

CODE OF ETHICS AND BUSINESS CONDUCT

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CODE OF ETHICS AND BUSINESS CONDUCT

Human rights are the most crucial things in our lives; they allow each and every one of us, without distinction, to give value and significance to our lives.” (cit.)

“All that is valuable in human society depends upon the opportunity for development accorded to the individual.” (cit.)

“Ethics is the force behind existence, which goes beyond the mere desire to live, and which makes us better” (Vito Mancuso).

“All citizens have equal social dignity and are equal before the law, without distinction as to sex, race, language, religion, political opinions, or personal or social condition. It is the duty of the Republic to remove those obstacles of an economic and social nature that, by in fact limiting the freedom and equality of citizens, impede the full development of the human person and the effective participation of all workers in the political, economic and social organisation of the country.”

(Art. 3 of the Constitution of the Italian Republic)

1. INTRODUCTION

This Code of Ethics and Conduct (the “Code”) is a public statement by the Pespow Group (“Pespow”) which sets out the general principles and rules of conduct recognised as having a positive ethical value.

The aim of the Code is to:

- **State the Group's policy on business ethics and individual behaviour**, providing essential guidelines to encourage ethical behaviour in all persons involved in the Group's activities in the various companies it comprises;
- **summarise in clear and simple language all the ethical principles that the entire business** aspires to;
- **formally attest Pespow’s full compliance with SA8000:2014 standards** in matters of social responsibility;
- **promote full understanding and sharing of these principles and ethical values by all the staff in the Group** and all the other subjects (both individuals and companies) that are part of the Pespow supply chain.
- **enhance and harmonise the Group's ethical principles with the ethical values of the individuals who work with the Group**, according to a logic whereby, in the words of the philosopher Vito Mancuso, ethical work becomes an exercise in awareness for the individual of his skills and motivation. Ethical work allows him to create a "bridge between the individual and the world", which is key to understanding why it is important to build the bridge and why it makes sense to cross it.

The purpose, therefore, is to have a tool which provides ethical guidance for the operation of our Group and to protect all stakeholders that are linked to Pespow with a view to further enhancing relationships of trust and participation both within and outside the Group.

Doing business means creating and maintaining a network of relationships with numerous players who contribute in different ways to the full performance of the business. Therefore, **this Code is addressed to the Shareholders, Directors, Managers, internal and external Collaborators, Customers, Suppliers and anyone who establishes a relationship with the Pespow Group, be it directly or indirectly, permanently or temporarily.**

The Code of Ethics is a document made public to all Recipients via the website www.pespow.com where it is also possible to download a copy of the document. All employees can also access the document through the internal computer network available in each Group company.

In full compliance with the general rule of law, the Code uses as a reference all legislative provisions which shall apply to Pespow in performing its business activities regarding all matters of interest, including but not

limited to, labour, quality, environment, health, security, administration as well as compliance with the voluntary SA8000 International Standards. Further details of the legislative references can be found in paragraph 5. In addition, our Code includes the many ideas that come to us from ongoing conversations with our Customers on ethical matters. As awareness of these issues increases both among businesses and end consumers, so the ideas are becoming richer and more detailed.

Finally, it is the intention of the Pespow Group to make ethics the cornerstone of a vision of a company based on continuous improvement, capable of working tirelessly towards a concept of overall quality which embraces:

- quality products, services and work processes;
- quality in terms of social responsibility;
- quality in terms of environmental responsibility.

2. ETHICAL VALUES

The values which constantly inspire Pespow's conduct and business activities, and which are essential in protecting our reputation, credibility, heritage and the satisfaction of all our stakeholders are:

Responsibility

All conduct and work activities must be underpinned by the principle of responsibility. **Our first responsibility is to ensure** that all activities **comply fully with applicable laws** (both in Italy, where Pespow S.p.A. operates as Holding Company of the Group, and of the laws in force in the individual countries where each Group company operates), **this Code of Ethics, the provisions of our social responsibility system SA8000 and our organisational model.** **Our second responsibility is to ensure that any situation that is liable to prevent Pespow's activities from complying fully** with the obligations set out under SA8000 and with all the other corporate quality systems listed above, are reported immediately. **Finally, responsibility means the ability and willingness to fulfil obligations, keep one's word and respect the obligations foreseen by one's role.**

Fairness

Fairness involves respecting the rights, including those of privacy and opportunities, of all parties involved in Pespow activities. It also implies removing all forms of discrimination or favouritism and adopting principles of meritocracy and justice, where justice is understood to mean being upright, honest, fair, whole, understanding, compassionate, non-judgmental and unaccusing.

This principle also applies to the protection of company assets and thus implies that these assets should be used exclusively for the completion of work activities, as well as for their protection and safekeeping from damage or theft.

The principle of fairness also applies to complimentary gifts and other benefits.

To this end, each recipient may not request or offer, for themselves or for others, gifts or other benefits, or accept the latter, except for those of modest value or in line with normal business practice and courtesy, from anyone who has or could otherwise benefit from the company's activities. This principle cannot be disregarded even in those countries where offering valuable gifts or other benefits is customary.

The principle of fairness is ultimately the cornerstone of Pespow's commitment to fair competition in the market with regards to competitors and all other market players.

Collaboration

Pespow is committed to ensuring the necessary conditions for a cooperative and non-hostile work environment by requiring everyone to maintain a climate of mutual respect to safeguard the dignity, honour and reputation of all those involved. This includes taking great care to ensure that all the information on the business provided to Recipients is always clear, effective, prompt, timely and transparent, always without prejudice to the principles of confidentiality set out below. **The value of collaboration also feeds on values such as respect, attention to others, competence, intellectual honesty, reliability, professionalism, clarity and the ability to evaluate and discern.**

Confidentiality

Confidentiality is one of the main guarantees of respect for the people who, for various reasons, are involved in the activities of the Group, as well as the **protection of corporate assets and those of our Customers and Suppliers**, represented by the data, knowledge, documents and know-how relating to all corporate activities, whatever these may be. To this end, all those who collaborate in various ways with Pespow are required to keep confidential the information acquired in the performance of their activities in accordance with laws, regulations and circumstances. They are required to observe this rule of confidentiality even after termination of activities for a

minimum period of three years, in order to comply with the requirements of current regulations on privacy and the specific procedures issued by the Group and/or provided by our Customers. **Confidentiality also requires the utmost care when transferring, saving and storing hard copies and digital copies of all documents issued or acquired for the performance of the various activities.**

Efficiency

The principle of efficiency requires that all resources are employed cost effectively when performing business activities. This concerns both the costs and times needed to complete activities as well as the means and support tools to avoid waste, harmful emissions, reworking, excess materials, etc. that damage corporate assets and the environment in which Pespow, and other players in the Pespow supply chain, operate. Whenever possible, Pespow is committed to promoting activities and projects that adhere to the principles of the circular economy especially when it comes to using resources efficiently.

3. SOCIAL RESPONSIBILITY PRINCIPLES

The people who contribute to the activities of Pespow on a daily basis (within the framework of an employment relationship or other form of collaboration as provided for in applicable employment law) are our first strategic success factor. **Therefore Pespow gives great importance and pays considerable attention to all the organizational processes that allow for the proper screening, management and development of human resources and all the activities that guarantee the constant improvement of the professionalism, motivation, satisfaction and quality of life of the people at work while attempting to enhance the ethical principles of individuals and prohibiting any behaviours which are not consistent with the ethical principles contained in this code.**

To this end, **Pespow dedicates specific resources to the definition and continuous updating of organizational roles and to the definition of professional development plans with a view to enhancing the potential of its human resources. However, we believe that it is the ethical duty of all staff to adopt a continuous learning mindset and to listen to and engage with others in order to build a true professional collaboration.**

In order to protect those who collaborate with Pespow in different ways, and in accordance with the values of the United Nations Universal Declaration of Human Rights, the European Convention on Human Rights and the provisions of the International Labour Organisation (ILO), we propose to apply, mainly by means of the Corporate Social Responsibility System implemented in accordance with the SA8000:2014 international standard, the following principles:

1. Avoid engaging in or supporting any activities that use any form of child labour.
2. Avoid engaging in or supporting any activities that are based, totally or partially, on forced or compulsory labour and on human trafficking,
3. Provide a safe, healthy and ethical workplace environment by implementing all the activities provided by the standards regarding environment, health and safety and by organising a series of voluntary activities that aim to improve the physical and psychological well-being of all those who collaborate with us.
4. Guarantee the right of all staff to join trade unions and to bargain collectively.
5. Prevent all discrimination based on religion, citizenship, national, territorial or social origin, disability, gender, age, sexual orientation, union membership, political opinions when hiring, determining salaries, provide access to training, grant promotions, terminate employment or allow retirement, manage disciplinary practices and prevent situations that injure a person's rights.
6. Treat all staff with dignity and respect, implement correct procedures to manage mistakes and prevent abuses in disciplinary practices even through the implementation of a specific Corporate Disciplinary Code.
7. Respect all applicable laws and contracts regarding working hours and overtime.
8. Respect the right of staff to a fair and dignified salary in full compliance with the provisions of the Italian National Collective Labour Agreement (CCNL) and the regulations in force in the other countries where the other Group companies operate.

To put these principles into practice, we ask all our employees, partners and board members for their full and unreserved consent and support of these fundamental points. We also require the same from our suppliers and sub-suppliers whom we have asked to comply with the principles of this Code of Ethics and particularly with the social responsibility requirements of the SA8000 standard. To this end, we verify our suppliers by means of audits and support them in sharing good social responsibility practices.

To promote complete understanding of ethical principles by all those who collaborate with the Group, Pespow undertakes to provide information and periodic training, gather data and information on the prevailing organisational climate and monitor and continuously improve the climate by carrying out specific projects and actions. Each individual in the Group has both the opportunity and the responsibility to promote these ethical principles inside and outside Group companies.

To promote complete understanding of social responsibility principles and the actual implementation of our social responsibility system, we have set up a Social Performance Team (SPT). The SPT has the main task of assessing the risks of non-compliance to SA8000 standards and checking that the system is fully and correctly implemented as well as taking any corrective actions or improvements to be defined as and when necessary.

Besides representing both workers and management proportionately, the SPT has the important function of providing a means of dialogue and to promote trust and collaboration on all matters of an ethical nature both inside and outside Group companies. As a result, the SPT is deliberately designed to be a system in which there is a perfect balance between members and where each member has the same rights and duties of participation and expression. This means therefore, that the management cannot prevail in the decision-making process, but must act as facilitator for the SPT activities.

4. ETHICAL RELATIONS WITH STAKEHOLDERS

Respect for ethical principles affects relations with all the main stakeholders of the Pespow Group. Therefore, in addition to the points made above with regards to workers, we consider it necessary to clarify the main ethical commitments made to all Stakeholders in this Code of Ethics.

Employees

The people who have employment contracts with companies in the Group are those who, besides being the first Recipients of this Code of Ethics are also the first guarantors, by maintaining positive behaviour and ensuring that the principles of this Code are understood correctly and implemented by all Group companies both inside and outside the Group.

Therefore, each of us has the right to be treated ethically and the duty to behave ethically towards others. Only by observing such behaviour is it possible to say that the Group has an ethical culture that is nourished and enriched by the values and ethical principles of all those who are a part of it.

The Group's primary commitment to the people who work for Pespow is, and will always be, to ensure that every word in the policy statement becomes a concrete reality, creating wellbeing for individuals and the Group as a whole. This commitment must include the needs, expectations and skills of each individual in a working environment that motivates everyone to grow and improve continuously, and that generates new opportunities for growth and development in terms of activities, responsibilities and remuneration.

Customers

Customers are the essential reference point of all Pespow's activities and ensuring complete satisfaction of both our direct Customers (in the B2B supply chain) and their Customers is the first guarantee of a sound and lasting future for the Group. Our first duty is to ensure the highest standards in products, processes, ethics and social and environmental matters through everything we do. As a result, it is essential that all those who take part in Group activities pay the utmost attention to the smallest details that can make all the difference in our work, assuring Customers of the care we take to deliver quality and professionalism as we strive for excellence. To do so, we require: technical and managerial competence, proactivity, problem solving abilities, a commitment to innovation, clarity, helpfulness, courtesy, collaboration, impartiality, confidentiality, commitment to continuous improvement and sharing, knowledge of and respect for the culture of our Customers' countries of origin.

We undertake to accept all the ethical and quality standards of our Customers, to respond to all requests for information and verification relating to ethical, social and environmental issues. Finally, we also undertake to

accept all useful ideas which can be used as a benchmark for the continuous improvement of our integrated quality system comprising products, processes and social and environmental responsibility.

Suppliers

Pespow considers Suppliers to be key to the success of the company's activities, with whom it is important to build a collaborative relationship of mutual trust. The essential objective, therefore, is to be able to procure products, goods and services ensuring the best conditions not only in terms of value for money but also in terms of managerial professionalism, sharing of ethical principles and a culture based on quality, innovation and environmental sustainability. To this end, it is crucial to select and periodically evaluate suppliers so as to ensure that we and our Customers are able to guarantee the excellence of the supplies we order.

Therefore, **the choice of supplier, and the purchase of goods and services of any kind, must be made in accordance with the principles of competition and of a level playing field and on the basis of objective assessments of the quality, competitiveness and price of the goods. As stated above, we shall also evaluate the ability of Suppliers to guarantee an acceptable level of corporate quality and environmental responsibility, where applicable, to observe the principles of social responsibility mentioned in this Code of Ethics, to have the means and organisational structure that comply with current legislation and to meet confidentiality obligations.**

All selection procedures must be carried out in conditions of the greatest possible competition and any exception to this principle must be authorised and justified. A possible exception to this rule is when Customers expressly name Suppliers as a binding condition.

All relationships with Suppliers, including financial and consultancy agreements, are governed by the provisions of this Code and are subject to constant and careful monitoring by Pespow, also with a view to ensuring that the services or goods supplied are consistent with the agreed amount.

Shareholders and the Financial Community

Pespow understands the importance of the role of shareholders and is committed to providing accurate, truthful and timely information and improving the way each shareholder takes part in corporate decisions, within the scope of their prerogatives.

Pespow undertakes to protect and increase the value of its business, in view of the commitments made by the shareholders with their investments, by improving the management, pursuing high quality standards and the solidity of its assets. **Pespow is also committed to safeguarding and protecting corporate resources and assets.**

Pespow guarantees to all operators in the financial community (credit institutions, insurance companies, etc.) that the information provided for collaborative relationships with individual operators shall be detailed, accurate, truthful and timely in order to create and maintain conditions of trust that are the basis of business ethics.

Administrative Authorities

Relations with government agencies or their companies, public authorities, Italian and overseas public institutions, international public organisations and their officials are motivated by principles of fairness, integrity and transparency in strict observance of the laws in force.

To ensure impartiality in institutional relations, these shall exist exclusively through representatives who have been given an explicit mandate by corporate bodies and who shall not engage in activities which pose conflicts of interest with the representatives of the institutions.

Gifts or acts of courtesy and hospitality extended to government representatives, functionaries and civil servants are permitted providing they are of modest value and do not compromise the integrity, independence and reputation of either party.

This kind of expenditure must always be authorised and properly documented.

Payments to third parties to influence the acts of public office, illegitimate favours, promises or demands (even if they are indirect) for personal gain, corrupt practices and collusion of any kind are strictly prohibited.

Should Pespow be represented by a "third party" in relations with public authorities, the same guidelines that apply to the company shall apply to the consultant and his staff.

5. LEGISLATIVE REFERENCES

This Code of Ethics, and the corresponding system of social responsibility, are based on the following legislation:

- the requirements of SA8000:2014 standards and all legislative provisions referred to by the same and not explicitly referred to below;
- the conventions of the International Labour Organisation (ILO);
- the conventions of the United Nations of the Rights of the Child;
- the Universal Declaration of Human Rights;
- the United Nations Convention on the Elimination of all Forms of Discrimination against Women and all Forms of Racial Discrimination;
- the International Covenant Pact on Civil and Political Rights and the International Covenant on Economic, Social and Cultural rights;
- all Italian and international laws on labour and safety, including Legislative Decree 81/2008 and subsequent amendments on health and safety in the workplace and Regulation EU 2016/679 on privacy and the processing of personal data;
- the National Collective Labour Agreement for Clothing and Textile Industries and any other National Collective Labour Agreements which regulate sectors in which the Group may decide to invest in future;
- ethical standards reported to us by our Customers.

6. PROCEDURE FOR IMPLEMENTING AND MONITORING THE CODE OF ETHICS

All periodic checks on the application, circulation, implementation and modification of the Code, acceptance of any reported violations and any necessary investigation shall be carried out by the Social Performance Team, as foreseen by our social responsibility system SA8000.

Should doubts arise about the interpretation of the principles and guidelines contained in the Code of Ethics, Recipients are requested to contact the members of the Social Performance Team by sending an email to segnalazioni@pespow.com or by contacting the members directly if they know the name or email address of one of the members.

All interested parties (in-house and external) can report verbally or in writing, even anonymously, any non-compliance with this Code. Pespow undertakes to protect anyone reporting such non-compliance from any reprisals they may suffer after having reported incidences of improper conduct as well as protecting their identity, without prejudice to the requirements of the law.

Any breaches of this Code of Ethics may be reported by:

- using the special post boxes for anonymous reports in every Pespow Group company;
- writing to Pespow Spa, via dell'Industria 23 – 35018 San Martino di Lupari (PD), Italy;
- sending an email to: segnalazioni@pespow.com;
- sending an email to directly the certification body SGS Italia at: sa8000@sgs.com or writing to SGS Italia spa, via B. Ricasoli 6/8, 48123 Ravenna or call +39 041 2902509;
- writing directly to the accreditation body: SAAS Social Accountability Accreditation Services – 15 West 44th

Street, 6th floor – New York – NY tel. +1-212-684-1515 fax +212 684 1515 or sending an email to: saas@saasaccreditation.org.

A serious and persistent breach of the regulations of the Code of Ethics by its Recipients violates the relationship of trust with the company and may result in disciplinary sanctions, a claim for damages and, in cases of a serious breach, termination of employment. For the purpose of this Code, the term "serious breach" refers to any persistent violation which results in sanctions against Pespow. With regards to company employees, compliance with the regulations contained in the Code of Ethics constitutes an essential part of the contractual obligations pursuant to and by effect of articles 2104, 2105 and 2106 of the Civil Code. The penalty system must comply with the provisions of the law dated 20 May 1970 n. 300, specific industry regulations, where they exist, collective bargaining and corporate disciplinary codes. For employees working for Group companies based overseas, contractual obligations governed by the laws of those countries shall apply.

Where a breach of the requirements of this Code of Ethics is committed by one or more shareholders or board members, the Social Performance Team (SPT) shall immediately notify the Board of Directors and the Board of Statutory Auditors, expressing an opinion on the seriousness of the infringement. The Board of Directors, after consulting the Board of Auditors, shall take the appropriate measures and, in case of serious infringement, shall call a Shareholders' Meeting for the necessary resolutions.

Finally, any third-party infringement of this Code of Ethics may be sanctioned by terminating the contract in accordance with art. 1453 Italian Civil Code, and by claiming compensation for damages.

San Martino di Lupari

PESPOW S.p.A.