

LANIFICIO PAOLETTI

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CODE OF ETHICS

1. Introduction

The company Mtf-Manifattura Tessile di Follina S.r.l. carries out its activities in the textile sector and, in particular, operates in the production and marketing of finished fabrics, wool and other noble fibers.

This Code of Ethics (hereinafter also the "Code") contains the general principles and rules, which characterise the organisation and activity of the company to be carried out in compliance with the laws in force, this Code of Ethics and company procedures.

The Code of Ethics is an effective means to prevent irresponsible or illicit behavior by those who operate in the name and on behalf of the company as it introduces a clear and explicit definition of their ethical and social responsibilities towards all those directly or indirectly involved in the company's activity (customers, suppliers, partners, employees, collaborators, public institutions, environmental associations and anyone else who is interested in the company's activity). The Code of Ethics is, therefore, the main tool for implementing ethics within the company, aimed at clarifying and defining the set of principles to which its recipients are called to conform in their mutual relations as well as in dealing with stakeholders in the company.

The Recipients (see par. 2) are therefore required to respect the values and principles of the Code and are required to protect and preserve, through their behavior, the respectability and image of the company, as well as the integrity of its economic and human assets. However, the Code of Ethics does not replace and does not prevail over the laws in force and the National Collective Labor Agreement in force.

This Code of Ethics was approved and adopted by the Board of Directors of the company on 10 September 2021.

2. Recipients

The Recipients of this Code of Ethics are identified below, i.e. the subjects to whom the rules contained within it apply: they are, therefore, required to comply with the principles issued by the Code in the performance of their activities.

1. Directors and members of the corporate bodies of the company, as well as any person in a top position who holds representative, administrative, management functions.
2. Employees of the company, i.e. all subjects who have a subordinate employment relationship, as well as workers with quasi-subordinate employment contracts, such as for example subjects with coordinated and continuous collaboration contracts, as well as project contracts.
3. Third parties who, in various capacities, collaborate with the company, or provide services to it, in the capacity of, for example, external collaborators, agents, consultants, suppliers, commercial partners.

3. General Principles

The company pursues the fulfillment of the mission assigned to it, basing its activity on:

- principles of loyalty and honesty that materialize in compliance with the ethical principles referred to below, in compliance with legality and fundamental rights of the person, in the application of clear and transparent rules and in harmony with the external environment and with the objectives of the community;
- the satisfaction of the needs and expectations of all interlocutors, through a high standard of professionalism and excluding conduct that conflicts with the provisions of the law and with the principles of the company;
- the protection of the corporate image, which certainly represents a primary and essential value of the company.

In this context, the company has decided to adopt a Code of Ethics that indicates concrete rules of conduct to be observed towards all interlocutors such as partners, employees, collaborators, consultants, the Public Administration and, in general, all subjects linked by a collaborative relationship with the company. The latter undertakes to promote effective knowledge of the Code of Ethics, with specific training and updating initiatives aimed at all Recipients, as well as making express mention of the above in the contracts concluded with collaborators. All work activities must be carried out, also in order to protect the image of the company, with professional commitment, rigor and correctness. All Recipients are required, in carrying out their duties and in their professional life, to align themselves with the following ethical-behavioral principles:

- A. Equity, or conduct inspired by the common sense of substantial justice;
- B. Equality, or uniformity of treatment towards each interlocutor;
- C. Protection and valorization of the person, or respect for each individual, valorization of their respective abilities, establishment of mechanisms of trust and accountability of individuals, aimed at making the Recipients united and the company mission common;
- D. Diligence, or performance of one's duties with assiduous and scrupulous attention and accuracy;
- E. Honesty, or commitment not to perform illegal, illicit or immoral acts: the Recipients must be aware of the ethical meaning of their actions, must not pursue personal or corporate profit to the detriment of the above-mentioned rules, or even just perform actions that, according to common sense of conscience, contrast with honesty;
- F. Transparency, or the execution of one's duties in a regime of clarity and full comprehensibility of the work by anyone who has the task and/or duty to verify or control its legitimacy;
- G. Impartiality, or an objective and fair way of operating and judging, without favoritism for any of the parties involved, whether public or private, linked to the Recipient by relationships of friendship or enmity, kinship or affinity;
- H. Confidentiality, or scrupulous abstention from the disclosure of any company data (be it of a technical, logistical, strategic, economic nature) and personal data, in compliance with all applicable 2 privacy regulations; the collection and processing of data are strictly reserved to the company bodies appointed for this purpose and must be carried out strictly following the company discipline;
- I. Information transparency, or the assurance of full transparency, in compliance with the criteria of faithful, punctual and timely dissemination of corporate communications.
- J. Full availability towards the supervisory and control authorities, or the setting of relations with the aforementioned Authorities on full transparency and effective cooperation, which translate into complete, integral and timely information, where mandatory or requested;
- K. Health protection, i.e. compliance with all applicable regulations on accident prevention and prevention of occupational diseases, with particular reference to the smoking ban, as well as great attention to hygiene and personal and workplace conditions, also respecting the needs of colleagues, visitors, etc.;
- L. Environmental protection, i.e. compliance with all applicable regulations on the environment and pollution, as well as particular attention to any conduct that offends the common sense of environmental education.

All Recipients are required to know this Code of Ethics and to actively contribute to its implementation. Furthermore, each Recipient, if he/she becomes aware of situations that, actually

or potentially, may represent a significant violation of the Code of Ethics, must promptly communicate it to his/her competent corporate bodies.

4. Conduct in business management

4.1. Business management in general

The company, in the context of its business activities, is inspired by the principles of legality, loyalty and correctness. The company also recognizes free market competition as a decisive factor for growth and intends to abstain from behaviors that violate the laws protecting it.

In particular, the acquisition of orders must be carried out in compliance with correct economic principles, in the regular market context and in fair competition with competitors, in constant compliance with the applicable laws and regulations.

Relations with customers are based on a sense of responsibility and a spirit of transparency and collaboration.

It is forbidden to make claims against customers unless they are considered sustainable and legitimate.

4.2. Gifts, freebies and other benefits

The Recipients must refrain from making or promising to third parties, in any case and even if subject to illicit pressure, giving sums of money, goods or other benefits in any form and manner, even indirectly, to promote or unduly favor the interests of the company.

The Recipients are also prohibited from accepting for themselves or others such gifts or the promise of them to promote or favor the interests of third parties in relations with the company. If a Recipient receives requests or offers, explicit or implicit, of such gifts, they must immediately inform their competent corporate body and suspend all relations with the third parties concerned pending specific instructions.

The only exceptions to these provisions are gifts, freebies and other benefits of modest value when they are attributable solely to acts of courtesy in the context of correct commercial relations and are not expressly prohibited. Permitted gifts must be given according to company procedures and must in any case be such as not to influence the autonomous judgment of the recipient.

4.3. Conflicts of interest

The Recipients must avoid situations that may lead to conflicts of interest with those of the company.

Whenever one of the Recipients of this Code, in the course of carrying out their activities, finds themselves in situations that may be, or even only appear to be, (for reasons of even just potential conflict or concordance of personal interests, or for any other reason) influential on relationships with third parties, they must immediately inform their hierarchical superior. The provisions on conflicts of interest of members of corporate bodies pursuant to the law remain unaffected. In this regard, each director is obliged to disclose to the other directors as well as to the board of auditors any interest, on their own behalf or on behalf of third parties, they may have in a specific transaction of the company on which they are called to decide. This communication must be precise and timely, that is, it must specify the nature, terms, origin and scope of the interest itself: it will then be up to the Board of Directors, after hearing the opinion of the board of auditors, to assess its conflict with the interests of the company.

4.4. Protection of trademarks, patents and intellectual works

The company expressly prohibits any conduct aimed at the alteration, counterfeiting, illicit use of trademarks or distinctive signs and national or foreign designs and models. The company also condemns any conduct

aimed at introducing, into the community in which it operates, industrial products with altered or counterfeit trademarks or other distinctive signs, as well as the marketing of products with trademarks or distinctive signs that are misleading regarding the origin, the provenance or quality of the product.

4.5. Correct use of company assets

Each Recipient is responsible for protecting the resources entrusted to him/her and has the duty to promptly inform the relevant structures of any threats or events that are harmful to the company.

In particular, each Recipient must:

- act diligently to protect company assets, through responsible behavior;
- avoid improper use of company assets that may cause damage.

4.6. Relations with the owners

The company considers that its primary objective is to give quality and value to what it produces. The Recipients of this Code are required to direct their actions towards the pursuit of this objective. The company therefore maintains a constant dialogue with the owners, in order to ensure that each investor receives the same information, so as to make informed investment choices. Relations with the owners are maintained exclusively by the corporate functions assigned to this purpose, in compliance with the rules and procedures on the communication of documents and information regarding the company.

4.7. Relationships with customers and suppliers

The company aims to satisfy the legitimate expectations of its customers, offering quality products and services at competitive conditions and in compliance with the rules on the protection of competition. In the context of relations with customers, the Recipients are therefore required to apply internal procedures, in order to promote maximum customer satisfaction and to develop and maintain profitable and long-lasting relationships.

Suppliers also play a fundamental role in improving the overall competitiveness of the company. It is therefore required that in the activity of selecting suppliers and defining the purchasing conditions, the criteria of correctness, objectivity, impartiality, fairness of price, quality of the goods and/or service are respected, among others, in order to select the suppliers who possess the best characteristics in terms of quality, cost, service but also in terms of business ethics. The company is available to seek amicable solutions to problems that may arise with users, with a view to overcoming divergent positions and arriving at a conciliation. A similar spirit exists with its suppliers and external collaborators; it is also mandatory for employees to promptly report to the competent functions any significant problems that may arise, in order to allow the adoption of the most appropriate measures from time to time.

5. Relations with the Public Administration and trade unions

The company's relations with the Public Administration must be based on respect for the principles of transparency, integrity, fairness and loyalty, avoiding behaviors that may appear to be aimed at influencing the decisions of the counterparty or requesting preferential treatment.

The company does not provide contributions, gifts, direct or indirect, in support of public bodies and/or officials, except those permitted by law, regulations and procedures in force.

Each employee is required to comply with the same principles of transparency and integrity in relations with the Public Administration. Furthermore, in relations with public officials, with whom he comes into contact for work reasons, the employee cannot accept compensation, gifts or preferential treatment of more than symbolic value; the employee is required to inform his hierarchical manager of offers received in this sense.

The company promotes dialogue with trade unions, nor does it oppose employees' membership in such organizations.

6. Information policy

6.1. Accounting information

The company is aware of the importance of accuracy, transparency and correctness of accounting information and related financial communication (e.g. financial statements) and is committed to ensuring that its administrative-accounting system is reliable in correctly representing management facts.

The Recipients of this Code of Ethics, involved in any capacity in the preparation of the financial statements and any other type of mandatory administrative-accounting documentation, are required to comply with the laws and regulations concerning the truthfulness and clarity of data and assessments, as well as internal company procedures.

All the administrative bodies of the company provide maximum cooperation to the control bodies that legitimately request information and documentation from them regarding the administration. Furthermore, the Directors refrain from carrying out operations that may be detrimental to creditors, outside of the cases permitted by law and refrain from engaging in behaviors that are in conflict of interest with the company and/or with companies belonging to the same group. The Recipients of this Code of Ethics, within the scope of the functions performed, are therefore

required to collaborate actively in order to guarantee the correct functioning of the company's internal control system.

7. Management of information on IT resources and communications

The company guarantees, in accordance with the provisions of the law, including Privacy, the confidentiality of the information in its possession and requires all Recipients to use the same for purposes exclusively connected to the exercise of their professional activities. In particular, all information that is not in the public domain relating to the company, of which a Recipient is aware by virtue of their functions or in any case of the employment relationship or relationship with the company itself, must be considered "confidential", as it is strictly the property of the company, and must be used only for the performance of its institutional activity.

Recipients must not use IT tools for needs other than work-related reasons, for purposes contrary to the law, public order or morality, nor to commit or induce the commission of crimes.

Each Employee is responsible for maintaining the security of the aforementioned company assets, avoiding their fraudulent or improper use, as well as the transfer, even to colleagues, of their access credentials.

8. Human resources management, protection of the person and the environment

8.1. Human resources management

Human resources are an indispensable element for the existence, development and success of the company.

The company is committed to developing the skills and stimulating the abilities and potential of its employees, so that they find fulfillment in achieving the objectives. The company is also committed to offering equal job and growth opportunities to all employees on the basis of specific skills and performance ability, without any discrimination.

The search and selection of personnel to be employed in the company is carried out in compliance with the privacy of the candidates, in an objective manner and with maximum transparency based on the actual needs and avoiding any favoritism.

The remuneration system for employees is based on compliance with contractual regulations and on the results achieved by individual employees in order to ensure adequate recognition of the merits of individuals.

8.2. Protection of the person

Within its internal relationships and in relationships with third parties, the company is inspired by principles of integrity and fairness and condemns any possible behavior aimed at committing crimes against the person.

In particular, the company considers respect and compliance with the following fundamental principles and rules to be fundamental:

- the prohibition of exploitation and, in particular, that of minors;
- the prohibition of harassment and/or abuse;
- non-discrimination;
- freedom of association.

Each Recipient is required to actively collaborate to maintain a climate of mutual respect for the dignity and reputation of each individual.

8.3. Protection of workers' health and safety

The company acts in the belief that all individuals who access the workplace must be able to operate in comfortable and safe environments and that the environment must be safeguarded in the interest of all.

The company undertakes, in full compliance with the provisions in force regarding health and safety in the workplace, to spread a culture of safety, developing awareness of risks, promoting responsible behavior and working to ensure health and safety at work.

8.4. Protection of the environment

The company conducts its business and pursues its objectives in compliance with the environment and the legislation in force in this area, recognizing the latter as having a prominent role in every decision relating to the company's business.

To this end, the company follows with particular attention the evolution of national and European environmental legislation.

9. Sanctions system

Compliance with the rules contained in this Code must be considered an essential part of the contractual obligation of employees towards the company. Violation of the rules of this Code may constitute a breach of contractual obligations arising from the employment relationship and/or disciplinary offence.

The company may impose any sanctions in a manner proportionate to the violations and in accordance with the rules in force governing the employment relationship. With reference to all those third parties identified as Recipients and linked to the company, failure to comply with the rules contained in this Code will result in a serious breach and may entitle the company to terminate the collaboration relationship.

10. Company Policy Against Alcohol and Drugs

It is the Company's policy to strive to create and maintain a safe and healthy work environment for all of its employees. The Company recognizes that the abuse of alcohol, drugs and other similar substances by employees can adversely affect the effectiveness of their work performance and can have serious harmful consequences for themselves and the safety of their colleagues.

The improper use of medications or the use or possession of alcohol and illicit, controlled or non-prescribed drugs on Company premises is strictly prohibited and is grounds for appropriate disciplinary action up to and including dismissal.

11. Final provisions

Any further update, modification or revision of this Code of Ethics is approved by the Board of Directors of the company.

The Board of Directors of the company is also responsible for determining the terms and methods for the dissemination and knowledge of this Code, in its updated version, by the Recipients thereof.

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