

CODE OF CONDUCT

2023

Introduction

The creation of productive models that allow for harmonious flourishing with natural and social systems is an objective shared by every economic operator. Over time, it has also become a fundamental condition to be able to prosper in the long term.

It is for this reason that ARTKNIT STUDIOS intends to establish supply relationships based on shared objectives of effective support to the business, creating a positive impact on the environment and local communities while contributing to the improvement of factory working conditions and the economic development of production sites.

This Code of Conduct aims to describe certain binding requirements for suppliers, in seeking out a continuous improvement of their practices in terms of transparency as well as environmental and social sustainability.

Adopting sustainable practices helps to create proper, collaborative relationships with the maximum trust between all partners who share our values and wish to continue to grow with us.

The sustainability principles rooted in the heart of the corporate mission are operationally described within this document, which mainly promotes its dissemination and sharing within the supply chain.

We have identified a standard of conduct with respect to three fundamental areas:

- Personnel
- Environment
- Compliance and transparency

The provisions take inspiration from international standards, various national regulations, the UN Convention on Children's Rights, the Universal Declaration of Human Rights, ILO Conventions and industry best practices.

The respect of all of the principles included in this Code is a fundamental condition for establishing and consolidating any business relationship and partnership with ARTKNIT STUDIOS.

In relation to the principles described in the Code, each supplier must act as guarantor for the behavior of its sub-contractors and sub-suppliers, in monitoring them systematically according to criteria that meet or exceed that in this Code.

In the event that an actor in the ARTKNIT STUDIOS supply chain does not operate in compliance with the

above, ARTKNIT STUDIOS is committed to taking corrective measures primarily in consideration of the interest of workers (especially younger people) and the social and economic situation in which they live.

PERSONNEL

Freedom of expression, diversity, respect and tolerance towards all persons are fundamental values for us: we ensure and promote them on a daily basis.

Each person must have the opportunity to reach his or her full potential through a safe, comfortable and collaborative working environment.

We consider personal growth to be essential both on a professional and individual level, by means of training courses designed to develop the potential and talent of each person.

We recognize the value of people, and offer everyone the same opportunities. ARTKNIT STUDIOS condemns any form of discrimination or intimidation.

1. Relationship with personnel

1.1. The ARTKNIT STUDIOS Code of Conduct must be published and accessible to all employees, and provided in the languages understood by workers.

1.2. The employer has a responsibility to ensure that all workers are aware of their legal rights and duties. Local laws that regulate labor must be easily accessible to all workers (such as regulations on minimum wage, working hours and overtime limits).

1.3. All workers must be employed under a written employment contract that establishes the terms and conditions of employment, which must be drawn up in the local language and signed by the worker.

1.4. Suppliers are held to enhance employees by gradually raising the standard of their work through training courses for the development of professional skills, welfare programs and services other than those required by law.

2. Child labour and young workers ¹

2.1. ARTKNIT STUDIOS suppliers can only employ workers who have reached the minimum age for admission to employment pursuant to local law, in accordance with ILO Conventions Nos. 138 and 142.

2.2. All young workers aged between the minimum legal age to 18 years must be identified in a register; they cannot be employed in dangerous functions, work overtime, or work night shifts. Work activities must not interfere with their education or health, nor their physical, mental, spiritual, moral and social development.

2.3. Young workers must be easily identifiable by a distinctive uniform, badge, or any other measure deemed appropriate to their easy identification on site at the company.

3. Forced labor, harassment and abuse ²

3.1. ARTKNIT STUDIOS suppliers must not directly or indirectly use forced labor of any kind. Among these, work under threat, the use of non-consenting prisoners, the use of the so-called Sumangali Scheme and bonded labor to pay debts are particularly prohibited.

3.2. ARTKNIT STUDIOS suppliers must treat workers with respect and dignity, and prohibit all forms of physical, sexual, psychological or verbal abuse.

3.3. ARTKNIT STUDIOS suppliers must have clear policies about the unacceptability of harassment and abuse by security staff, and procedures for employees to report any incidents.

3.4. Workers must not be subject to unlawful fines or be subjected to disciplinary measures that would impair their dignity as a person.

3.5. Except as required by the procedures provided for by law relating to the management of the employment relationship, employees must be free to leave the place of work and/or company without being subject to duress.

3.6. Employers cannot withhold workers' identity documents.

3.7. ARTKNIT STUDIOS suppliers are required to monitor any third party subcontractors or institutions used for the hiring of employees, in order to ensure that persons recruited by them are not obliged to work by force, deceit, intimidation, coercion or blackmail.

4. Discriminations ³

4.1. No form of discrimination based on gender, race, disability, illness, sexual orientation, political affiliation or religion is permitted in the performance of work of personnel, or in the process of recruitment, remuneration, allocation of work tasks, career advancement, access to training and dismissal.

4.2. All employment decisions are to be taken on the basis of the principle of equal employment opportunities, and must include effective tools for the protection of migrant, temporary or seasonal workers against any form of discrimination.

4.3. As relates in particular to women, discrimination linked to any potential pregnancy (such as a pregnancy test request and/or psychological pressure during hiring and/or during the employment relationship) is prohibited.

5. Freedom of association ⁴

5.1. ARTKNIT STUDIOS suppliers must guarantee their workers the right to join any trade union or association of their own choosing, and to take part in collective bargaining agreements in forms legally recognised in the country in which they operate.

5.2. In the event that freedom of association and collective bargaining are not regulated by law, the supplier will facilitate similar forms of free association for its employees.

6. Remuneration and working hours ⁵

6.1. The salaries of all workers must at least be of the minimum wage provided for by national law or any collective bargaining agreement, if the latter is more than the minimum wage set by law.

6.2. Notwithstanding the provisions of Paragraph 6.1, where there is a reliable source that defines the level of fair wages (considering the cost of living) for the countries in which the ARTKNIT STUDIOS

supplier operates, workers' wages must at least correspond to said level.

6.3. ARTKNIT STUDIOS suppliers must provide a proper salary by way of ordinary and overtime wages to workers, paid in a timely manner in accordance with local laws and any collective agreement in place. All workers must receive a clearly-stated paycheck.

6.4. Working hours are not permitted to exceed 48 hours of ordinary working hours and 12 hours of overtime, in accordance with applicable local laws.

6.5. Overtime must be arranged in a consensual manner and paid at a higher wage than ordinary work. Employees are entitled to a minimum of 24 consecutive hours of rest every seven days.

7. Health and safety ⁶

7.1. All local laws regarding health and safety must be observed.

7.2. All workers must have a safe and healthy place of work: the temperature and aeration of the environment must be adequate in all seasons of the year; lighting must be suitable in relation to the activity carried out for all working hours; sanitary services must be clean and in adequate number for the workers present, and separate for men and women. Workers must be able to have access to the above without unreasonable restrictions.

7.3. If the company offers housing to personnel, all local laws regarding health and safety must be observed with respect to said housing. Workers must be able to use a bed of their own and have an adequate living space for normal use. Separate hygienic rooms and services must be available for men and women, without it being necessary to leave the dormitory during non-working hours. Any cafeterias or canteens must be clean and comfortable. Personnel must meet all of the health requirements laid down.

7.4. ARTKNIT STUDIOS suppliers must have procedures in place for the identification and analysis of risks related to the security of buildings, use of equipment and work activities in general. Specific emergency plans as well as intervention and evacuation procedures must be defined on the basis of risk analysis.

7.5. Well indicated and lit emergency exits that are free from obstacles of every kind must be present.

7.6. All workers must be informed as to the safety devices on site in their respective factories. Regular evacuation exercises must be organized on a regular basis, which shall be performed according to a predetermined schedule, whose function must be ensured at any time.

7.7. Health and safety requirements must be appointed to a senior manager, who ensures a safe work environment and protects the health of workers.

7.8. ARTKNIT STUDIOS suppliers must neither operate in dangerous buildings nor with non-compliant machinery. Workers who use equipment that presents a potential danger must receive suitable training.

7.9. ARTKNIT STUDIOS suppliers must provide workers with appropriate personal protective equipment, as required by local laws and industry standards, at no cost to the worker. All workers must use obligatory protective equipment during working hours.

7.10. Every factory must be equipped with first-aid tools and people trained to provide first aid interventions if needed.

7.11. In countries where there is a public security organization to protect workers from accidents at the workplace, suppliers must pay medical expenses for any accident that occurs during working hours.

8. Community

8.1. ARTKNIT STUDIOS suppliers are held to share our goal of creating a positive impact on local communities, contributing to the economic development of production sites. All ARTKNIT STUDIOS suppliers and their employees are encouraged to participate in social and environmental initiatives for charity as organized by the local communities with which they interact by offering their support.

¹ United Nations Convention on the Rights of the Child. A child is defined as "every person under the age of 18 years, unless under the law applicable to the child, the age of majority is reached at a younger age.". ILO Conventions Nos. 138 and 142.

² ILO Conventions Nos. 29, 105, and 182.

³ ILO Conventions Nos. 100 and 111.

⁴ ILO Conventions Nos. 87, 98 and 135.

⁵ ILO Conventions Nos. 1, 26 and 131.

Art. 23(3) of the Universal Declaration of Human Rights. " Everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection." ⁶ ILO Convention 155, OHSAS 18001

ENVIRONMENT

It is fundamental to be aware of how one's behavior in all of the aspects of daily work impacts on the environment, constantly monitoring the effects of each operational activity.

Each process or production activity must incorporate the following objectives:

- a. Pursue increasingly greater efficiency in the use of scarce natural resources, favoring the use of renewable or closed cycle resources and materials.
- b. Minimize waste production and the use of chemicals that can harm people or the environment.
- c. Contribute to the preservation and restoration of natural ecosystems.

9. Environmental impact

9.1. ARTKNIT STUDIOS suppliers must comply with all laws and regulations applicable on environmental protection in the country in which they conduct their activities.

9.2. Factories and plants must continuously monitor their use of energy and natural resources, and must set targets for the gradual minimisation of negative environmental impacts.

9.3. ARTKNIT STUDIOS suppliers must invest in technologies that feature a reduced environmental impact,

systems for the production of renewable energy, and promote an eco-design philosophy of products together with ARTKNIT STUDIOS, working on materials and production processes to ensure product recycling, reuse and a longer life

10. Chemicals and hazardous substances

10.1. ARTKNIT STUDIOS has sent all suppliers the document on restrictions on the use of chemicals in the European Union and countries to which its goods are exported. This document must be signed and complied with by all suppliers.

10.2. Consumable materials, chemicals and toxic or dangerous treatments must not be used in the production process if there is an alternative available.

10.3. Chemical containers must be marked by a warning label, and accompanied by a data sheet and clear instructions for use. Containers should be kept in good condition in order to avoid potential chemical spills, and protected by barriers to prevent any accidental damage. Persons authorized for the use of such substances must be periodically trained on their proper use.

11. Waste management

11.1. Waste processing and disposal must not affect the environment, and avoid the pollution of water, air and soil. Waste must be managed in a responsible manner, and in compliance with applicable laws. Storage areas must be secure and controlled regularly. Waste must be differentiated by category according to its possibility of recycling.

11.2. Workers who handle hazardous waste must be put in the conditions to understand the risk associated with hazardous waste, and protect themselves and the environment from damage caused by its improper management.

12. Water management

12.1. Waste water generated in the production process (dyeing, washing, finishing) must be treated before being discharged, such as to not cause environmental damage.

12.2. ARTKNIT STUDIOS suppliers must have a system for monitoring the discharge of wastewater, in accordance with local laws.

12.3. In the event in which a wastewater treatment plant is present, rain water can only flow in a phase that does not interfere with the treatment process. In addition, employees are required to know the processes, equipment and tests required for proper operation of the onsite treatment system.

13. Emissions into the atmosphere

13.1. All emissions must be monitored and managed in a transparent manner, in accordance with the law and local regulations.

13.2. ARTKNIT STUDIOS suppliers are required to prepare a written, complete, accurate and reliable inventory of all emission sources, identifying and amount of pollutants for each type.

13.3. The emission sources must be equipped with monitoring devices to remove or filter contaminants prior to their release into the atmosphere.

14. Environmental impact on the territory

14.1. Buildings must be built or renovated to ensure their proper integration within the site, be it natural or artificial, in accordance with local regulations and laws, avoiding harm to the territory and its inhabitants.

14.2. ARTKNIT STUDIOS suppliers must share our goal of creating a positive impact in the area. All suppliers are invited to participate in social and environmental activities organized by local communities by offering its support.

15. More sustainable materials

15.1. When choosing materials (raw materials, consumables, office supplies, etc.), suppliers must seek alternatives that offer a lower impact on the environment, and ensure that these materials are produced in observance of the principles of this Code of Conduct.

15.2. Suppliers must evaluate the choice of materials of animal origin from an ethical point of view⁷, favoring alternatives that do not involve their exploitation. Where materials of animal origin are used, only the origin of processing intended for food use must be certified, and exclude all forms of maltreatment against the animals themselves (such as live-plucking)

⁷ Responsible Down Standard, Responsible Wool Standard

COMPLIANCE AND TRANSPARENCY

Regulatory compliance is a mandatory requirement for the performance of all activities.

All companies linked to ARTKNIT STUDIOS must ensure the full and strict observance of laws and regulations in force in the sectors related to their own activities. For ARTKNIT STUDIOS, it is essential to operate in full compliance with the letter and spirit of the law.

All situations that may lead to conflicts of interest are to be avoided, putting the company values before personal interests. Where situations of potential conflict arise, they should be promptly reported.

Those who work or collaborate with ARTKNIT STUDIOS in any way are expected to behave in a correct and honest manner, follow the law and interact with others with the utmost respect of our fundamental values.

16. Compliance

16.1. ARTKNIT STUDIOS suppliers must ensure that all of their activities comply with the national laws of the country in which they operate; if any of the provisions contained herein are contrary to the national laws of the country of the supplier, the latter shall prevail.

16.2. ARTKNIT STUDIOS suppliers must fully comply with the letter and spirit of the law as well as its regulations regarding tax, customs, corporate and civil law, maintaining transparent and cooperative behavior with public authorities and supervisory bodies.

The use of corporate structures designed for tax avoidance is prohibited.

17. Corruption

17.1. Suppliers are held to not to practice or tolerate any form of corruption, extortion or embezzlement. They cannot offer or accept illegal incentives from their business partners. ARTKNIT STUDIOS suppliers must provide their employees with the necessary means to report suspected abnormalities or potential illegal activities in the workplace.

18. Transparency and collaboration

18.1. Suppliers are held to share information with ARTKNIT STUDIOS as regards raw materials used, processes, and business performance. The common goal is to be able to identify opportunities to improve the economic, environmental and social performance of our products throughout the value chain.

18.2. ARTKNIT STUDIOS suppliers are required to implement and monitor specific improvement plans established in collaboration with ARTKNIT STUDIOS, in order to systematically improve environmental and social sustainability practices.

19. Audits

19.1. ARTKNIT STUDIOS reserves the right to conduct audits at any time without notice at any factory that produces its goods, as well as at its sub-contractors or sub-suppliers' locations. The control may take place directly or by means of an independent third party appointed by ARTKNIT STUDIOS to ensure supplier compliance with all contractual provisions as well as this Code of Conduct.

19.2. The supplier must allow those appointed by ARTKNIT STUDIOS to have unlimited access to premises, facilities, equipment, documents, accounting books and records of the companies affiliated with it as well as its sub-contractors or sub-suppliers. All necessary assistance must be provided in order to enable those in charge to perform their monitoring activities and maintain all relevant documentation for auditing purposes.

19.3. Audit costs will be borne by ARTKNIT STUDIOS if the results show full compliance. If the results show non-compliance, the costs for each follow-up audit will be charged to the supplier until full implementation of the agreed upon corrective plans.

20. Application of the Code

20.1. ARTKNIT STUDIOS suppliers must spread knowledge of this document among their own suppliers. Each supplier is required to act as guarantor for the behavior as well as the social and environmental impact of its subcontractors and suppliers, systematically monitoring them according to parameters that comply with this Code or are more restrictive.

20.2. If a supplier does not comply with one of the elements of the Code, it can be reported by e-mail to: info@artknit-studios.com.

ARTKNIT STUDIOS is committed to accept all reports with seriousness and transparency, including by local NGOs, of any violation of the code, as well as to verify and set sanctions as appropriate for the identified violations. Information received as well as the identity of the informant will be kept confidential.

20.3. The respect of all of the principles in this Code is a fundamental condition for establishing and consolidating any business relationship and partnership with ARTKNIT STUDIOS.

The non-observance of the principles mentioned in the Code without the establishment of remediation plans shall imply immediate corrective action, and, ultimately, termination of the business relationship with ARTKNIT STUDIOS and/or reporting to the competent authorities.

Alessandro Lovisetto
Amministratore Delegato
Artnit Studios SRL