

CODE OF CONDUCT

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INTRODUCTION

“The Royal Co. Srl” mainly creates, produces, markets, distributes and sells yarn in noble and natural fibres. “The Royal Co. Srl” is aware that the adoption of a Code of Conduct, in which corporate values are enshrined, is of primary importance. It also aims to prevent the criminal offences envisaged by Italian Legislative Decree No. 231 of 8 June 2001, to which “The Royal Co. Srl” has decided to comply, in order to correctly carry out company activities and achieve its goals.

This document (hereinafter the “Code of Conduct”), adopted by the company’s Board of Directors, sets out the principles with which “The Royal Co. Srl” complies and for which it expects strict observance by all the recipients.

“The Royal Co. Srl” Code of Conduct also ensures full compliance with the principles of business conduct, professional behaviour and ethical conduct, as also indicated in the “*Group’s supplier charter*” with which the suppliers must comply when carrying out contractual services.

GENERAL PROVISIONS

1. FIELD OF APPLICATION AND RECIPIENTS

1.1 The principles set out in the Code of Conduct are intended to bind all subjects who occupy roles of representation, administration or senior management within the Company, or who exercise, even de facto, management and control, including all employees without exception, anyone cooperating and collaborating with the company - for any reason - in the pursuit of its objectives, and, more generally, all trading partners and anyone who has business relations with the company, (hereinafter the “Recipients”).

1.2 The Company undertakes to disseminate the Code of Conduct so that it is brought to the attention of all Recipients, as well as to ensure adequate training for the company personnel on its contents.

2. PRINCIPLES

2.1 The Company accepts and shares the ethical principles (hereinafter, the “Principles”) set out below:

- legality;
- prevention of corruption;
- prevention of conflict of interests;
- professionalism and reliability;
- transparency and correctness in the management of corporate information;
- confidentiality;
- value of the person and human resources;
- protection of safety at work and the environment;
- prevention of money laundering;
- protection from competition;
- product quality;
- protection of industrial and intellectual property.



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2.2 The Recipients shall ensure that their conduct complies with the Principles. Under no circumstances can the conviction of acting in the interest or for the benefit of “The Royal Co. Srl” justify behaviour contrary to the Principles.

3. LEGALITY

3.1 All behaviour of the Recipients related to work carried out on behalf of or in the interest of the company is based on stringent compliance with the Italian, EU and international laws in force and applicable to the company or in the management of the relationship with the company.

4. PREVENTION OF CORRUPTION

4.1 The Recipients, who represent or act in the interest of the Company or have business relations with it, shall refrain from any form of corruption regarding both public and private entities.

4.2 “The Royal Co. Srl” does not permit any form of payment or grant benefits to customers, business partners and third parties in general, which do not strictly derive from a contractual obligation or business relationship governed by a contract.

4.3 The Company also expects its customers, suppliers and other partners to share this principle and act in accordance with it.

4.4 The Company’s employees may accept or offer gifts provided that they are directly related to the activity carried out, are lawful, of modest value, offered in a transparent and explicit manner and sporadically or delivered on the standard occasions for exchanging gifts, which do not create any obligation or sense of obligation on one side or the other.

5. PREVENTION OF CONFLICT OF INTERESTS


5.1 When carrying out social activities and taking the relevant decisions, the Recipients shall operate with impartiality in the exclusive interest of “The Royal Co. Srl”, taking decisions with responsibility, transparency and based on objective evaluation criteria, avoiding situations where they are, or may appear to be, in conflict of interest.

5.2 Conflict of interest means the situation in which the Recipient pursues a personal interest or that of third parties and not that of the company, or carries out activities that may, in any case, interfere with his/her ability to make decisions in the exclusive interest of the Company, or personally take advantage of the business opportunities of the latter.

5.3 In the event of a conflict of interest, even if only potential, the Recipients shall promptly inform their immediate superior or company contact and comply with the decisions taken as a result.



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6. PROFESSIONALISM AND RELIABILITY

6.1 “The Royal Co. Srl” carries out its business in accordance with the highest standards of ethical and professional conduct. All the activities performed on behalf of the Company must be carried out with the utmost diligence, professionalism and reliability.

6.2 The Recipients are required to carry out their specific activities and implement the agreements with the Company with a commitment commensurate with the responsibilities entrusted to them, protecting the reputation of “The Royal Co. Srl”.

6.3 “The Royal Co. Srl” requires the Recipients to act loyally and in good faith, in a spirit of mutual respect and collaboration, as well as to fulfil the contractual obligations and relevant services.

7. TRANSPARENCY AND CORRECTNESS IN THE MANAGEMENT OF CORPORATE INFORMATION

7.1 Adequate and complete supporting documentation is kept in the Company’s records for each accounting transaction, so that the accounting documents meet the requirements of truthfulness, completeness, precision and transparency of the recorded data and allow for:

- an accurate and faithful accounting record;
- immediate identification of the characteristics and reasons behind the transaction itself;
- a simple reconstruction of the operational and decision-making process, as well as the identification of levels of responsibility

7.2 All data relating to the management must be correctly and promptly recorded in the accounts.

7.3 Each accounting entry must exactly reflect the results of the relevant supporting documentation. The supporting documentation must, therefore, be carefully preserved in order to be guarantee easy access.

7.4 When managing and carrying out social activities, transparent, truthful, complete and accurate information must be made available, externally as well, and false information must not be disseminated or fictitious devices employed.

8. CONFIDENTIALITY

8.1 The Company guarantees confidentiality and protects the confidentiality of the information that constitutes corporate assets, even when referring to third parties, in strict compliance with the legislation in force, including the protection of personal data.

8.2 The obligation of confidentiality, therefore, covers not only company data that have not been made public and the management methods of company processes, but also information relating to customers, suppliers and trading partners, as well as to the final consumers of the products marketed, from whom the Company collects and processes personal data.

8.3 No Recipient shall gain advantages of any kind, whether direct or indirect, from the use of confidential information or personal data, acquired during the activities carried out for the Company, or communicate said information to others or recommend or induce others to use it



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8.4 The communication of confidential information to third parties shall only be done by authorised parties. When communicating information to third parties, permitted for professional reasons, the confidential nature of the information must be expressly declared and the third party must be required to comply with the obligation of confidentiality.

8.5 If electronic information protected by passwords or data encryption systems are accessed, the latter may be made known only to the recipients, who are obliged to preserve it carefully and not to disclose it.

9. VALUE OF THE PERSON AND HUMAN RESOURCES

9.1 For "The Royal Co. Srl", human resources represent an indispensable and precious value for the development and growth of the sector in which the company operates. The Company, therefore, protects the value of the human person and consequently, does not tolerate discriminatory behaviour, harassment and personal offences.

9.2 "The Royal Co. Srl" undertakes to ensure that no harassment or discriminatory behaviour based on age, gender, sexual orientation, race, skin colour, language, nationality, political and trade union views, as well as religious beliefs, marital status or family situation, disability, genetic information or other personal non-related work characteristics, shall occur in the workplace and when carrying out company activities.

9.3 When selecting and managing personnel, the Company shall adopt the criteria of equal opportunity, merit and enhancement of skills, expertise and potential of individuals, undertaking to ensure that authority is exercised fairly and correctly, avoiding any form of abuse.

10. PROTECTION OF SAFETY AT WORK AND THE ENVIRONMENT

10.1 "The Royal Co. Srl" promotes health and safety in the workplace of its employees and all those accessing its offices and work places.

10.2 The Company also undertakes to guarantee working conditions that respect individual dignity and safe and healthy work environments, by disseminating a culture of safety and risk awareness, promoting responsible behaviour by all, including the implementation of training activities, in compliance with company procedures and current accident prevention regulations.

10.3 To this end, all Recipients are required to share this value and contribute, within their own field, towards maintaining safety in the workplace in which they operate and to behave responsibly to protect their own health and safety and that of others.

10.4 In managing its business activities, the "Royal Collection" takes the protection of the environment very seriously, seeking to improve the environmental conditions of the community in which it operates, in full compliance with current legislation.

10.5 In particular, the Company promotes steps aimed at differentiation in waste collection, recycling and correct disposal of waste, paying particular attention to the choice of service providers for waste management.



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11. PREVENTION OF MONEY LAUNDERING

11.1 The Company requires maximum transparency in business operations and relations with third parties, in full compliance with Italian and international regulations in combating money laundering. All financial transactions shall be sufficiently justified in contractual relationships and made by means of payment that guarantee their traceability.

11.2 Accordingly, the Recipients shall not initiate business relations on behalf of the Company with partners, customers, suppliers or third parties who do not provide proof of good repute, do not have a good reputation or whose name is associated with events related to money laundering.

12. PROTECTION OF COMPETITION

12.1 The Company believes in healthy and fair competition, as well as in a competitive market and acts in compliance with antitrust legislation. Deceptive behaviour, agreements or understandings between competitors, whether current or potential, which may integrate forms of unfair competition or violations of current antitrust legislation are, therefore, prohibited.

13. PRODUCT QUALITY

13.1 "The Royal Co. Srl" places particular attention on the quality of the products involved in its business, with the aim of ensuring customer satisfaction, in line with the reputation that distinguishes the brand on the market.

13.2 The Recipients are, therefore, required to provide clear, precise and comprehensive information about the quality and quantity of the goods produced and sold, and to carry out adequate checks on the quality, provenance, characteristics and origin of the goods marketed.

14. PROTECTION OF INDUSTRIAL AND INTELLECTUAL PROPERTY

14.1 The Company ensures compliance with the internal, EU and international rules set up to protect industrial and intellectual property by implementing the principle of legality.

14.2 The Recipients are required to protect the Company's industrial and intellectual property, i.e. trademarks, copyrights and trade secrets, and to promote the correct use, for any purpose and in any form, of all works of creative genius, including data processing programs and databases, to protect the author's property and moral rights.

14.3 For this reason, it is forbidden, in general, to duplicate or reproduce, in any form and without right, of the work of others.


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RELATIONS WITH THIRD PARTIES

15. RELATIONS WITH PUBLIC ADMINISTRATION

15.1 Relationships and relations with Public Administrations, public officials, individuals in charge of public service and, in any case, any relationship of a public nature, are required to strictly comply with the applicable legislative provisions and principles of transparency, honesty and fairness.

15.2 In these relationships, the Recipients shall not improperly influence the decisions of the officials who negotiate or decide on behalf of the Public Administration. The management of relations with officials, exponents or representatives of the Public Administration is, in any case, reserved exclusively for company departments authorised to do so based on the system of proxies and powers of attorney.

15.3 It is, therefore, forbidden to offer or grant financial benefits, gifts or other advantages, personal or otherwise, to encourage or reward decisions in favour of the Company and, in any case, to grant benefits that give rise to doubts about the relative correctness or adequacy in impartial third parties.

15.4 It is forbidden to use documents containing untruthful data in relations with the Public Administration or omit relevant information in order to obtain domestic or EU contributions or funding in the interest of the Company. It is not permitted to use any public funding received for purposes other than those for which they were assigned.

15.5 Inspections by the supervisory authorities and relations with the judicial authority must be managed by authorised personnel in the spirit of collaboration, fairness and transparency. Attempting to hinder the smooth execution of the audit by concealing or destroying documentation is strictly forbidden.

16. RELATIONS WITH CUSTOMERS, SUPPLIERS AND SALES PARTNERS

16.1 "The Royal Co. Srl" aims for total customer satisfaction, ensuring professionalism, accessibility and promptness in response to their needs.

16.2 The choice of suppliers and determination of the relevant purchase conditions are the responsibility of the specific company departments, including service providers, which act on the basis of objective and impartial criteria, based mainly on the assessment of reliability, quality, efficiency and affordability.

16.3 In any case, the Company requires suppliers to operate in compliance with all applicable laws, including, by way of example, employment laws relating to child labour, minimum wages, compensation for overtime, hiring and safety in the workplace.

16.4 The choice of trading partners also falls on operators who meet the criteria of ethics, reliability, good reputation, credibility in the reference market and professional reliability.



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17. RELATIONS WITH INSTITUTIONS AND OTHER ORGANISATIONS

17.1 Relations with institutions are based on the utmost rigour, transparency and fairness in compliance with institutional roles. Similar rules of conduct govern the political and trade union relations that “The Royal Co. Srl” maintains.

17.2 The Company advocates support for initiatives promoted by organisations with a proven reputation and for worthy purposes (e.g. social, moral, scientific, cultural, charitable or solidarity) that contribute to the growth and development of the Company.

17.3 Direct or indirect contributions, on the other hand, are not allowed to political parties, trade unions, cultural or charitable organisations, political exponents/candidates or to events with political purposes, made with a view to obtaining material, commercial or personal advantages.

17.4 “The Royal Co. Srl” rejects any relationship with national or international organisations, associations or movements that pursue, either directly or indirectly, purposes prohibited by law, contrary to ethics or public order or which violate the fundamental human rights.

18. THE ROLE OF THE SUPERVISORY BODY

18.1 Checking for compliance with the Code of Ethics is the responsibility of the Supervisory Body set up pursuant to Italian Legislative Decree 231/2001. Consequently, staff may address any doubts to the Supervisory Body regarding its interpretation and can report alleged violations of which they have become aware in the context of their work, anonymously through dedicated channels.

18.2 In the event of a report, the Supervisory Body guarantees the necessary confidentiality when carrying out its investigations to protect the whistleblower from possible forms of retaliation who has, in good faith, reported information about the company regarding the alleged violation of the Code of Conduct.


18.3 All other Recipients may report any violation or suspected violation of the provisions of this Code of Conduct of which they become aware to their company contact person or to management, who will duly report it to the Supervisory Body.

19. SANCTIONS


19.1 Compliance with the Code of Conduct is an essential part of the contractual obligations of employees under art. 2104 of the Italian Civil Code.

19.2 Violations of the Code of Conduct by personnel constitute a breach of the obligations of the employment relationship and/or a disciplinary offence, in accordance with the procedures under art. 7 of the Workers’ Statute, with all legal consequences regarding the application of disciplinary sanctions, including termination of the employment relationship with consequent compensation for damages.

19.3 Compliance with the principles of this Code of Conduct constitutes an essential part of the obligations of third parties who maintain commercial relations with “The Royal Co. Srl”. Consequently, any violation of these principles in relation to the activities carried out by third parties for the Company may constitute a cause of breach of contract with all legal consequences.



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20. APPROVAL OF THE CODE OF ETHICS AND MODIFICATIONS

20.1 This Code of Conduct is approved by the Board of Directors. Any subsequent major amendments and/or additions are also decided upon by the Board of Directors.