

OVS

OVS S.p.A. - Environmental and Local Community Policy

Introduction	3
International and European reference framework	3
National and internal reference framework	3
1. Environment	4
1.1. Biodiversity and Conservation	4
1.2. Climate impact	4
1.3. Waste and recycling	5
1.5. Water use and water footprint	6
1.6. Chemical substances	6
1.7. Animal welfare	7
2. Local communities	8
2.1. Commitment to the community	8
3. Implementation of the policy	9
3.1. Non-compliance management	9
3.2 Incentive system	10
3.3 Communication and training	10

Introduction

Taking advantage of the size and geographical distribution of the business, OVS intends to play a significant role in the economic development and welfare of the communities in which it operates.

OVS is committed to promoting the respect for human rights and the ecosystems of our planet in the conduct of its business, requiring that all those who collaborate with the group share this vision whether they are employees, partners, shareholders and, in general, any entity with which a cooperation is established.

OVS and its subsidiaries conform their operational conduct, both in Italy and abroad, to this policy document that sets out the guidelines for conduct, values and ethical business principles that are to be then interpreted in practice consistently with the laws of the countries in which each subject operates.

By applying the core values of our corporate culture, we want to define and track the objectives to continuously improve our social and environmental impact, to find the best sustainable options for our products and to engage our customers in choosing inclusive and honest fashion.

This document is inspired by and aligned with the objectives of the United Nation's Sustainable Development Goals. These are a guide and a clear representation of the commitments that each party must pursue in order to establish and consolidate any business relationship and cooperation with OVS.

In defining the following policy, OVS has sought to establish the principles that apply in full compliance with the spirit of the Law and its regulations, because compliance is a mandatory requirement in carrying out all our activities.

International and European reference framework

- The United Nations (UN) International Charter of Human Rights
 - Universal Declaration of Human Rights;
 - International Covenant on Civil and Political Rights;
 - International Covenant on Economic, Social and Cultural Rights;
- Fundamental conventions of the International Labour Organization (ILO) – No. 29, 30, 87, 98, 100, 105, 106, 111, 138, 182 – and the Declaration on Fundamental Principles and Rights at Work;
- The UN Convention on the Rights of the Child;
- ILO Conventions No. 107 and No. 169 on the Rights of Indigenous and Tribal Peoples;
- The European Convention on Human Rights.

Furthermore, the following private sector standards and voluntary initiatives were taking into consideration in their latests versions:

- The UN Sustainable Development Goals
- The 10 Principles of the UN Global Compact;
- The Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational companies;
- Kyoto protocol
- United Nations Framework Convention on Climate Change (UNFCCC)
- Science Based Targets

National and internal reference framework

- Code of Ethics
- Model 231 (Organisational and management model pursuant to ex Legislative Decree no. 231 of 8 June 2001)

1. Environment

1.1. Biodiversity and Conservation

All OVS operations are conducted in full compliance with the laws and regulations in force.

OVS is a Brand attentive to protecting the environment, taking into account the rights of future generations.

OVS is aware of the connection and interdependence between the use of natural resources and the preservation of the planet's ecosystems.

Every business activity must consider its impact in terms of the use of natural resources, ensuring a sustainable approach, respecting nature's ability to regenerate, avoiding loss of biodiversity, preventing negative impacts on health and promoting the welfare of the communities in which it operates.

In selecting the raw materials related to the product and the type of each material used, OVS is committed to defining their supply priority in favour of materials with certified traceability systems that guarantee origins coherent with the objectives of:

- ocean conservation
- resource consumption reductions
- greenhouse gas emission reductions
- land exploitation and deforestation reductions

OVS does not use raw materials that include species at risk listed in the Convention on International Trade in Endangered Species (CITES), or in the IUCN Red List as Critically Endangered, Endangered or Vulnerable.

OVS, in the definition of procurement policies, holds in high regard advisories or research reports indicating particular risk situations related to the use of certain materials.

1.2. Climate impact

All OVS operations are conducted in full compliance with the laws and regulations in force with regards to air quality, CO2 emissions and energy efficiency.

All operational activities must be carried out with the full knowledge of their impacts on the climate, favouring the use of LCA studies, where available, or impact estimates through dedicated computational models avoiding the emission of greenhouse gases as far as possible.

OVS only uses certified renewable electricity for all its direct activities and promotes its use among all its stakeholders.

The use of thermal energy generators or other forms of energy must be assessed in order to use the most efficient solution with the lowest impact on the market.

The management of buildings linked to the business (stores, headquarters and warehouses) must pursue constant improvements in energy efficiency and their emission profile.

Every person who works with OVS under any capacity must be made aware of the impact of their activities on the climate and be involved in reducing their contribution to climate change.

The definition of corporate policies for commuting or the choice of company vehicles must be based on the maximum reduction of greenhouse gas emissions possible. In this regard OVS promotes the use of bicycles, public transport and other electric vehicles for commuting through specific

initiatives and annually establishes more restrictive criteria in the choice of company cars based on emission levels.

OVS monitors and manages all its emissions in a transparent manner in accordance with local laws and regulations.

The reduction of greenhouse gas emissions related to processes or materials must be pursued by choosing the lower-impact alternatives and activating specific continuous improvement programmes for greater energy efficiency and reductions in the use of fossil resources.

OVS monitors the effective implementation of energy efficiency programmes and emission reductions by adopting the Higg FEM (Higg Facility Environmental Module) for all its suppliers.

1.3. Waste and recycling

The earth operates a closed system when it comes to resources, and an open system when it comes to energy production, which is why we approach everything we produce and consume in the full knowledge that it is here to stay.

At OVS, we are challenging ourselves to embrace a new production and consumption concept, moving from a linear input-output model to a circular one, in which every element is regenerated and given a new lease of life. Whatever we do not consume, we use in another process.

OVS aims to create a circular future including the elimination of the concept of waste.

In every operational activity the "end of life" impacts of the products / materials used must be evaluated in order to avoid as far as possible the production of waste and, in any case, to ensure the correct application of the "waste hierarchy" directive (prevention, reduction, reuse, recycling, energy recovery, disposal).

WASTE MANAGEMENT IN THE OPERATIONAL ACTIVITIES

The processing and disposal of waste must be carried out in a responsible manner and in compliance with applicable laws. Storage areas must be secure and checked regularly. The waste must be differentiated by type depending on the recycling possibilities.

In order to ensure the development of a circular economy OVS defines specific operating procedures for Green Procurement that establish minimum requirements in the purchase of consumables. In particular, the use of recycled paper is preferred or, where that is not possible, FSC or PEFC certified origin.

In order to contain plastic waste pollution, the use of disposable plastic in the business activities (e.g.: canteen, dining areas, etc.) is not permitted. Each person must have personal reusable containers or disposable compostable cups for their drinks.

The use of virgin plastic for the construction of display packaging is not permitted. Where the creation of packaging structures with renewable materials is absolutely not possible, the use of recycled plastic is permitted.

In logistics, secondary and accessory packaging that can be used more than once in the distribution processes of goods is permitted, repairing them where possible before disposal (e.g.: pallets).

In particular, the hangers in the store should not be given to the customer but must be re-used when needed. The broken or obsolete hangers are sent for recycling with specialised partners.

WASTE MANAGEMENT IN THE PRODUCT AND SUPPLY CHAIN

The OVS policy to gradually minimise textile waste is applied to four areas:

1. Production: in the garment design phase, a focus on structures and compositions that minimize textile waste and are more easily recyclable is necessary. Each product must be evaluated with respect to the indicators of compatibility with circular economy systems. Each of our suppliers must apply the provisions of the Code of Conduct on waste. OVS searches for every possible solution with its suppliers to minimise, reuse or recycle production waste, collaborating with specialised subjects and in initiatives promoted by industry associations.

2. Damaged goods. No item of clothing must be destroyed or end up in landfills unless the defect is incompatible with the safe use of the garments. Therefore it is necessary to evaluate any possibility for repair, resale, reuse, donation to charity, or recycling.

3. Overstock goods. The product requirements must be planned carefully in such a way as to not generate structural overproduction, considering the need to sell any stock from previous periods. If there is a product surplus, every possible action should be taken to sell everything we can in the store, through reductions in price or reconditioning processes. The product reconditioning process involves the reconstitution of a curve sizes and the execution of possible treatments to be able to put them back out for sale as new.

4. Collection of used clothing. Every store must provide its customers with a used clothing collection service, thus avoiding the impact of their disposal. The clothing collected by OVS must be treated in collaboration with specialised partners who are authorised to carry out the proposed processing, following strict standards and making use of the most advanced technologies in order to make a careful selection: if they can still be worn they must be given a new use, or transformed into new raw materials, or used to produce energy.

1.5. Water use and water footprint

All OVS operations are conducted in full compliance with the laws and regulations applicable to water consumption, gradually replacing water-intensive technologies with new systems and processes with reduced environmental impacts.

Every structural element of the buildings associated with consumption of the water must be regularly maintained in order to contain water losses in the systems and, if necessary, be substituted with safer and more efficient technologies.

OVS activates water saving outreach programmes aimed at its employees and any other parties involved in the business activities.

Each production material and treatment process selected must be evaluated with full awareness of its impact on water scarcity. For this reason, each product must be analysed with reference to its water footprint and possible actions to reduce it must be evaluated.

Where treatment processes with reduced water consumption are available in the production areas, they must be given priority over other processing methods.

Each supplier must apply the provisions of the Code of Conduct on water consumption.

1.6. Chemical substances

The chemicals used in every day activities must meet the safety requirements in compliance with regulations. Where possible, these products must be replaced with biodegradable products, or products of natural origin.

Each OVS product must meet the most stringent quality standards, both with regards to the materials and the production processes. Any consumables or chemicals used in manufacturing treatments that are potentially dangerous must be managed in accordance with the security provisions laid out by law

and in accordance with the Code of Conduct. OVS prohibits the use of alternative treatments where available (e.g.: replacement of potassium permanganate with laser treatments).

Each OVS product must be checked for compliance with the OVS Restricted Substances List (RSL) defined in accordance with the European Directives concerning product safety. OVS constantly provides its suppliers with updates to the RSL to foster global understanding of the evolution of the applicable regulations, to keep them informed of new scientific publications in the field of chemical and toxicological risk.

Each supplier must strictly adhere to the provisions of the Code of Conduct in the field of chemicals, as an integral part of the contract, and in any case adopt a precautionary principle.

In the allocation of production OVS prioritises suppliers certified in standards on environmental management and the management of chemical substances.

1.7. Animal welfare

Today there are more sustainable alternatives to products of animal origin, that are of vegetable or synthetic origin, and offer the same (if not superior) levels of quality and comfort. OVS favours the use of materials that are not of animal origin, in keeping with the provisions of the "Biodiversity and Conservation" chapter, giving animal life the right importance with full awareness of their role in ensuring the natural balance of ecosystems.

When using materials of animal origin, they should be by-products of the food industry and must come from certified production processes that exclude any animal suffering and ensure full traceability of the supply chain.

OVS states that the use of animal material must be exceptional as their large-scale use would not be consistent with the pursuit of its sustainability goals.

Due to the frequent use of intensive farming systems that prohibit animals from accessing space, light, quality air, food and water, OVS does not accept materials without certifications regarding the actual adoption of an animal welfare policy with regard to the so-called Five Freedoms: from hunger and thirst; from discomfort; from pain, injury and disease; from fear and torment; to express their natural behaviour.

Having established the above, OVS does not allow, in any circumstance, the use of animal fur and angora wool in its products and specifically prohibits the use of animal testing in cosmetics.

2. Local communities

2.1. Commitment to the community

OVS is closely linked to the territory and local communities in which it operates.

OVS is committed to actively supporting the people and organisations that promote the social development of the areas in which the company operates, with the aim of creating a shared value, which can also benefit future generations.

OVS considers the world of children of great importance for corporate activities, supporting in particular causes and projects that help young people express their creativity, all while promoting a healthy and active lifestyle.

The projects with a positive impact consistent with the above are integrated into the OVS business strategy through strong partnerships with solid internationally-recognised non-profit organisations.

3. Implementation of the policy

OVS's approach to improving working conditions and the protection of Human Right and the Environment is based on transparency, the partnership with all its suppliers, with other Brands, with NGOs and international organisations, with the constant commitment to continually integrating the policies in its core business

The acceptance by the supplier of OVS's Policy on Human Rights and the Environment, commits them to complying with the requirements and to inform their subcontractors ensuring that compliance is met.

The acceptance by the supplier of OVS's Policy on Human Rights and the Environment as well as the Ethics Code of the Code of Conduct, allows OVS, in turn, to reserve the right to:

- Inspect and test any product, at any stage of production and/or packaging, with appropriate methods, in any moment if they request to do so.
- Cancel the order or, if the products had already been delivered, return it to the supplier if the product, if production or packaging do not correspond to the principles and provisions of the OVS Policy.
- Request the supplier to make the necessary changes, using a Remediation Action Plan to help them comply with OVS Policy.

In order to implement and monitor the commitments expressed in this document, OVS has adopted appropriate due diligence processes through action plans originating from the Group's Sustainability Plan.

3.1. Non-compliance management

In case of non-compliance with this policy a Remediation Action Plan is defined that describes the responsibilities and the criteria for the resolution of the non-compliance.

The channels for the identification of non-compliance are:

- non-compliance in the operational activities;
- negative results from quality inspections and internal and third-party audits;
- non-compliance discovered as a result of interviews and meetings with employees or with suppliers;
- internal or external reports, including anonymous ones;

OVS's approach following the identification of a non-compliance include:

- origin identification
- classification by level of severity:
 - critical
 - major
 - minor
 - opportunity for improvement

Definition of an Escalation Plan indicating the corrective solution, or various stages for the most appropriate solution, also establishing a suitable deadline for the implementation of the corrective action.

Activation of a Follow-up Plan with periodic checks on the progress of the implementation of the proposed corrective actions; monitoring up to their full effect, in case there are delays a *warning* is sent to the supplier to remind them of the action deadlines.

In the case of non-compliance detected in the OVS production processes the involvement of other Brands who work with the same provider may be useful to have a more forceful effect.

If a non-compliance was not resolved in time or the same non-compliance is repeated, OVS will be forced to implement an exit strategy from the supply relationship, trying to minimize the difficulties for the factory workers, forewarning the supplier that new production orders will not be placed, but remaining faithful to the ongoing contractual commitments, continuing to monitor the situation relating to deviations from the Policy, until finally exiting, unless improvements are noted.

3.2 Incentive system

OVS provides some incentive mechanisms, which each supplier can access once full compliance with the rules of the Code of Conduct is ensured. The incentive mechanisms for suppliers are based on their level of performance in social and environmental initiatives that go beyond mere compliance and are evaluated through the HIGG platform. The incentive mechanisms are:

- Increased volumes of orders
- Continuity of supply over more seasons
- Support for suppliers in organising training and workshops for their employees
- Involvement of suppliers in special projects of international significance

3.3 Communication and training

Internal and external stakeholders are informed about the OVS Policies through dedicated communication activities.

In order to ensure that all employees properly understand the policy, OVS also prepares a training plan aimed at promoting awareness of the principles contained therein.