

LUILOR S.P.A.

CODE OF CONDUCT

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INTRODUCTION

Since 1991 LUILOR S.P.A. has been one of the leader operators in the textile Industry, producing upholstery fabrics and textiles for fashion accessories, both for Italian and foreign markets.

Luilor is aware that the authority of a Company is given not only by its staff's know-how and high quality of its service, but also by the attention paid to the community's and environmental requirements.

Therefore the inspiring principals of this Company are formally collected in a Code of Conduct with the aim of divulging and strengthening its corporate culture.

PURPOSE AND RECIPIENTS

This Code of Conduct (below as "**Code**") explains the ethical and moral principals at the base of Luilor s.p.A. (below as "**Company**") as well as its rules of behaviour both internally (in the relations between its staff) and externally (in the relations with institutions, suppliers, customers, business partners, political and trade union organizations as well as media - below as "**Stakeholders**").

The compliance with these principles is crucial to reach the mission of Luilor S.p.A. and to ensure its reputation in the socio-economic context in which it operates.

Preliminarily we specify that Luilor S.p.A. firmly believes that any activity must be carried out in an ethical manner, in accordance with the principals enshrined in the art. 41 of the Italian Constitution , under which the private economic initiative *"may not be carried out against the common good or in such a manner that could damage safety, liberty and human dignity."*

This Code is binding for all the managers and employees of Luilor S.p.A. as well as anyone who operates and cooperates, permanently or temporarily, on behalf of the Company (below as "**Recipients**").

A high visibility inside the Company and a large diffusion externally will be given to this Code, also through its website.

Additionally, Luilor S.p.A. will take any further action to make this Code's principles and prescriptions duly divulged and observed.

1. GENERAL PRINCIPLES

The conduct of Recipients, on all levels, is inspired by principles of legality, honesty, non-discrimination, confidentiality, diligence and integrity.

1.1. Legality

Luilor S.p.A. operates in full compliance with the law and this Code.

Therefore, all Recipients are required to comply with any applicable regulation and to constantly update to the legislative developments, taking also advantage of the learning opportunities offered by Luilor S.p.A.

The Company holds the transparency of budgets and accounts as the basics of its activity and protection of its reputation.

1.2. Honesty

Honesty and moral integrity are an indefectible duty for all the Recipients.

The Recipients are required not to build any privileged relationship with third parties, that is the result of external stresses with the aim of obtaining improper advantages.

While doing their work, Recipients are required not to accept gifts, favours or similar (except items of modest value) and, in general, not to accept any exchange for improper advantages to third parties.

In turn, Recipients are not allowed to donate money or make gifts to third parties, or to offer any illicit favour (except items of modest value or complimentary presents authorised by the Company) in connection with their job at Luilor S.p.A.

The intrinsic certainty to act in the interest of the Company does not absolve the Recipients from the obligation to duly observe the regulations and principles of this Code.

1.3. Non-Discrimination

In the relations with the Stakeholders and, in particular, in the staff selection and management, in the work organisation, in the suppliers' selection and management as well as in the relations with Institutions, Luilor S.p.A. avoids and rejects any discrimination concerning age, sex, race or ethnic origin, sexual orientation, state of health, political opinions, union memberships, religion, culture and nationality of its interlocutors.

Luilor S.p.A., at the same time, supports the integration, promoting the intercultural dialogue, the protection of minority and vulnerable people's rights.

1.4. Confidentiality

Luilor S.p.A. is committed to ensuring the protection and confidentiality of Recipients' and Stakeholders' personal data, in compliance with any applicable regulation with regard to protection of personal data and with its internal guidelines.

Recipients are not allowed to use reserved information, acknowledged in relation to their job, for other purposes. Besides, in any case they are required to always act in compliance with the confidentiality obligations adopted by Luilor S.p.a. towards its Stakeholders.

In particular, Recipients are subjected to an obligation of strict confidentiality on documents revealing know-how, shipping and business information, and corporate transactions.

Employees of Luilor S.p.A. have signed a non-disclosure agreement, under which they are required to treat customers' names and the relevant purchased products as strictly private and confidential information that can not be disclosed to third parties in any form (written, oral or electronic).

1.5. Corruption

Luilor S.p.a. takes position against any corruption practice, ensuring that all business transactions with third parties (both public and private) are handled in respect of its regulations and principles such as integrity and transparency.

The relationship between Luilor S.p.A. and its employees is based on mutual trust: therefore, employees are required to operate in Company's interests, in compliance with the values explained in this Code.

Recipients must refrain from any activity which could constitute a conflict with the interests of Luilor S.p.A., foregoing the pursuit of personal interests at odds with the licit interests of the Company.

In case of conflict of interest, Recipients are required to promptly turn to their hierarchical superior so that the Company can evaluate, and potentially authorize, the concerned activity.

In case of violation, the Company will adopt any suitable measure to put an end to the conflict of interest, reserving the right to act at its own protection.

1.6. Fairness

Luilor S.p.A. and its Recipients are committed to pursue a fair competition, in accordance with the National and Community regulations, in the knowledge that a virtuous competition constitutes an healthy incentive to development and innovation processes, and at the same time they are essential for the interests of the consumers and the community.

RELATIONS WITH EMPLOYEES AND PARTNERS

1.7. Staff selection

Staff evaluation and selection are carried out with integrity and transparency, respecting the equal opportunities in order to combine the needs of Luilor S.p.A. with candidates' job profiles, ambitions and expectations.

The Company is committed to taking any measure to avoid favoritisms during staff selection, to use objective and meritocratic criteria, in full respect of candidates' dignity and in the interest of Company good performance.

The recruited staff, also through the implementation of this Code, receives clear and accurate information about roles, responsibilities, rights and duties of the parties.

1.8. Staff management (*child labor - forced labor*)

Luilor S.p.A. protects and enhances its human resources, maintaining all the necessary conditions for their professional growth, the know-how and abilities of everyone, implementing the appropriate training for continuing education and any initiative with this purpose.

Luilor S.p.A. fosters the participation of its employees to the Company's life, providing equity instruments able to gauge workers' opinions and suggestions, guaranteeing their broadest participation.

Notwithstanding the maximum availability towards the Company, no worker can be obliged to perform tasks, services or duties which does not correspond to their own employment contract or their own role within the company.

The Company does not use child labor.

The Company is firmly committed to hindering episodes of mobbing, stalking, mental abuse and any discriminatory or undignified behaviour inside and outside the business premises.

The relationships among employees must be fair, proper and based on mutual respect, in

compliance with the values of civil coexistence and freedom of individuals.

2. WORK ENVIRONMENT

Luilor S.p.A. is committed to offering its personnel an healthy, safe work environment, respectful of workers dignity.

The workplace safety is ensured by both the inflexible implementation of the current legal provisions, and the active promotion of the safety culture through specific training programs. The staff training represents a key element of the management system in use.

Luilor S.p.A. safeguards its workers' health, ensuring respect of hygiene standards and health prevention.

3. COMPANY MANAGEMENT

3.1. Implementation of internal procedures

Luilor S.p.A. thinks that management efficiency and culture control are essential elements for the achievement of the objectives.

Recipients are required to strictly follow the Company procedures and instructions.

Recipients must act on the basis of their own authorization profiles and keep the suitable documents to keep track of actions taken on behalf of the Company.

3.2. Accounting management

During accounting management, Recipients are asked to act in compliance with principles of truthfulness, accuracy and transparency, in order to protect Luilor S.p.A.'s reputation both internally and externally.

The compliance with these principles allows the Company to plan its operational strategies according to its real economic and financial position.

Therefore, every accounting entry must be supported by a complete, clear and valid documentation, avoiding any omission, falsification and/or irregularity.

In case of financial or economic factors based on evaluations and assessments, the relevant registration must adhere to criteria of reasonableness and carefulness.

The Company is subjected to the statutory audit in accordance with the National legislation.

3.3. Safeguard of Company assets

Recipients carry out their own tasks trying to rationalise and limit the usage of Company resources.

Recipients are required to correctly apply the guidelines concerning safety to protect the hardware devices from unauthorized accesses, which could seriously infringe the rights of protection of Luilor S.p.A. staff' and customers' personal data.

3.4. Communication

Luilor S.p.A. makes available for its Stakeholders the necessary communication tools to interact with the Company in order to submit requests, ask for clarifications or make a claim.

Luilor S.p.A. promotes an efficient business communication able to put the Company in touch with civil society in order to acknowledge community's requests, needs and necessities, and to spread its own mission and values.

Information spread by Stakeholders are complete and accurate in order to allow Recipients to

make conscious, right decisions.

Advertising promotion of Luilor S.p.A. respects the ethical values, protecting minors and rejecting offensive or vulgar messages.

3.5. Gifts and invitations

It's forbidden offering money or gifts to managers, officials or employees of Public Administration or to their relatives, as well as to other private parties with existing business relations, except items of modest value, that do not compromise the integrity or reputation of one of the party and that cannot be seen, by an impartial observer, as a way to gain advantage improperly.

Company complimentary items of modest value, with a unit value not exceeding 50.00 Euro, is allowed on the occasion of:

- Christmas festivities with donation of gifts to employees, suppliers and customers and/or dinner for employees and suppliers;
- fairs with donation of gadgets to customers and/or potential customers (bags, umbrellas, pens);
- summer shutdown with a dinner invitation to employees and suppliers.

The accountings department keeps duly records of these gifts in order to have traceability of each operation (kind of gift, value, recipient, way of delivery).

This Code's Recipients who receive gifts or preferential treatments, which are not directly attributable to normal courtesy relations, must inform their supervisor for each gift that exceeds the value of Euro 50.00. In this case the supervisor will make his/her decisions concerning the restitution.

4. EXTERNAL RELATIONS

4.1. Relations with Authorities and Public Administration

Relations with Authorities and Public Administration must be built on principles of clarity, transparency and cooperation, in full compliance with the law and the highest moral and professional standards.

Only the Top Management is allowed to undertake commitments towards the Public Administration. This duty can be delegated to the Accounting Manager, Financial Manager or competent professionals.

Recipients, except with explicit authorization, are not allowed to relate with Authorities and Public Administration in the name and on behalf of Luilor S.p.A.

In the relations with Public Officials, officers responsible for Public Service and with the Public Administration in general, the authorized Recipients will conform to the highest levels of honesty and integrity, refraining from any kind of pressure, evident or subtle, aimed to have any undue advantage for themselves or Luilor S.p.A..

In this regard, the authorized Recipients are asked to strictly observe the regulations of this Code as well as, in general, the guidelines issued by Luilor S.p.A.'s management.

4.2. Relations with political and trade union organizations

Luilor S.p.A. does not support nor discriminate any political or trade union organization.

The Company refrains from making any undue contribution to factions, trade union organizations or other social groups, except specific dispensation and anyway always within the limits of the current rules.

Recipients are required to refrain from any direct, indirect or boasted pressure towards politic

leaders or trade union representatives.

4.3. Relations with customers and suppliers

Recipients relate with third parties with courtesy, knowledge and professionalism, in the awareness that the protection of Company's image and reputation, and afterwards the achievement of business goals, depends on their conduct.

In particular, Recipients must refrain from any kind of unfair or deceptive behaviour which can bring customers or suppliers to rely on unfounded events or circumstances.

Recipients are required to steadily commit themselves to offer customers punctual, high-quality services, trying to limit any kind of disruption or delay in order to maximize customers' satisfaction.

Relations with suppliers are based on principles of honesty, fairness and transparency.

Suppliers are selected according impartial criteria of affordability, opportunity and efficiency.

It's forbidden the selection of suppliers based on merely subjective, personal reasons, or on interests contrasting Company's ones.

Recipients must implement any possible control so that suppliers as well as customers are able to respect the ethical fundamental principles of this Code.

5. INTERNAL CONTROL SYSTEM

The respect of this Code is entrusted to the cautious, reasonable and careful supervision of each Recipient, within their respective roles and functions within the Company.

All Recipients are asked to report to their direct superiors the facts and circumstances in potential contrast with the principles and prescriptions of this Code.

Luilor S.p.A. management and the competent authorities adopt any necessary measure to put an end to violations, with the right to take any disciplinary actions in accordance with the law and workers' right, trade union rights included.

6. GUIDELINES FOR PENALTIES

The internal control system is oriented towards the adoption of tools and methods aimed to cope with the potential business risks, in order to ensure the respect not only of the Law, but also of the internal guidelines and procedures.

In fact, the violation of this Code's principles and of the procedures specified in the internal controls jeopardizes the trusty relation between Society and its administrators, employees, consultants, customers, suppliers, business and financial partners.

These violations will be immediately prosecuted by Luilor S.p.A. in a strict, prompt manner through the adoption of adequate, proportionate disciplinary actions.

The effects of violations of Code of Conduct and of the internal protocols must be considered by anyone that, in any way, has relationships with Luilor S.p.A.

Notwithstanding the foregoing, the behaviors in breach of the Code of Conduct constitute:

- serious non-fulfilment for employees (workers, middle managers, managers), with the penalties , implemented according to the relevant seriousness, provided by the National labour agreements (verbal reprimand, written reprimand, fine not exceeding three hours' pay, suspension from duty and salary not exceeding three working days, lawful dismissal for just cause or justified reason); in case of implementation of a restrictive measure of the personal freedom towards an employee, before adopting the disciplinary action, the Company can adopt the penalty of suspension from service and salary for the same duration as the prosecution, as

- well as until the end of the restrictive measure;
- just cause for revocation of the mandate to the Administrators;
- cause of immediate termination of the employment relationship, in the most serious cases, for external partners and parasubordinated workers;
- cause of immediate termination of the employment relationship, in the most serious cases, for subcontractors.

The identification and implementation of penalties will always consider the general principles of proportionality and adequacy in relation with the notified violation.

Besides, in all the above-mentioned events, Luilor S.p.A. reserves the right to employ all the actions deemed appropriate for the compensation for the damage caused by the violation of this Code of Conduct.

Date: _____

Stamp and sign _____