



ETHICAL CODE

Approved by the Board of Directors 09.10.2014



INDEX

Introduction.....	3
Scope and recipients.....	4
Ethical principles of reference.....	5
Rules of conduct in business management.....	6
Legality.....	6
Company reporting and accounting records.....	6
Verification of financial flows.....	6
Conflict of interests.....	7
Health and Safety at work.....	7
Gifts and presents.....	7
Confidentiality.....	8
Privacy Policy.....	8
Protection of industry and trade.....	8
Protection of industrial and intellectual property.....	9
Company assets and IT systems.....	10
Relationships with Stakeholders.....	11
Relationships with staff.....	11
Relationships with the Public Administration and Political Parties.....	12
Relationships with judicial authorities and supervisory bodies.....	13
Relationships with customers.....	13
Relationships with suppliers, consultants, distributors and business partners.....	14
Community, territory and the environment relationships.....	14
Implementation procedures.....	15
Sanction system.....	16
Supervisory Body.....	17-18



Introduction

The Davines Group (hereinafter the "Group") bases its existence in the worldwide creation and marketing of high-quality products, scientifically developed for hair and skin care. Davines pursues an ambitious project to create quality products with meticulous care and respect for the environment, using natural, high-quality ingredients and applying scientific rigour to each product in order to ensure the safety of its customers.

Davines S.p.A. (hereinafter "the Company" or "Davines") has decided to adopt its own Ethical Code (hereinafter the "Code") which is the reference point for all those who carry out their activities on behalf of and in the interest of the same.

The Ethical Code was adopted by resolution of 09.10.2014, in which the principles and values identified are more extensive than those deriving from the necessary adherence to the legislation. The activities of all persons working in **Davines S.p.A.** or dealing with **Davines S.p.A.** must be founded on these principles and values with respect to all business activities and in relation to third parties. **Davines S.p.A.** is, in fact, convinced that, in order to establish and maintain a relationship of trust between **Davines S.p.A.** and its *stakeholders*, the continued compliance with the law is necessary, but in the knowledge that legal rules may not be sufficient, and should, therefore, be accompanied by a set of general and specific ethical principles, able to guide the behaviour and individual and collective choices for the best pursuit of the interests involved. Ethics, therefore, assume great importance as a means to orient the behaviour of Company bodies, of management, managers, employees, and collaborators; and this even *further* and *beyond* the provisions of the Legislative Decree of 8 June 2001 no. 231. The set of ethical principles and values expressed in the **Code** must inspire the activities of all those who work in **Davines S.p.A.**, taking into account the importance of the roles, of the complexity of the functions and responsibilities assigned to them in the pursuit of the Company purposes. An ethical outlook is an indispensable approach for the reliability of the behaviour of **Davines S.p.A.** towards the *stakeholders* and, more generally, the entire civil and economic context in which the Company operates.

In this context, the **Ethical code** of **Davines S.p.A.** defines the set of values that **Davines S.p.A.** acknowledges, accepts and shares as well as the responsibilities the Company assumes both internally and externally.

The **Ethical Code**, *therefore*, constitutes a code of conduct whose observance by all company members is crucial to the proper functioning, reliability and



the reputation of the Company.

The violation of the provisions contained in the *Model* and the *Ethical Code* implies – according to what is better and more analytically specified therein – **the decision to impose relative sanctions or the adoption of measures regardless of whether *a crime has been committed*** and the course and outcome of legal proceedings possibly initiated by the judicial authorities. In addition, even considering that **the obligation of compliance with the above provisions also represents the fulfilment of the duties of loyalty, fairness and diligence arising from the legal relationship established by the Company with both internal and external parties.**

The Code forms part of the voluntary regulatory body, which also includes the Ethics Charter adopted by the Group in April 2005; it can be defined as the "*Constitutional Charter*" of the Company, a charter of rights and moral duties: **it is the main instrument of implementation of ethics within the company.** More specifically the Code complements the provisions of the Ethical Charter, aiming to standardise all behavioural areas exposed to ethical/reputational risk. Furthermore, the Code is an integral part of the Organisation, Management and Control Model aimed at preventing risks-crimes connected to the application of Legislative Decree 231/01 on the administrative liability of legal persons, companies and associations without a legal status.

Scope and recipients

The Ethical Code applies to Davines S.p.A. and its subsidiary Companies.

The Ethical Code:

- Establishes the policies and regulates the rights, duties and responsibilities which the Company expressly assumes with natural or legal persons who have any relationship of any kind with Davines (hereinafter "stakeholders");
- Defines the ethical criteria adopted for the right balance between expectations and interests of the various "stakeholders";
- Contains the principles and guidelines of behaviour on any ethical risk areas.

For this reason, Davines has adopted this Ethical Code, with which compliance by recipients is essential for the proper functioning, reliability and the



reputation of the Company, factors that are indispensable assets for the success of the Company.

The requirements of the Code apply to the following subjects:

- All employees and collaborators wherever they operate, regardless of the legal status of their relationship with the Company;
- The directors, the members of the board of auditors and legal representatives;
- **All subjects** operating in the name and on behalf of the Company or under the control of the same such as: **consultants, suppliers, distributors and business partners.**

All the subjects indicated in the paragraphs shall be hereinafter referred to, jointly, as 'Recipients' or, singularly, 'Recipient'.

Ethical principles of reference

Our values, which were identified through sharing the work with the Davines people, are collected in the Ethical Charter and listed below:

- **Communication**
- **Sharing**
- **Cosmopolitan relationships**
- **Responsibilities**
- **Respect**
- **Balance**
- **Involvement**
- **Courtesy**
- **Constructive spirit**
- **Excellence**
- **Spirit of Team initiative**
- **Beauty**
- **Sustainability**



Rules of conduct in business management

Legality

With the adoption of this Ethical Code, the Company agrees to comply with, in the performance of all its activities, the international, national and regional laws in force in Italy and will not start or continue any relationship with those who do not comply with this principle.

In no case may the pursuit of the Company's interests justify any behaviour that does not conform to the regulations, Ethics Code and internal rules of the Company.

This is also more important in view of intentional or negligent conduct that is in breach of the law which, maintained by individuals, can generate a benefit or an advantage for the Company, in no way may the belief to be acting in the Company's interest, justify the behaviour in contrasts with the principles of this Code, to which primary and absolute value must be acknowledged.

Company reporting and accounting records

Davines believes that transparency and maintaining accounting records according to principles of truthfulness, completeness, clarity, precision, accuracy and compliance with applicable law is the main prerequisite for efficient control. The budget should represent the economic, net asset or financial situation of the Company in a clear, complete and truthful manner.

Every operation and transaction must be correctly recorded, authorised, verifiable, lawful, consistent and reasonable. Recipients who become aware of any falsifications, omissions or inaccuracies in accounting records or any related documents, are obliged to inform the Company's Supervisory Body.

Verification of financial flows

Davines conducts its business in accordance with the foreign exchange regulations and anti-money laundering legislation in force, and the requirements dictated by the competent authorities.

To this end, Recipients must avoid engaging in suspicious transactions in terms of fairness and transparency.

Davines agrees to operate in such a way as to avoid any implications of transactions, even if only potentially, that could favour money laundering for illegal or criminal activities, and acting in full compliance with anti-money laundering legislation.



Conflict of Interests

In carrying out their duties, the recipients must always avoid that their conduct could give rise to a situation - even potential - of a conflict of interest with that of the Company and the customers. Conduct in a conflict of interest refers to the situation where the *recipient* pursues objectives other than those that they are required to achieve according to their role, mandate received or objectives agreed with the Company.

If *recipients*, find themselves in a situation of conflict with the Company's interests, even just potentially, they must immediately inform the Supervisory Board (OrganismodiVigilanza@pec.davines.it), refraining from engaging in any conduct attributable to the situation disclosed.

By way of example but not limited to, conflict situation means:

- personal economic and financial interests of spouse, family, and/or in-laws up to the second degree, with suppliers or competitors of the Company;
- conducting business activities of any kind, with suppliers, partners or competitors of the Company;
- acceptance of money or favours from persons or companies that are or intend entering into business relationships with the Company.

Health and Safety at work

Davines agrees to disseminate and consolidate a culture of safety, by developing the awareness of risks, promoting responsible conduct by all collaborators and working to preserve, especially through preventive actions, the health and safety of workers.

The Company agrees to comply (and requires its suppliers and contractors to comply) with the current legislation concerning employment protection, child labour and the provisions of the law on health and safety at work.

To achieve this, the Company adopts its own management model, understood as a set of procedures and responsibilities, aimed at making effective and efficient the commitment on this issue.

Gifts and presents

The Recipients are forbidden to receive and disburse money, gifts or any utility, with the exception of assets of a modest value that are a mere business courtesy. Conduct contrary to this principle is prohibited and will be strictly punished regardless of whether they have been carried out or attempted, directly or



through third parties, to obtain personal advantages, for others or for the Company.

Confidentiality

All information obtained by employees and collaborators of Davines under or on the occasion of their working relationship and collaboration with the Company are owned by the Company.

Recipients shall ensure the confidentiality of the information acquired through the operations performed on behalf of the Company.

Recipients are required to process the data and company information solely within and for the purposes of their work and, in any event, shall not disclose (transmit, circulate or publish in any way) *sensitive* and *confidential* information without the express consent of those involved and authorization from the Company.

These prohibitions are also extended to family members, partners, collaborators and whoever, because of his/her confidential relationship with the above-mentioned subjects, becomes aware of said information.

Privacy Policy

The Company ensures the processing of sensitive and personal information in its possession in full compliance with the relevant legislation; for this purpose, establishes measures to protect the inviolability of the said data and their proper treatment.

Davines agrees to protect the information of its People and third parties, generated or acquired internally and in business relations, and to avoid any misuse of this information.

The Company agrees to ensure that the processing of personal data within its structures respect rights, fundamental freedoms, and the dignity of those concerned, as required by current regulations.

Protection of industry and trade

Each employee and collaborator agree not to implement any conduct, which leads to hinder or disturb the exercise of industry or trade and/or perform acts of competition with violence or menace.

The Company agrees to:

- a) not to sell or otherwise put original works or industrial products into circulation with distinguishing names, brands, or signs, national or foreign, counterfeit or falsified, or likely to mislead



- the customer about the origin, provenance or quality of the work or product;
- b) not to sell to a customer a product for another, or a product different from that declared or agreed upon by origin, place of origin, quality, or quantity;
 - c) not to manufacture or industrially use items or other goods made by usurping an industrial property right or in breach thereof, and introduce into the territory of the State, hold for sale, offer for sale or, in any case, places on the market such goods.

Protection of industrial and intellectual property

The Company operates in compliance with current regulations regarding industrial property rights and copyright protection.

To this end, Recipients must operate in compliance with company procedures and protocols to protect the intellectual property rights of the Company and others.

The Company agrees to protect industrial property rights (trademarks, patents, brands, designs, industrial designs, intellectual property, etc.) of their own and others.

It is therefore forbidden to counterfeit or alter any trademarks or distinctive marks, national or foreign, of industrial products, or patents, industrial designs or models, national or foreign. It is also forbidden to use, introduce into the State, hold for sale, offer for sale or, in any case, place on the market such goods, the manufacture or use of counterfeit or altered goods, produced usurping or in violation of industrial property rights or in breach thereof.

Davines agrees to protect its intellectual property rights and not to use goods and utilities protected by the rights of others. Similarly, the company does not violate license agreements for intellectual property rights of others and does not make unauthorised use.



Company assets and IT systems

Company assets must be used appropriately and in accordance with company interest, avoiding improper use of third parties. Each Recipient is bound to use company assets by operating diligently, behaving responsibly and with willingness to protect them.

The use of IT systems and databases of the Company must comply with the regulations in force and be based on the principles of fairness and honesty. For this purpose, each Recipient is responsible for the correct use of IT resources assigned to him as well as of access codes to these systems. Illegal accesses to IT systems protected by safety measures are forbidden and gaining or diffusing access codes of any systems and damaging information, data and computer programmes is also prohibited.



Relationships with Stakeholders

Relationships with staff

Davines is committed to ensuring that a peaceful working environment is created in which everyone can work in compliance with applicable laws, shared ethical principles and values.

Davines will ensure that its employees and contractors behave and are treated with respect and dignity, consistent with provisions of the laws in force.

Sexual harassment of any kind is severely punished, even with the termination of the employment relationship or collaboration.

The Company reiterates its firm opposition to any kind of discrimination based on differences of race, language, colour, religion, opinion and political orientation, nationality, ethnicity, age, gender, sexual orientation, marital status, disability and physical appearance, socioeconomic status; similarly, Davines is opposed to granting privileges based on the same grounds.

Davines does not accept "off-the-books work", child labour or any other conduct that, even theoretically, could integrate the assumption of wrongdoing against the person.

The use of drugs and alcohol while working is forbidden, as it is forbidden to carry out duties under the effect of the above-mentioned substances.

Davines enhances the professionalism of its employees, facilitating and, where appropriate, promoting formation, by providing the necessary training tools as well as increasing the specific competencies of each member.

Every employment relationship and collaboration require the signing of a formal contract. All employees and collaborators are informed about their rights, duties and obligations arising from the contract.



Relationships with the Public Administration and Political Parties

All activities and negotiations conducted in the name and on behalf of the Company are based on the utmost honesty and transparency in order to ensure and protect the image and reputation of Davines. Relations with the Public Administration shall be managed solely by the persons expressly delegated to do so.

More specifically:

- it is not permitted to offer money or gifts to managers, officers or employees of the Public Administration or to their family members, whether Italian or from other Countries, unless they are of modest value and, in any case, not such as to compromise the integrity and reputation of either of the parties;
- unlawful payments either made directly by the Company or its employees or unlawful payments made through persons acting on behalf of Davines whether in Italy or abroad are regarded as acts of corruption;
- it is forbidden to offer or accept any object, service, consideration or favour of value in order to obtain more favourable treatment in relation to any dealings entered into with the Public Administration;
- in the course of any business negotiation, request or relation with the Public Administration, personnel must not attempt to improperly influence the decisions of the party, including those of officials acting or making decisions on behalf of the Public Administration;
- if the Company uses a "third party" to represent it in relations with the Public Administration, it must be provided in the contract that governs the relationship between the parties, that such "third party" shall follow the instructions provided for in this Code;
- the Company shall not allow itself to be represented, in dealings with the Public Administration, by a consultant or "third party", when this may create a conflict of interest.

Davines acts within the law and favours, within the limits of its powers, the proper administration of justice.

The Company reiterates its condemnation of all behaviour that could constitute an act of corruption. All employees and collaborators must report to their supervisor any attempt of extortion and bribery by a public official or a person in charge of a public service of which they were recipients or became aware of.



Relationships with judicial authorities and supervisory bodies

Where required, Davines cooperates with the judicial authorities, the police and public officials who has inspectional powers and is investigating the Company.

Davines requires that all employees and collaborators be available and cooperate with any entity - a public official or a person in charge of a Public Service - carrying out inspections and checks on the actions of the Company.

When judicial proceedings, enquiries or inspections by Public Authorities are expected or imminent, it is prohibited to destroy or alter registrations, minutes, accounts, and any other type of document, or to lie or make false declarations to the competent authorities.

Likewise, it is also forbidden to persuade or attempt to persuade others to provide false or misleading information to the competent authorities.

To employees, managers and collaborators of Davines it is also forbidden to engage in economic activities, confer professional positions, give or promise gifts, money, or other benefits to anyone carrying out investigations and inspections at the Company or working within the competent judicial authorities.

Relationships with customers

Davines favours the use of natural ingredients that are processed with an artisan spirit through the most advanced cosmetic technologies, in order to strictly ensure the effectiveness of the products and safety of its customers. Davines bases customer relations on the criteria of professionalism, fairness, respect for the rules of impartiality and fair competition.

Finally, it ensures adequate standards of quality of services in compliance with legislation protecting competition and market.

Davines agrees to examine and if necessary to promptly accept suggestions and complaints from customers and associations set up to protect their interests.



Relationships with suppliers, consultants, distributors and business partners

Davines ensures that the selection of suppliers and consultants is carried out exclusively on the basis of objective parameters of quality, convenience, price, capacity, efficiency, avoiding contractual agreements with unreliable counterparties.

The Company does not accept and ensures that suppliers and employees do not receive any unlawful pressure to carry out services which are not specified and not contractually due.

In addition, Davines requests that suppliers and consultants adopt behaviour consistent with the principles contained in this Ethical Code (of which they must be duly informed) and to adopt legal, ethical behaviour, respecting standards recognised internationally and principles regarding the treatment of workers.

Behaviour that differs from those described integrate a serious breach of the duties of fairness and good faith in the execution of the contract, leading to the compromise of the relationship of trust and are just cause for termination of the contract.

Community, territory and the environment relationships

The Company agrees to ensure that environmental protection standards are consistently respected and also that the third parties with whom it has contractual relationships pursue the same purpose.

The Company is committed to safeguarding the environment as a primary asset and agrees to promote, within their own structures, rational use of resources and a focus on finding innovative solutions to ensure energy saving.

The Company adopts a "sustainable" business conduct understood as a commitment to minimise the impact of their production activities on the environment, safeguarding the quality and quantity of natural resources in the near future.



Implementation procedures

It is the duty to all recipients:

- To know the contents of this Code;
- Understand its meaning;
- Contribute actively to its implementation;
- Report any deficiencies;
- If necessary, take action to seek clarification from the Supervisory Board for the same subject.

Davines is committed to promoting awareness of the Code among its recipients, to acknowledge their contribution in defining its contents and developing appropriate instruments to ensure the full and effective implementation of the same Code.

In order to ensure compliance with the principles laid down in this Code, the Company promotes:

- The broadest possible dissemination and knowledge of this Code;
- The uniform interpretation and implementation of this Code;
- Conducting careful verifications if violations of this Code should be reported or detected and the application of appropriate sanctions in the case of verification of such violations;
- The prevention and repression of any form of retaliation against those who contribute to the implementation of this Code;
- The periodic updating of this Code, based on needs that arise from time to time, even in the light of the aforementioned activities.

Sanction system

Any conduct contrary to the spirit of the Ethical Code will be sanctioned in accordance with the provisions of the Code itself.

Each update, amendment or addition to this Ethical Code must be approved by the Board of Directors of Davines.

It is available on the intranet of the Company at the following address:

www.davines.it



Compliance with the Ethical Code should be considered an essential part of the contractual obligations of employees of the Company pursuant to Art. 2104 of the Italian Civil Code and with the current National Labour Contract.

The non-compliance and/or violation of the provisions of the Code by employees, regardless of the outcome of any criminal proceedings, constitutes breach of obligations arising from the employment relationship and shall give rise to the application of disciplinary sanctions (proportionate to the seriousness, or the repetition of, the infringement or the seriousness of the misconduct) according to the laws set out for these cases (in Italy the measure pursuant to Art. 7 of the law of 20 May 1970, no. 300). Conduct and acts carried out in violation of the Model, as well as the failure of line managers to supervise the behaviour of their subordinates constitute punishable violations.

In the event of breaches of the Ethical Code by Directors, the Supervisory Body shall communicate the fact to the Board of Directors and to the Board of Auditors, so that those bodies may take the appropriate actions in accordance with the law; any violation may result in the adoption of provisions in proportion to the severity or the repetition or the degree of the breach, as far as removal from office for just cause.

In the case of violation of the provisions of this Code by members of the Board of Auditors, the Supervisory Body shall inform immediately the organ of reference of the subject identified for assessment and action.

The type and severity of the sanctions, graduated in relation to the subjective element of conduct (wilful misconduct or gross negligence), to the significance of the obligations breached, the hierarchical level of responsibility, to the possible sharing of responsibility with others, in the presence of aggravating or mitigating circumstances, are detailed in the Organisation and Management Model.

Any conduct in violation of the provisions of this Code by employees, suppliers and consultants related to Davines by a contractual relationship different from employees, may determine, in the case of greater severity, the termination of the contractual relationship.

The Company will provide itself, however, under the Model pursuant to Legislative Decree 231/2001, with a more detailed and general sanctioning system, based on the general principles contained in this Ethical Code.



Supervisory Body

The Supervisory Board of the Company (or "**SB**") is recognised the authority, duties and obligations provided for in the Organizational Model *pursuant to* Legislative Decree 231/2001 and specifically the Supervisory Regulation of the SB, to which reference is made.

The Supervisory Board is authorised to receive enquiries, complaints or reports of potential or actual violations of this Code. In accordance with the current legislation, any information obtained will be kept strictly confidential.

The Company undertakes to define responsibilities and to enable procedures, practices or instructions to ensure that the values listed here are reflected in the actual conduct of all recipients by providing, where necessary, appropriate sanctions for violations.

The competent body to verify the proper implementation of this Ethical Code is the Supervisory Body. Each business department is responsible for enforcing the Ethical Code in the scope of their duties.

The implementation and compliance with the Ethical Code must be continuously monitored by the Supervisory Board, which, in particular, by way of example, must:

- Verify compliance with the Ethical Code by the Recipients;
- Provide, stakeholders who request them, the clarifications and explanations regarding the interpretation of the Code or the legitimacy of their own behaviour or that of others;
- Stimulate and coordinate the updating of the Ethical Code, also through personal proposals for adjustments and/or update;
- Promote and monitor the development of communication and training on the Ethical Code, determined by the Company.

Following the approval of the Ethical Code, the Company undertakes to bring the Code to the attention of stakeholders through specific communication activities and activate a plan for periodic training on issues related to the Code for human resources as defined above. The Code can be seen by the public on the Company's website ([http:// www.davines.com/](http://www.davines.com/)).



The recipients of this Code and all stakeholders of the Company may report an alleged breach of the Code to the Supervisory Board, through

- The e-mail address: OrganismodiVigilanza@pec.davines.it
- In writing, sending specific notice to: The Supervisory Body, c/o Mr Emanuele Croci, Lawyer, Via Ravasini, n. 9/A, Parma, 43126

The Supervisory Board will evaluate the reporting, undertaking to ensure the confidentiality of the identity of the complainant, without prejudice to the obligations of the law.

In any case, the Supervisory Board guarantees those who have made the reports will not be subject to retaliation, discrimination or penalization, therefore ensuring appropriate confidentiality of such subjects.