the environmental performance

To ensure legal compliance, improve resource management with the aim of reducing the environmental impact, with particular attention to energy and water resources.

To monitor the reduction of chemicals in the raw material, reduce the use of toxic and harmful substances in aligning processes to the MRSL of the Protocol for Sustainability and improve over time the chemical performance of the finished product.

3.6 Improvement of social performance

Ensure legal compliance, improve human resources management with respect of the fundamental requirements of international conventions on human rights, raise awareness and monitor the supply chain. Carefully manage the legal compliance and improve health and safety in the workplace.

3.7 Reputation

Comply with the requirements of the Sustainability Protocol for the own activities and adopt behaviours in line with commitments. Communicate transparently the results of actions and monitor the result. Be open and available to supervisory and monitoring visits at the company and its chain. Be open to the sharing of data pertaining to the Sustainability Protocol for the shared growth path of the Yarn Promotion Consortium and its supply chain.



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4. CONDUCT SYSTEM

4.1. Relations with staff and collaborators

4.1.1. Selection of personnel

THE ROYAL CO. SRL guarantees equal opportunities in employment, without any discrimination for reasons of sex, ethnicity, nationality, language, religion, political opinion, sexual orientation, personal and social conditions in compliance with regulations in force and, in particular, with the Code of Equal Opportunities.

THE ROYAL CO. SRL ensures compliance with the legislation for the safeguard of workers having compulsory start up rights, providing them with the necessary support for achieving a full and rewarding work performance.

In the methods of access to employment, the Company adopts procedures, which are based on criteria of transparency, appropriate to ensure, at each stage, the full respect of the principles and general rules of this Code, however, tended to give adequate evidence of the criteria and the rules adopted in the selection of human resources to be acquired. The above criteria and methods are disclosed before the implementation of the selection process. Top Management, the Director of Personnel, and the responsible involved in the selection process, avoid any situation that might result in conflicts of interest, favouritism, nepotism or patronage (in particular to employees or former employees of the Public Administration with whom labour relations are or have been entertained, or to public decision-makers). In fact the company wants to ensure that the selection of candidates is always carried out on the basis of professional qualifications and competence required by the role to play, thus excluding any form of favouritism or cronyism

4.1.2. Development of human resources

Human resources are a key factor for the development of THE ROYAL CO. SRL, so the company protects and promotes the professional growth in order to increase the wealth of their competences. THE ROYAL CO. SRL believes that human resources represent a key factor in the company's development, recognizing its value and respecting its autonomy.

4.1.3. Staff Duties

THE ROYAL CO. SRL's staff is obliged to respect the Code of Ethics and, while performing their tasks, must comply and respect the law and base their conduct on the principles of integrity, honesty, loyalty and good faith.

With this document, it is noted that employees will be required to avoid any situation or activity that might lead to conflict of interest with the Company or that might interfere with the ability to make impartial decisions. Therefore, it should be noted that all information acquired in carrying out activities must remain strictly confidential and may not be disclosed within or outside the Company.

4.1.4. Conflict of interest

THE ROYAL CO. SRL recognizes and respects the right of its People to take part in investments, business or activities other than the activity performed in the interest of THE ROYAL CO. SRL, provided that law permits such activities and are consistent with the obligations assumed towards THE ROYAL CO. SRL. All recipients of this Code of Ethics must maintain a position of freedom of judgment, integrity and impartiality and must avoid decision making and carrying out activities in situations that could bring, apparently or even just potentially, a conflict of interest. One must avoid any activity that contrast with the fulfilment of duties or that can harm the interests or the image of the company.



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4.1.5. Company's goods

THE ROYAL CO. SRL's employees use and protect with care the assets that are available for office use. It is forbidden to use the goods and resources owned by the enterprise in a contrasting way.

Each employee is directly and personally responsible for the protection and legitimate use of goods and resources entrusted to him in order to perform the assigned tasks.

THE ROYAL CO. SRL, in compliance with applicable laws, applies the necessary measures in order to prevent the inappropriate use of the goods

4.1.6. The use of I.T. tools

THE ROYAL CO. SRL's staff may use computer tools to the extent and for the sole purpose of carrying out their duties. The staff is responsible for security of the used systems and is subject to the applicable dispositions and norms and to the conditions listed in the license contract.

Except as allowed under civil and criminal laws, to use I.T. networks for objectives that are not pertinent to the company's activity, to send messages that are offensive or destructive for the company's image, is considered to be improper use of the enterprise's assets and resources. In addition, the ban for under-age pornography violations must be underlined (art.600.ter penal code) and possession of pornography material (art. 600-quarter penal code) that can damage the image of THE ROYAL CO. SRL.

THE ROYAL CO. SRL claims to extend the prohibitions listed above to all kinds of pornographic activity as well as any form of prostitution even if carried by consenting adults.

Staff is also required to keep I.T. passwords confidential and to pay maximum attention and commitment in order to prevent potential violation through the use of I.T. tools.

4.1.7. Confidentiality protection

In order to protect the privacy of its employees, THE ROYAL CO. SRL will comply with the applicable norms on the subject matter and it will not spread, except in case of legal obligations, personal data without prior consent. The acquisition, the treatment and the conservation of such information takes place within specific procedures aimed at guaranteeing that only authorized people will have access to it and a complete compliance with the applicable norms for privacy protection.

4.2. External relations

4.2.1. Company's administration system

The administration system that is adopted by the company is conforming to the applicable legislation and is in line with the most authoritative entities and with the best existing procedures. The system aims at ensuring the best and the most balanced collaboration amongst its components through a poised assignment of managing, orientation and supervision roles.

The activities of the components of the company's organs have to conform to the principles of fairness and integrity. Such organs have to abstain from acting in situations of conflict of interest while carrying out activities for the company.

4.2.2. Relations with external spokespeople

The company's relations with any kind of spokesperson, public or private, must be carried out in a way that is conforming with the law and respectful of the fairness, transparency, and verifiability principles.



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4.2.3. Relations with Clients

The company's imprinting is focused on quality criteria, meant as a complete fulfilment of the client's expectations. The Clients of THE ROYAL CO. SRL are the investors and the corporation itself.

The enterprise establishes a relationship with its clients, which is based on high professionalism and on availability, respect, courtesy, research and maximum collaboration.

In relating with clients, the company ensures fairness and clarity in commercial negotiations, in contractual obligations and in the accurate and diligent fulfilment of the contract.

The company protects its client's privacy, in accordance with the applicable subject norms and is obliged to keep the relative personal, financial and consumption data as strictly confidential, except if required by legal constraints.

The Company will turn to controversy only if its legitimate demands are not fully satisfied by the interlocutor.

Conflict of interest situations must be avoided in any type of negotiation.

4.2.4. Relations with suppliers and external consultants

All purchases made by THE ROYAL CO. SRL must be carried out with loyalty, integrity, confidentiality and diligence by the internal staff, who will be responsible for their actions and will guarantee that all purchasing activities will comply with the provisions of the relevant regulations. All employees in the purchasing process will therefore strictly respect the principles of impartiality and independence in exercising the functions performed within THE ROYAL CO. SRL, and to be free from personal obligations towards suppliers. The supplier's choice modalities must comply with the applicable laws and with the company's internal procedures for the purpose envisaged. Suppliers are contractually committed to the respect of this Ethical Code and are constantly monitored.

When selecting the supplier, the company must also take into account the ability to ensure the implementation of adequate quality systems, where required, the availability of means and organizational structures and the ability to meet the obligations of confidentiality.

Each selection procedure must be carried out in compliance with the broader competition conditions and any potential waiver must be authorized and justified. The Company and the supplier must work to build a collaborative relationship and mutual trust.

THE ROYAL CO. SRL agrees to correctly and promptly inform the supplier on the characteristics of the activity, on the payment terms and modalities in compliance with the existing rules and with the expectations of the other party, given the circumstances, with the negotiations and the content of the contract.

The fulfilment of contractual obligations by the supplier will have to comply with the principles of equity, fairness, diligence and good faith and must take place in accordance with local regulations and with the Charter of Sustainability Values.

The Company uses suppliers or subcontractors that operate in accordance with local regulations and rules provided for in this Code of Ethics.



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4.2.5. Competition

THE ROYAL CO. SRL conform their actions to obtain competitive results that reward skills, experience, effectiveness and efficiency.

The Company and its employees should behave correctly in the interests of the company itself and in relating with the public administration.

Any action aimed at changing the conditions for fair competition is contrary to the corporate policy of THE ROYAL CO. SRL and is forbidden for any person who does this.

In no event shall the Company's interest justify a conduct of leaders or of its employees that is not respectful of the laws and non conforming with the rules of this Code

In dealing with any type of communication, information about the Company and its activities must be truthful, clear and verifiable.

4.2.6. Relations with Institutions

All relations with state institutions (ministries, regions, municipalities, provinces, ASL, etc.) are exclusively attributable to forms of communication that aim at evaluating the implications of legislative and administrative activities for THE ROYAL CO. SRL, at meeting informal demands and acts of union Inspection (audits, investigations, etc.), or to create awareness on the company's position on significant themes for Society.

4.2.7. Contributions and sponsoring

THE ROYAL CO. SRL may adhere to requests for contributions only for proposals from institutions and associations that are overtly non-profit and with a high cultural, social or beneficial value that, in any case, involve a significant number of citizens.

In the selection of proposals for contributions and sponsorships THE ROYAL CO. SRL will pay particular attention to any possible conflict of interest , both personal or professional (e.g., family relationships with interested parties or ties with organizations which might, for the tasks they perform, somehow favour the activities of THE ROYAL CO. SRL).

4.2.8. Relations with the public administration

In order to ensure maximum clarity in institutional relations, these will be carried out, at a "high profile" level, exclusively through the High Executive Board or through other entities that have been formally delegated, that have received an explicit mandate and will not be in conflict of interest with the representatives of the institutions themselves.

4.2.9. Relations with the environment

The Company's activities are managed in compliance with the applicable environmental legislation. The Company will ensure that all activities are carried out and all the necessary investigations will be completed in order to check the possible environmental risks from the intervention and to prevent damage. The company also agrees to develop environmental values implied by the Charter of Values for sustainability and to ensure that even suppliers will do so.