

Torino, December 12th, 2021

## **Communication on Progress**

Covering the period from December 1st, 2019 to December 1st 2021

### Summary

1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER
2. HISTORY, MISSION AND BRAND VALUES
3. DESCRIPTION OF ACTIONS
  - a. HUMAN RIGHTS
  - b. LABOUR
  - c. ENVIRONMENT
  - d. ANTI-CORRUPTION
4. MEASUREMENT OF OUTCOMES AND FUTURE PROJECTS

1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER

Torino, December 1st, 2021

We are pleased to confirm that MAGLIFICIO PO SRL reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption and its willingness to implement those principles as a relevant part of our company strategy, culture, day-to-day operations, and to engage in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

Since 1936 MAGLIFICIO PO SRL produces underwear and knitwear in natural fibers or fibers of natural origin with a vertical integrated supply chain from yarn to final garment in its Turin premises. The outstanding contents of social and environmental sustainability always shown by the company since its birth, lead to a firm and consistent opposition to the widespread of 'greenwashing', identified as the worst enemy of sustainability causing misinformation, deception and damage to the consumer, generating situations of unfair competition and misleading investments to activities opposite to the goal.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles, together with the UN Sustainable Development Goals, into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

DARIO CASALINI

CEO – MAGLIFICIO PO SRL



## 2. HISTORY, MISSION AND BRAND VALUES

### a) HISTORY

3

Maglificio Po since 1936 has been producing knitwear and underwear made with natural fibers or fibers of natural origin under the brand “Oscalito 1936”, an Italian acronym instantly revealing indications of its origin: OsCaLiTo, Osvaldo - Casalini - Nicolino (Lino) - Torino. It was in the Thirties when the two Casalini brothers (Osvaldo and Nicolino), both graduates in economics and experts in accounting rather than clothing, became entrepreneurs, to set up on their own in a new sector. Turin had just been appointed the capital of fashion. With the patronage of the Royal Family but also by positively evaluating the development of the textile and clothing industry throughout Piedmont, the Savoy hometown was chosen to found the *Ente Autonomo per la Mostra Permanente Nazionale della Moda*, the National fashion institute that then changed its name to the *Ente Nazionale della Moda* and had the power to veto and pledge for more than three hundred tailors who validated thousands of garments with a “guarantee of quality”.

The Casalini brothers purchased only the highest quality natural fibres; indeed, the geographical section encompassing Turin and the area around Biella has been synonymous with manufacturing excellence since the seventeenth century. They acquired a secondhand Schubert&Saltzer circular knitting machine and set it up in a workshop inside the courtyard of some old houses along the river; they began to produce beautiful knitted circular fabrics in wool and cotton for seamless underwear, focusing on special details. Basing their production on the complex classic rib stitches, which gave perfect fit without constricting the body, Oscalito manufactured knitwear lines for men, women and children.



Boccasile per Oscalito,  
1950

During the Second World War both brothers were called up so Elsa, Lino’s twenty year old wife, dismantled the machines and hid them in a barn in the countryside around Saluzzo to protect them from the bombings; her decision-making and promptness proved to be a great advantage when she entered the company after the war and followed the designs and production for over 50 years.

The Casalini brothers’ return from the frontline proved to be more difficult than expected but, auspiciously, the textile machinery was still intact and in prime working order. They recalled the workers, invested in new machinery and enthusiastically started producing knitwear again. The following year, in 1946, Osvaldo and Lino celebrated Oscalito’s tenth anniversary: a photo shows them on the top of Cervino, 4478 m.a.s.l, many thousands of metres above the bed of the Po but not too far away from their dreams. The factory continued to expand and continuously maintained the

highest quality of raw materials, even though this also meant having to maintain a policy of high garment prices and selective distribution.

Lino's children – Arrigo and Andrea – as soon as they became teenagers, enjoyed posing for the brand advertising campaigns – in ribbed shorts with tennis rackets in hand – but initially only Andrea developed a passion for fabrics.

Andrea specialised in textiles and in 1967 he entered the College of Textiles Art and Technology in Leicester (which is now the Polytechnic). In the period in which Europe was ablaze with student demonstrations and protests Andrea dedicated two years of his life almost exclusively to studying. He returned to Turin and began to experiment with designs, patterns and new yarns to expand the range of fashion items. He introduced machine programming, the precursor of today's computers, vastly improving production processes.

Years of steady growth followed both for the classical ranges and, above all, for the fashion line which by now accounts for 80% of the total turnover. Exports followed the same trend: in 1980 they accounted for 40% of the revenue, nowadays they account for 70%.

In an almost globalized society, Oscalito policy has always been focused on keeping a fully Made in Italy production chain. Every manufacturing stage, from prototype and styling, to knitting and sewing takes place in the current premises in Via Asiago (Turin) which produces about 400,000 garments per year.

Oscalito has a unique production process and a unique spirit that animates its personality in a continuous research between tradition and innovation; today the RFID technology applied to each label guarantees the complete production process traceability of all garments, distributed in over 40 countries around the world, from Paris to Tokyo, in Italy as well as in France and in the United States.

With Andrea's son Dario, the third generation of the Casalini family, Oscalito has remained faithful to its values, know-how and pleasure for quality, creating high-end and unique products with a 100% Italian supply chain. Oscalito became a reference point for Made in Italy lingerie all over the world, also by being for the eighth consecutive year (2014-2015-2016-2017-2018-2019-2020-2021) "Bestseller Brand" in knitwear category (according to polls conducted by the Pisani publisher group/Linea Intima/Intima/Best of Intima among the 500 most prestigious lingerie boutiques of different countries).

Maglificio Po srl is a member of [EXCLUSIVE BRANDS TORINO](#), a network of companies that shares the same values of production excellence and belonging to the territory: more than twenty companies operating in various sectors - from jewelery, to food, wine and distillery, from fashion and design to textiles, publishing, up to essences and perfumes - which share a selected clientele and a strong international vocation and are distinguished by the creativity, innovation, research and quality of their products and services, which are part of the high-end range.

The commitment of Maglificio Po towards sustainability is today expressed by the several initiatives which it participates in: in 2019 it joined the [UN Global Compact](#); in 2020 it took part

in the creation of [Green Pea](#) (the very first department store completely dedicated to sustainable products and winner of AZ Award) in Turin; in 2021 it becomes a member of the [Monitor for Circular Fashion](#) promoted by Bocconi University, a multi-stakeholder project involving leading companies in the fashion industry and players in its supply chain.

Last but not least, Maglificio Po CEO Dario Casalini is the author of a book that seems the most recent and comprehensive “Slow Fashion” manifesto:

**OSCALITO SUSTAINABILITY MANIFESTO**

**Oscalito takes real care about our Planet and your Skin**  
 We love the Earth and its gifts.  
 We respect them and we treat them with gratitude.  
 We borrow them to turn them into unique, natural garments, for the well-being of your skin.

*All Oscalito items are*

- 1) 100% Made in Italy
- 2) *Made only by recyclable, biodegradable natural fibers*
- 3) *of high quality, last over time without becoming waste soon*
- 4) *made of raw materials certified for environment and human health protection*
- 5) *shortening the supply chain by means of Italian or European supplies*
- 6) *produced respecting workers and promoting local community know-how*
- 7) *produced using renewable energy, sustainable packaging and recycled materials*

DARIO CASALINI, *Vestire buono pulito e giusto*, Slow Food Editore, 2021.

## b) MISSION and BRAND VALUES

Our Mission is based on the choice to use only the excellence of natural fibers, which ensure the quality of each garment, entrusted to the experience of the skilled manpower and to the deliberately slow production stages of the circular knitting machines of ancient tradition that finally become a distinctive feature of the company.

Oscalito aims to create and enhance the conditions for sustainable growth with respect to the ecosystem, and for a production always integrated and respectful of the social and territorial environment.

Our brand values can be summarized in these key-words: QUALITY, MADE IN ITALY, NATURALNESS, REFINEMENT, PERSONALITY, ETHICS.



### 3. DESCRIPTION OF ACTIONS

Maglificio Po srl reaffirmed its membership as Participant Member in the UN Global Compact, the world's largest corporate sustainability initiative. By supporting the UNGC, Maglificio Po srl confirms its long-lasting commitment to sustainability and reinforces it by respecting and promoting the Ten Principles of the UNGC, together with the implementation of strategic actions, which actively contribute to the advancement of global goals, such as the UN Sustainable Development Goals.

Maglificio Po srl is committed to providing an annual disclosure of its activities and practices regarding the ten Principles through this document, which also represents its Communication on Progress (CoP).

#### a. HUMAN RIGHTS

PRINCIPLE 1 businesses should support and respect the protection of internationally proclaimed human rights;

PRINCIPLE 2 make sure that they are not complicit in human rights abuses.

Maglificio Po srl, since its birth in 1936, has always had a totally vertically integrated supply chain in which all production phases from yarn to final garment take place within the Turin plant. Prototyping, knitting, knit fabric finishing, cutting, sewing, quality control, ironing, packaging and logistics take all place in our Turin premises: Maglificio Po srl moved its headquarters in the actual plant in 1960 and renovated it in 1993-1995.

Maglificio Po srl has always given strategic importance to a responsible supply chain management, in order to ensuring a product that meets the highest quality, safety and compliance standards.

More than 50% of Maglificio Po srl suppliers of accessories (e.g. buttons, zip, lace, woven or jersey fabric) and raw materials (yarn, packaging) are Italian companies whose production plants are close to our factory, while another 30% of them are based in Europe. More than 75% of products supplied are certified by the main textile certifications (OEKO-TEX, GOTS).

All services' suppliers of Maglificio Po srl must have DURC certifications to prove their consistency with labour law, social charges law and their effective implementations.

Maglificio Po srl adopted in 2013 a Code of Ethics (see Annex I below) that shapes and designs its mission, vision as well as its daily operations.

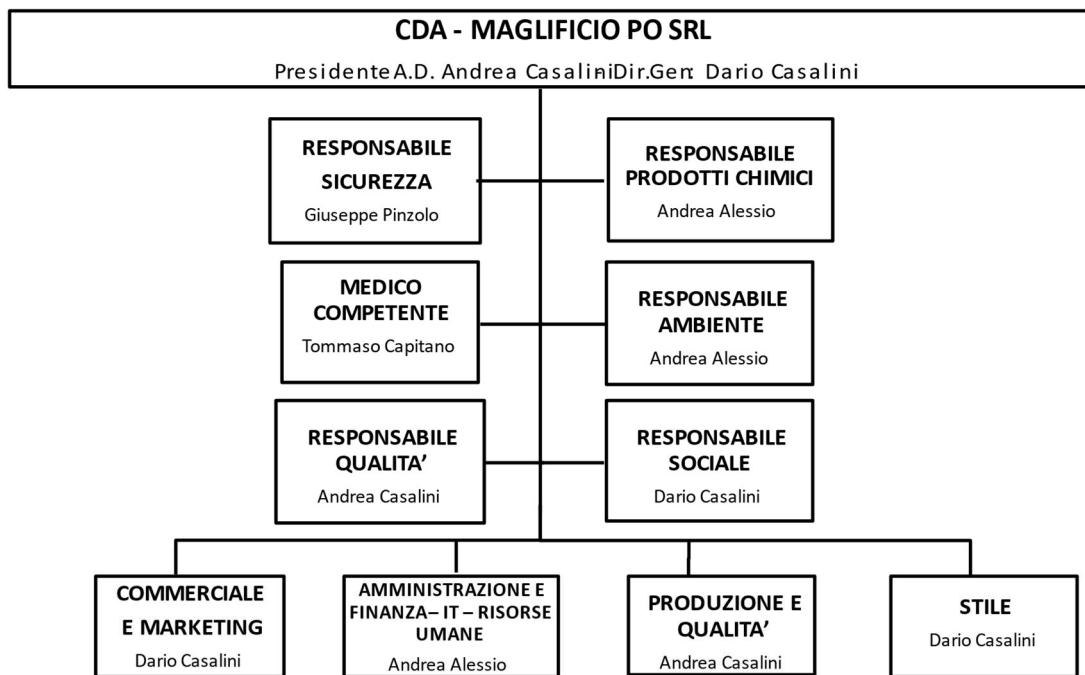
Maglificio Po srl is aware that all its employees are the key to the success of its business, since only thanks to their commitment, professionalism and very high artisanal the company is able to create economic, social and environmental value for the territory.

Therefore, implementing the abovementioned Code of ethics, an internal staff regulation was adopted in order to ensure a respectful, welcoming, meritocratic work environment, to protect workers from workplace harassment, including physical, verbal, sexual or psychological

harassment, abuse or threats, to ensure workers are provided safe, suitable and sanitary work facilities.

To grant its effectiveness two main tools have been implemented:

- 1) A central element of the management approach is accountability at all levels, which takes the form of respect for roles, the relationship between manager and employee and the work of group teams;
- 2) several responsible has been appointed in the key area of Safety, Chemicals, Environment, Quality, CSR, as the following organization chart shows (tab. 1):



The joint works and efforts of our company doctor and our five key Responsibles for Safety, Chemicals, Environment, Quality, CSR successfully aim to eliminate ingredients, designs, defects or side-effects that could harm or threaten human life and health during manufacturing, usage or disposal of products.

b. LABOUR

PRINCIPLE 3 businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

PRINCIPLE 4 the elimination of all forms of forced and compulsory labour;

PRINCIPLE 5 the effective abolition of child labour;

PRINCIPLE 6 the elimination of discrimination in respect of employment and occupation.

For Maglificio Po srl the know-how, professional skills, natural talents and highly specialised competences of its employees have always been one of its most important capital and heritage for the local community and the territory as the same time. The continuous training of workers and the transmission to successive generations of workers of the skills and competences are considered an integral part of Maglificio Po srl mission.

The strong link between the Company and its employees allows us to tackle the pandemic in a safe and effective way, therefore limiting budget losses and continuing investing in our future together and preparing us for a restart.

8

For these reasons, the Company believes in, constantly implements and pursues eight pillars in employees management and daily organization and for each of them plans and puts in place specific actions and shared initiatives:

- 1) Professional growth and continuous learning.
- 2) Gender equality
- 3) Meritocracy and delegation.
- 4) Workplace stability.
- 5) Internal climate: collaboration and sharing objectives and knowledge.
- 6) Remuneration and benefits.
- 7) Equilibrate balance between life and work.
- 8) Health and well-being in the workplace

Notwithstanding the pandemic difficulties even in the last two years (2020-21) Maglificio Po srl continued in the organization of training courses for its employees, both with reference to specific work skills, and with reference to training and the continuous improvement of its ability to organize work and time as well as team work. The development of training plans aimed at professional growth on all levels, also in consideration of the fact that the average seniority in the company is quite high, as a constant development of skills and abilities is required over time (see tab. 2 below):



Age	Number of Employees
<30	2
>60	8
30-40	13
41-50	29
51-60	25

On the side of gender equality, it's important to remark that more than 80% of Maglificio Po srl employees are female and in the organizational chart some of them hold key and leading positions (see tab. 2 and 3 below). Equal opportunities mechanism are constantly put in place even by trade union involvement in training on gender differences, on the most appropriate behaviors to keep in the workplace.

Tab 2	Employees
Female	65
Male	12

<b>Totale complessivo</b>	<b>77</b>
---------------------------	-----------

Tab 3	Female	Male	Total
AMMINISTRATORE	1	2	3
Apprendista	1	1	2
Dirigente		1	1
Impiegato	8	4	12
Impiegato part-time	3		3
Operaio	48	4	52
Operaio part-time	4		4
<b>Totale complessivo</b>	<b>65</b>	<b>12</b>	<b>77</b>

The whole organization is based on the two intertwined principles of meritocracy and delegation. The implementation of these pillars involves the definition of individual and team objectives and the subsequent activities of control and feedback on the results obtained. In this light, Maglificio Po srl periodically organizes team building initiatives (last one was held in Cocconato at Bava wine tasting restaurant in November 2021).

On the side of work stability, more than 80% of Maglificio Po srl employees have permanent contract (see tab. 3 above). The company hires staff with a long-term perspective: sometimes starting the relationship with an apprenticeship or fixed-term contract to allow the worker a period of insertion and training for the new tasks that he will perform.

Collaboration among employees is a key tool to ensure a pleasant workplace and perform a successful business. The employees, under the guidance of managers or superiors, organize weekly meetings to check the progress of activities, compliance with deadlines and planning for the achievement of the defined objectives. In each meeting there is a person in charge of taking minutes of the decisions taken and communicating them to all interested parties. Such continuous collaboration and day-to-day information sharing greatly favors teamwork and knowledge of business processes.

Maglificio Po srl, in accordance with trade union representatives, implements remuneration policies that ensure internal fairness, competitiveness with the market and recognition of achievements. The remuneration mechanism is defined with the involvement of trade unions who share, understand and support the corporate strategies and is based on an agreed annual definition of objectives on three levels: corporate, by single department (each production stage) and by single worker. The variable part of remuneration is linked to the goals achievement and provide for a continuous and periodical assessment and fine-tuning. Once the goals are set, there's a monthly performance evaluation and accountability system whereby senior management and workers are informed about their performance and objectives achieved in order to fine-tuning their activity to pursue company's strategic objectives.

Maglificio Po srl human resources management has always shown a specific and great attention to personal needs in balancing work and personal life outside the workplace. The company puts into practice a system of granting holidays and permits that facilitates the workers' personal and family needs as much as possible, without prejudice to the essential production and organizational needs of the company. The company sometimes intervened to financially support some workers who were experiencing temporary difficulties, to prevent them from falling into the usury network.

Regular and periodical meetings with trade union representatives are held to raising employee awareness of occupational health and safety. Besides various activities promoted by the Company to inform the employees about the overall corporate situation, market position, recognitions and awards obtained, some specific training (e.g. fire prevention, first aid intervention...) are periodically at stake to make employees aware of safety issues in the workplace.

Regular meetings have been agreed with the workers' representatives to communicate corporate decisions in advance and jointly define a number of proposals. The main topics covered were: working hours during production peaks and holidays period (agreements have been made for the definition of stopping periods in the production plant and flexibility period) organisation of the production plant (market trends and related production structures have

been defined and shared periodically with the RSU, especially in relation to the strong impact of the pandemic on international markets with the consequent decrease in sales and production volumes); Covid-19 epidemiological emergency, reduction of work activity, agreeing on the criteria to ensure maximum personnel rotation, always granting the advance of the relative emoluments for employees, as well as the provision of prepayments and agreements on the use of accrued holidays and hours; training activity designed in compliance with measures to limit and combat the spread of the Covid-19 virus; measures to prevent and cope with Covid-19.

c. ENVIRONMENT

PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges;

PRINCIPLE 8: undertake initiatives to promote greater environmental responsibility;

PRINCIPLE 9: encourage the development and diffusion of environmentally friendly technologies.

On the environmental side, Maglificio Po srl has shown in the last two years a constant acceleration in the definition of annual environmental sustainability objectives of its production activity (in line with the UN SDGs 3, 4, 5, 7, 8, 10, 12, 13, 16, 17) and in the implementation of these goals through measurable KPIs.

Maglificio Po srl, as member of “The Monitor for Circular Fashion” commits to:

- gather information required to positively boost progress towards sustainability and more importantly reduce their negative impact on our planet;
- enhance circularity and sustainability of value chains through transparency and traceability;
- implement circular business processes along their value chains;
- adopt common indicators to measure progress on circularity in their value chains and report the results;
- encourage high quality waste management;
- raise public awareness and educate all relevant stakeholders on the positive impacts of sustainable and circular production and consumption;
- exchange experiences and cooperate with other multi-stakeholder circular initiatives.

The most relevant benchmarks achieved by Maglificio Po srl in the last year in the field of environmental sustainability are the following:

First of all, Maglificio Po srl strongly believes in the **transparency of the entire production chain** and therefore since 2013 implemented the full traceability of manufacturing stages from

raw materials supply to final products throughout prototyping, raw materials supplying, knitting, fabric finishing, cutting, sewing, quality control, packaging and logistics by means on RFID technology. An active RFID tag is labelled on every single item and contains all the information about raw material suppliers, workers involved in its production and logistics data. In the future our plan is to extend full traceability to raw materials production (i.e. cotton, wool, linen...) by means of agreeing partnership with our providers.

Secondly, Maglificio Po srl is committed to the principle of **eco-design** in order to minimize the environmental impact of its production at every stages, thus allowing the reuse of waste, enabling keeping products and materials in use, granting regeneration of natural systems and favoring disposal and recycling as waste at the end of its life. KPIs used at this aim are: i) % of kg/meters/ units provided with repairing services; ii) % reduction of energy use of recycling vs standard linear processes; iii) % reduction of CO2 emissions vs standard processes of recycling vs linear processes.

Thirdly, Maglificio Po srl in 2020-21 has implemented a **full traceability of more than 80% of raw materials supplied** yearly, carrying on its commitment to increase research on sustainable and circular materials. KPIs used at this aim are: % of collected kg/meters/units; % of raw materials (kg/meters/units) including relevant and reliable data and information shared for disclosure available for partners of the value chain.

Maglificio Po srl commitment to **reduce textile waste on total raw material** leads in 2021 to recycle 100% of textile waste and since SS22 collection to design an upcycled series every season onwards. KPIs used at this aim are: % pre-consumer waste volume on total material used in the year; % pre-consumer waste volume on total material resold in the year; % pre-consumer waste volume on total material recovered for circular projects in the year.

Maglificio Po srl in 2021 obtained the **OEKO-TEX STANDARD 100 certification** on more than 80% of the items produced yearly, including the basic collection always in stock and some items of the SS and FW seasonal collection. KPIs used at this aim are: % of raw materials (kg/meters/units) including sustainable certification (i.e. animal welfare, organic, etc...)

In the manufacturing process held at Maglificio Po srl plant in Torino since 2021, we use only **recycled paper** for back-office and advertising activities; as for packaging, we use **bio-plastic bags** made from sugar can that absorbs 5 kg CO2 per each bioplastic kg produced (carbon plastic releases around 1 kg CO2 for every kg of plastic produced) but then need to be transported from Tropical areas and therefore the final balance is -2kg of CO2 per kg of bioplastic produced.

In december 2020 Maglificio Po srl installed a solar pannel **photovoltaic system** on the plant's roof that allows a self-production of 25% of yearly electric energy consuming. Moreover from January 2021, the Company buys the remaining 75% of its energy needs **exclusively from renewable sources**, as per the attached EGEA certificate (Annex 2).

Maglificio Po srl observes all the regulations regarding emissions into the atmosphere, water treatment and practices 100% the separate collection of solid waste (plastic, paper, glass, textiles) to allow for their recycling and therefore prevent damages to environment and granting the utmost respect for it.

The Company issued internal procedures to avoid environmental damage by means of a regular maintenance of production processes and environmental protection system (air pollution control, waste, water treatment systems, etc.) and ensure emergency procedures to prevent and address accidents affecting the environment and human health. Maglificio Po srl shows a continuous effort in minimizing the use of chemical and other dangerous substances (e.g. fabric finishing is done by using only water, soap, drying and steaming) and ensure safe handling and storage of such substances under the supervision of the Chemical Substances Responsible manager (see part 2) tab. 1).

The corporate strategy in raw materials supplying aims at reducing the consumption of natural resources, respecting the natural rate and rhythm for its regeneration. By using only natural fibers or fibers of natural origin (i.e. artificial fibers), the company contributes to conservation and enhancement of environmental heritage and biodiversity.

For the years to come, Maglificio Po srl commits to improve its environmental sustainability, further reducing his manufacturing environmental footprint and plan to act in the following three main areas:

- 1) Committing to adopt agreed methodologies to measure data related to transportation in order to achieve decarbonization, starting from Scope 1 (direct GHG emissions that occur from sources that are controlled or owned by an organization). Sample KPIs that will be taken in consideration are: % reduction of CO2 emissions vs standard processes; disclosing the CO2 emissions of the transportation in tons/number of units produced; disclosing action plans on the reduction of CO2 emissions.
- 2) Committing to engage and educate all relevant stakeholders including final users, on responsible consumption, respecting the guidelines on sustainability claims developed by UNECE. Sample KPIs that will be taken in consideration are: % of kg/meters/ units with additional sustainability information on the products; % of collected kg/meters/units; % of post-consumer waste per destination (reusing, repurposing, recycling, recycling, downcycling, landfill incineration, waste to energy).
- 3) Committing to engage and educate final users to extend the life of products. Sample KPIs that will be taken in consideration are: % of kg/meters/ units entirely made with biodegradable or compostable raw materials on total kg/meters/units; % of by-products recovered for circular economy projects on total material used in the year; % pre-consumer waste volume on total material used in the year; % post-consumer waste volume on total material used in the year.

d. ANTI-CORRUPTION

**PRINCIPLE 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Maglificio Po srl takes all possible actions to counter the commission of crimes against the public administration (i.e. State, Regions, Provinces, Municipalities, consortia and associations of such subjects and in any case any public body or subject having public legal personality) as well as any

14

independent administrative agency, person, natural or legal, even of a private nature, acting as a public official or as a person in charge of a public service or concessionaire of services or public functions. The definition of public body includes those private bodies, including companies which, by virtue of a legislative, regulatory or administrative act, exercise public powers delegated by the Public Administration, or carry out phases or functions of an administrative procedure or still provide or perform public services or in any case in general fulfill a public function aimed at safeguarding the protection of general interests. The notion of Public Administration includes the European Communities and all the organs and entities falling within their system.

To that aim, Maglificio Po srl implements a periodical assessment of risk of corruption when doing business, thus defining the following procedures and key principles.

The personnel employed by Maglificio Po srl are absolutely not allowed, either directly or through a natural or legal person, to offer money, gifts or compensation, in any form, or promise any object, service, performance, favor or other utility to managers, officials or employees of the Public Administration or their relatives or cohabitants, both Italian and from other countries, to induce, facilitate or remunerate a decision, the fulfillment of an official act or contrary to the duties of the Public Administration office, put in place in the interest of Maglificio Po srl. These also apply to natural or legal persons acting for or on behalf of the Public Administration.

During any kind of contact with the Public Administration, all Maglificio Po srl personnel must behave in a manner inspired by the utmost correctness and integrity; in particular and by way of example, the following actions must not be taken, directly or indirectly: examine or propose employment and / or commercial opportunities that may directly or indirectly benefit employees of the Public Administration in a personal capacity; offer or in any way provide compensation, gifts or preferential treatment; solicit or obtain confidential information that may compromise the integrity or reputation of both parties.

When any kind of contact with the Public Administration is in progress, the person in charge must not try to improperly influence the decisions of the counterparty, including those of the subjects who negotiate or make decisions on behalf of the Public Administration and must not, in any case, request or give the impression of requesting preferential treatment. If explicit or implicit requests for benefits of any kind are received from the Public Administration or from

natural or legal persons acting for or on behalf of the Public Administration itself, all relations must be immediately suspended and the competent authorities informed.

The company has not adopted an organizational model in compliance with law n. 231/2001, considering its small size and the organizational chart flux but defined some internal procedures to ensure a strong support to the company's anti-corruption commitment, as explained below.

The Compliance Control is entrusted to the Administration and Finance Chief Executive in collaboration with the auditor of Maglificio Po srl, the accounting firm and of the Chairman of the Board of Directors. The tasks are:

- o Evaluate the main sources of non-compliance risk, identify the relevant regulations and translate everything into internal procedures;
- o Verify the company situation and define the procedures to be implemented to counter the risks;
- o Prepare any corrective actions;
- o Encourage the development of the necessary skills through training and communication;
- o Carry out compliance checks through periodic reporting to be brought to the attention of administrators and operational staff.

#### 4. MEASUREMENT OF OUTCOMES AND FUTURE PROJECTS

The tools and KPIs mechanism to measure the outcomes has been explained in the relevant sections above.

In 2022 Maglificio Po srl will issue its first sustainability report, relating to the year 2021 and on this occasion, criteria will be introduced into the company management system to allow a future assessment of the environmental impact of the activities with methodologies similar to a proper Life Cycle Assessment that will take in consideration all manufacturing steps from fiber to final garment, together with the latter waste disposal characteristics.

## ANNEX 1

### CODE OF ETHICS

Oscalito is a sustainable brand, virtuous and loyal, committed to overcome traditional production mechanisms based solely on profit, dedicated with creativity, competence, rigor and honesty to the development of clothes environmentally and socially responsible and sustainable.

16

1. **Oscalito aims to be a symbol of responsible and sustainable fashion.** To this end, Oscalito uses, wherever possible, only natural fibers and selects carefully materials, partners and suppliers that stand for innovation, quality, social and environmental sustainability, fair management of labor relations, focusing on partnerships with manufacturers that guarantee:
  - a) **Environmental and ethical certifications of producers and suppliers;**
  - b) **Characteristics and environmental performances of raw materials** (ease of recycling and/or regeneration, biodegradability, sustainability of the production process) as to ensure maximum environmental sustainability of products throughout their life cycle;
  - c) **Aesthetics and suitability of materials**, preferring, wherever possible, Made in Italy products and in other cases, the best producers in the European market;
  - d) **KM 0**, Oscalito prefers, where possible, suppliers geographically closer to our premises to minimize the environmental impact of transport.
2. Oscalito promotes a **culture of environment respect to protect the growth and health of the people and create better conditions** for the future of new generations. In compliance with art.9 and 32 of Italian Constitution as well as art. 11 and 191 et seq. TFUE, Oscalito considers environmental protection as a fundamental criterion to choose its technologies, programs and strategies, preventing pollution in all its forms and assessing the environmental impact of its product. Oscalito believes in the profound value of industrial and technological research aimed at improving the environment and the quality of life, and is aware that its business shall best serve the community and the common good
3. **Oscalito does not use leather, fur, feathers or anything which can cause unnecessary suffering to animals.**



4. **Oscalito adopts the 4 R principle:** Reduction of waste at its source, Reusing materials, Recycling of materials and Recovery of materials and energy.
5. Oscalito recognizes the **centrality and importance of the person warding and satisfying the expression of his personality in the workplace**, as well as the importance of each individual contribution in the sharing of individual skills (art. 2 and 4 of Italian Constitution); to that aim, Oscalito is committed to providing a workplace that protects and enhances every single person, without any direct or indirect discrimination, based on sex, racial or ethnic origin, religion or belief, disability, language, age or sexual orientation recognizing the absolute value of the fundamental principles of the Constitution of the Italian Republic, and also refuses to negotiate, appoint or supply partners who breach these principles.
6. **Oscalito ensures full respect for the principles of transparency and accuracy.** To this aim, Oscalito is committed to ensure that all its operations and activities are legal, consistent, documented, verifiable, in compliance with the principle of traceability. Transparency requires not only the respect of ethical principles and values, but also the implementation of methods that make it possible to provide the necessary evidence to enable the verification of these activities.
7. **Oscalito set its organization in compliance with the rule of law and the principles of financial transparency and good administration** and agrees to comply with all applicable accounting and financial procedures to prevent irregularities, illegality and violation of specific regulations, with particular reference to the provisions ruling money laundering, receiving and use of money or goods of uncertain origin.
8. Oscalito believes that ecosystem protection cannot be separated from correct information and adequate involvement of people, which is why it is committed to promoting its business in a reliable, objective and sincere way.
9. **Oscalito respects all forms of legal competition**, does not put in place any form of unfair competition and is committed to conduct business negotiations in respect of the rights of others, without omitting or falsifying data, documents or other information to achieve an unfair competitive advantage over its competitors, holding that only the quality of its products could lead to the growth.
10. Oscalito adheres to the Legality Protocol signed by the Ministry of the Interior and Confindustria on 10 May 2010 (renewed on 19 June 2012) and subsequent versions thereof, as well as the guidelines that constitute its implementation and further Protocols which will be signed by the Ministry of the Interior with other business associations, as well as protocols signed locally by the Prefectures and trade associations.

11. Oscalito adheres to the 10 principles of the **United Nations Global Compact** on the areas of Human Rights, Labor, the Environment and Anti-corruption:

**Human rights**

Principle 1: promote and respect universally recognized human rights;

Principle 2: make sure that you are not, even indirectly, complicit in human rights abuses;

**Work**

Principle 3: support workers' freedom of association and recognize the right to collective bargaining;

Principle 4: Eliminate all forms of forced and compulsory labor;

Principle 5: effectively abolish child labor;

Principle 6: Eliminate all discrimination in employment and occupation.

**Environment**

Principle 7: Support the application of the precautionary principle to environmental challenges

Principle 8: carry out initiatives to promote environmental responsibility

Principle 9: Encourage the development and deployment of clean and environmentally friendly technologies.

**Anti-corruption**

Principle 10: tackle corruption in all its forms, including extortion and kickbacks.

12. **Oscalito takes all possible actions to counter the commission of crimes against the public administration**, where, for the purposes of this code of ethics, Public Administration must be understood as the State, Regions, Provinces, Municipalities, consortia and associations of such subjects and in any case any public body or subject having public legal personality; it must also be understood as any independent administrative agency, person, natural or legal, even of a private nature, acting as a public official or as a person in charge of a public service or concessionaire of services or public functions. Also pursuant to this code of ethics, the definition of public body includes those private bodies, including companies which, by virtue of a legislative, regulatory or administrative act, exercise public powers delegated by the Public Administration, or carry out phases or functions of a administrative procedure or still provide or perform public services or in any case in general fulfill a publicistic function aimed at safeguarding the protection of general interests. The notion of Public Administration includes the European Communities and all the organs and entities falling within their system.

The personnel employed by Oscalito are absolutely not allowed, either directly or through a natural or legal person, to offer money, gifts or compensation, in any form, or promise any object, service, performance, favor or other utility to managers, officials or employees of the Public Administration or their relatives or cohabitants, both Italian and from other countries, to induce, facilitate or remunerate a decision, the fulfillment of an official act or contrary to the duties of the Public Administration office, put in place in

the interest of Oscalito. These also apply to natural or legal persons acting for or on behalf of the Public Administration.

During any kind of contact with the Public Administration, all Oscalito personnel must behave in a manner inspired by the utmost correctness and integrity; in particular and by way of example, the following actions must not be taken, directly or indirectly: examine or propose employment and / or commercial opportunities that may directly or indirectly benefit employees of the Public Administration in a personal capacity; offer or in any way provide compensation, gifts or preferential treatment; solicit or obtain confidential information that may compromise the integrity or reputation of both parties.

When any kind of contact with the Public Administration is in progress, the person in charge must not try to improperly influence the decisions of the counterparty, including those of the subjects who negotiate or make decisions on behalf of the Public Administration and must not, in any case, request or give the impression of requesting preferential treatment. If explicit or implicit requests for benefits of any kind are received from the Public Administration or from natural or legal persons acting for or on behalf of the Public Administration itself, all relations must be immediately suspended and the competent authorities informed.

## ANNEX 2

