



Code of Suppliers

Approved by the Board of Directors in the session of 14th.11.2018

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CODE OF SUPPLIERS

Ratti Group is a leader in the creation and production of printed fabrics, combined and dyed in yarn for clothing, neckwear, shirts, beachwear, underwear and home fabrics and distribution of men's and women's accessories for the most important brands of international fashion.

Ratti Group (hereafter Group) is composed by the Italian company Ratti S.p.A., parent company, and by the controlled companies Textrom S.r.l. (Romania), Creomoda S.a.r.l. (Tunisia), Ratti International Trading Co. Ltd. (China) e Ratti USA Inc. (USA).

The Group undertakes, within the framework of its corporate management, to respect the ethical and moral values defined on the basis of principles of correctness, honesty and transparency, in compliance with the standards in force at national and international level.

For these reasons, the Group wants its suppliers to act according to the same principles, respecting them, making them respected and adhering to the same philosophy in the managing of their companies.

This ethical code of suppliers (hereafter “**Code**” or “**Code of Suppliers**”), expression of the principles and values of the Group, requires strict compliance with such standards by all suppliers and subcontractors (hereafter, jointly, “**Suppliers**” and, individually, “**Supplier**”)

This Code is an integral part of the contracts concluded with our Suppliers and any violation or non-application of its principles and obligations may result in breach of contract and may determine decisions such as the early termination of the contract.

Every obligation or principle not provided for in this Code is to be intended as supplemented by the Ethical Code of the Group, to which Suppliers are bound and whose violation may have the same consequences as above.

It is understood that the present Code of Suppliers requires in any case compliance with national laws, with other applicable laws and with the principles stipulated in the Conventions of the International Labor Organization, in the Universal Declaration of Human Rights and in the OECD Guidelines for Multinational Companies.

The Group retains the right to carry out inspections about its suppliers' respect of and compliance with the principles expressed in the Code, without necessarily giving prior notice.

This Code of Suppliers has been approved by the Board of Directors of Ratti S.p.A. (parent company) and transposed with a specific resolution to the Control Bodies of the respective Controlled Companies.

REQUIREMENTS AND RESPONSIBILITIES IN TERMS OF WORKING CONDITIONS

Our Suppliers must respect the principles and norms of the ethical international standards SA 8000 certified.

Our Suppliers must respect laws and regulations in terms of working conditions, in force in their respective countries and, particularly, must respect the following dispositions that the Group considers of primary importance.

The Group requires its Suppliers to adopt working methods based on respect for values such as loyalty, impartiality, integrity and, more in general, to operate in full respect of the fundamental human rights. Particularly, working conditions must ensure:

- **healthy and safe working environments:**

Suppliers must provide their employees with healthy and safe working environments, in compliance with local laws in force and with all specific provisions of the sector in which they operate.

The same precautions apply to those Suppliers who provide accommodation to employees. Suppliers are required to provide with procedures and to organize training meetings aimed at detecting, avoiding and mitigating all danger that may affect the health, hygiene and safety of staff.

Moreover, we ask our Suppliers to comply with the best standards in terms of health and safety on the workplace, adopting every precaution required by law and even those that are not commendatory but that are suggested by common sense, in terms of a better protection of the worker and of sustainability and respect for the environment (included a correct waste disposal cycle, with particular attention to dangerous waste).

- **Salaries and working hours in accordance to local legislation:**

Suppliers must conform to local legislation in terms of salaries, working hours, extra hours and social allowances.

- **Freedom of association:**

Suppliers must recognize their employees the freedom to join a workers' union or any other association having legitimate purpose;

- **absence of discrimination:**

Suppliers undertake not to have against their employees any form of discrimination (e.g. in terms of age, ethnic origins, nationality, political opinions, religious beliefs, gender, sexuality or state of health);

- **aversion to child labour, forced labour, abuse:**

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Suppliers must not exploit child labour and must not recur to forced labour. Every form of corporal punishment and of physical or psychological violence is moreover forbidden, as is every form of mobbing.

- **Illegal, clandestine and submerged work:**

Suppliers are required to comply with current legislation that prohibits the exploitation of illegal, clandestine or undeclared work.

- **Residency permit:**

our Suppliers employ workers in compliance with the legislation on residency permit.

It is essential that all Suppliers of the Group should respect the principles stated in this Code. Moreover, the Group requires that Suppliers, in turn, ensure that such principles are implemented even by their employees, subcontractors and third parties they work with, in order to ensure ethics and transparency in their activities, too.

ENVIRONMENTAL PROTECTION

In compliance with the principles established by the Ethical Code of the Group, our Suppliers are required to comply with current environmental regulations, promoting responsible behavior aimed at protecting the environment and encouraging the development and dissemination of environmentally friendly technologies that guarantee the minimization of the environmental impact, the maximum energy efficiency, the careful management of natural resources, the reduction and recovery of waste and the containment of polluting emissions.

BUSINESS MANAGEMENT

Our Suppliers will have to carry out their activity with a precise and diligent, with professionalism and honesty. They are required to follow the following provisions:

- **Legal requirements:** Our Suppliers are invited to act in full compliance with the legislation and with local, national and international regulations applicable to the activity they carry out.
- **Administration and financial statements:** the preparation of the balance sheet and any other accounting documentation must comply with the laws and regulations in force, respect accounting practices, its most advanced principles and must be transparent, in order to represent the management tools in a reliable manner on the basis of clarity criteria in relation to internal procedures.
- **Relations with the public administration:** Suppliers undertake to maintain, in relations with the PA, a behavior based on honesty, loyalty, fairness and transparency and not to offer, directly or through an intermediary, money or any other advantage of any other nature to a public official or to those who are in charge of a public service, with the aim of influencing their behavior and obtain undue advantages.
- **Subcontractors:** our Suppliers must receive our prior approval to subcontract any part of the service to be provided. Our approval is subject to acceptance by the Suppliers of this Code and of all other applicable provisions.
- **Security authorities and customs authorities:** our Suppliers will have to comply with applicable customs laws, including those relating to import and the prohibition of transshipment of goods in the importing country.
 - **Anti-corruption:** Suppliers acknowledge that, in compliance with the regulations in force and with the honest fair and transparent management of the business, the Group prohibits any kind of corrupting behavior both towards members of the Public Administration and towards private parties. Particularly, such prohibited activities generally consist in paying or offering payments of money or other benefits, directly or indirectly, to (i) members of the Public Administration in order to influence their decisions so as to obtain or continue a certain business activity, or to (ii) private parties, be they individuals, companies or other organized entities, so as to induce them to fulfill improperly a certain function or activity related to a business or organization, a subordinate employment relationship or a public function. Our Suppliers refuse any corrupting act, in any form be it implemented, either against public or private subjects.
- **Organized crime:** our Suppliers must ensure that they are not linked or engaged in relationships of any kind with criminal organizations or organizations operating outside the law, such as, but not limited to, people linked to laundering and usury.

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- **Conflicts of interest:** everyone must avoid being in a situation where their own interests or those of family and friends can be in conflict with those of Ratti Group or the group to which they belong. Our Suppliers must ensure that they are not engaged in relationships of any kind with criminal organizations or organizations operating outside the law, such as, but not limited to people related to laundering and usury.
- **Anti-Money Laundering:** The Group undertakes to implement, with its Suppliers, operations based on correctness, clarity and transparency. The Group requires its Suppliers to comply with anti-money laundering legislation and the commitment to take measures to prevent non-transparent or money-laundering operations carried out in its commercial activity
- **Competition:** The Group undertakes to maintain fair and loyal commercial relations. Our Suppliers undertake to comply with the applicable law in terms of competition in the countries in which they operate. This provision includes the prohibition of abuse of a dominant position, of restrictive practices of competition or any unlawful agreement between competing companies.
- **Commercial restrictions and international sanctions:** we require our Suppliers to comply with trade restrictions and international sanctions legislation, taking into account the relevant amendments and additions, as well as, the laws and regulations in terms of export control.
- **Gifts and gratuities:** it is forbidden to accept money or other benefits from Suppliers, either for themselves or for others; or to accept the promise of receiving them with the aim of promoting or favoring interests of third parties in relations with the Group.

INTELLECTUAL PROPERTY

The Group considers of primary importance the full respect of intellectual and industrial property – its own and / or belonging to third parties - as a key principle of its activity; therefore, it requires its Suppliers to comply with laws and regulations in force on such matters.

The service provided by the Supplier for the benefit of the Group will not give the Supplier any type of right on intellectual / industrial property titles on distinctive signs and creations belonging to the Group (or possibly to Group clients), with this being understood - but not being limited to - brands, designs, works of art or inventions, signs, trade names, models, patents, products, prototypes, samples, plans, equipment, images and processing techniques, know-how and tools that are used by or belong to the Group. The use of such elements that goes beyond what is specifically authorized in writing by the Group would be a violation of industrial and intellectual property rights susceptible of being sanctioned by law.

The Group expressly forbids its suppliers from any conduct (including production, marketing or dissemination) that has the effect of altering, counterfeiting, usurping, spreading / exploiting illegally, unfairly or parasitically, trademarks, distinctive signs, works of art or inventions, signs, trade names, designs, models, patents and any other intellectual or industrial property rights - domestic or foreign - belonging to the Group, to Group clients or to third parties. The Group also condemns any conduct aimed at introducing, in the community in which it operates, industrial products with altered trademarks or with counterfeited distinctive signs, as well as the marketing of products with signs that are misleading on the origin, provenance or quality of the product.

PRIVACY

The Group requires its Suppliers, in the framework of their activity, to undertake to process the personal data in their possession – data collected, stored and used, in compliance with all the laws and regulations in terms of privacy in force in the jurisdictions in which they operate.