

*Recardo*

**ETHICAL CODE**

## 1 - ETHICAL PRINCIPLES

## 2 - HUMAN RIGHTS: ACTING RESPONSIBLY AND IN SOLIDARITY

- a - Child labour
- b - Forced labour
- c - Discrimination
- d - Freedom of association and collective bargaining

## 3 - ACTING WITH INTEGRITY IN BUSINESS DEALINGS

- a - Corruption and facilitating payments
- b - Gifts, meals and entertainment
- c - Exclusive events
- d - Dealing with gifts
- e - Protecting confidentiality
- f - Conduct with Public Administration
- g - Money laundering and financing of terrorism
- h - Security
- i - Declaration of origin

## 4 – WORKERS' RIGHTS

- a - General terms of employment
- b - Working hours
- c - Remuneration
- d - Health and safety
- e - Work environment
- f - Risk analysis
- g - Personal protective equipment
- h - Reporting accidents
- i - Staff involved in managing company safety
- l - Initial and continuous training
- m - Disregard of established rules

## 5 - COMMITMENT TO PROTECTING THE ENVIRONMENT

- a - Environmental management
- b - Hazardous substances
- c - Waste and emissions
- d - Use of natural resources

## 6 - DIAMONDS, GOLD AND PLATINOIDS: TRANSPARENCY AND TRACEABILITY

- a - Product policy
- b - Kimberley Process certification system

## 7 - PROMOTING THE CODE

## INTRODUCTION

*In 1967 Carlo Re founded Recarlo in the noble region of Piedmont, with the aim of creating jewellery that makes beauty eternal. Today his vision carries on in the work of his sons Giorgio and Paolo, and in refined luxury combined with a discreet taste for precious things.*

*Creativity, craftsmanship and innovation are in the company's DNA and the balance between these distinguishing features allows us to look to the future and respect our legacy of knowledge and tradition at the same time.*

*Our Company's goal has always been excellence, and through our Ethical Code we undertake to improve the effects of our business activities regarding social performance and environmental impact, by adopting responsible management and operative practices with the aim of ensuring a positive impact on social conditions, and a respect for human, ethical and environmental rights. Our responsible procedures are applied to the whole of our production chain, which takes place entirely in our headquarters in Valenza.*

*The headquarters were built in 2010, adopting principles and selecting materials to make the premises environmentally friendly, significantly reducing the environmental impact.*

## ETHICAL PRINCIPLES

The principles enshrined in our Code of Conduct are an ethical point of reference for all our employees and partners, who are invited to act and join forces to ignite the passion that they all have in common.

Recarlo Spa invites everyone - employees, suppliers and partners - to conduct themselves in an exemplary way, in full accordance with the principles laid out herein. Compliance with national and international laws, rules and regulations, as well as respect for good practices, especially as regards ethical, social and environmental affairs, are the indispensable prerequisites for the Company's credibility and image. Recarlo Spa undertakes to respect the content and the spirit of this ethical code and to translate its values and principles into responsible behaviour.

This Code of Conduct takes its inspiration from the fundamental values laid out in the OECD guidelines for businesses and the Women's Empowerment Principles of the UN, the United Nations Global Compact, and the Universal Declaration of Human Rights. It is the foundation on which our work is based.

Recarlo respects Human Rights and observes the UN Guiding Principles on Business and Human Rights in a manner befitting the size of the Company, its business and its circumstances.

By adopting policies concerning social responsibility, the Company clearly undertakes to:

- Carry out its business in accordance with Human Rights and observe the United Nations Guiding Principles on Business and Human Rights;
- Carry out its business in compliance with the mandatory legislation applicable and other provisions it has agreed to (national and international laws, ILO Conventions) regarding respect for workers' rights;
- Review it regularly with the aim of continuously improving, taking into account changes in the law, changes concerning the requirements of its code of conduct, and any other company requirements;
- Carry out its business with the aim of continuously improving working conditions for the personal satisfaction of its employees and main stakeholders;;
- Involve and sensitise suppliers about the provision of monitoring activities across the entire supply chain;

- Satisfy employees and take note of requests from interested parties;
- Promote suitable training whose end goal is to protect workers' safety;
- Support the development of the community in the areas where the company carries out its business;
- Check that it is properly documented, applied, kept active, communicated and accessible to all personnel, including administrators, directors, managers, supervisors and general staff;
- Make its policy publicly available to interested parties when they request it.

## HUMAN RIGHTS: ACTING RESPONSIBLY AND IN SOLIDARITY

### **Child labour**

Recarlo undertakes to not use child labour and to comply with the minimum age for starting work laid down by Italian law.

To this end, the Management, in collaboration with the Personnel Manager, performs strict controls to verify compliance with the criteria for employing staff laid down by the Company Recarlo Spa.

Recarlo can also offer apprenticeship contracts, and internships for workers/students, guaranteeing them fundamental rights, to help young people starting out in their careers. In such cases, the Company undertakes to ensure that checks are performed by the Management so that young people are not simply used for pure manual labour and that they are provided with the training necessary for apprentices to become qualified workers.

The Management's commitment to the non-use of child labour is documented in its social responsibility policy; this policy also states that this commitment is also shared by its suppliers and has been made known to all interested parties (internal and external).

### **Forced labour**

Recarlo does not use forced labour as a source of income or forced manpower and when recruiting it does not require workers to leave a deposit or their original identity documents (in order to avoid having to hand over the identity documents required for recruitment, the Company accepts photocopies and self-certifications, in accordance with applicable laws). The Management's commitment to the non-use of child labour is documented in its social responsibility policy; this policy also states that this commitment is also shared by its suppliers and has been made known to all interested parties (internal and external).

### **Discrimination**

In order to comply with the above, the Recarlo Spa Company observes the provisions of the Republic of Italy's Constitution and the Workers' Statute, ensuring that there are no discrepancies in wages (over the years) between people with similar duties and that, corporate roles and duties being equal, workers are offered the same training opportunities.

Any behaviour and/or activity and/or language that can be construed as a threat, insult, coercion or exploitation of any kind or nature must be reported to the Management, using the workers' anonymous complaints procedures when necessary.

Such events, when they occur, are also recorded as a social responsibility system issues and are counteracted by corrective and/or remedial actions.

## **Freedom of association and collective bargaining**

Recarlo guarantees and respects the right of staff to form or join unions of their choice and the right to collective bargaining, as established by art. 39 of the Italian Constitution and governed by Law 300 of 1970 (workers' statute).

As required by current laws, workers can take part in non-company union meetings.

## ACTING WITH INTEGRITY IN BUSINESS DEALINGS

### **Corruption and facilitating payments**

Recarlo is committed to ensuring compliance with applicable laws against bribery and corruption. Carefully examining and respecting anti-corruption standards is essential for the following reasons:

- To act in accordance with corporate values;
- To protect the Company's reputation;
- To show the Company's commitment to the communities in which it carries out its business;
- To guarantee compliance with all the anti-corruption laws that apply to the Company;
- To reinforce the application and awareness of anti-corruption laws internationally.

Corruption also comprises requesting or receiving anything of value or any benefit, either directly or indirectly, from any person, with the consequent intent that a particular function or activity is carried out inappropriately, by you or by another person.

### **Gifts, meals and entertainment**

It is often customary to exchange gifts with and offer meals and entertainment to clients, suppliers and other business partners. The aim of this type of exchange is to maintain fair relations between the parties concerned. Excessive or disproportionate gifts, meals or entertainment that could give the impression of wanting to influence someone improperly are to be avoided. It is always advisable to consider whether the gift, meal or entertainment you intend to give or receive could be interpreted as excessive or inappropriate, or to induce or imply indebtedness.

### **Exclusive events**

Taking a client, supplier or other business partner to an exclusive event is permitted only if there is no intent to persuade that person to act impartially or to perform their job improperly.

### **Dealing with gifts**

Gifts to be given to recipients must be chosen for the sole purpose of promoting the Company's image with the recipient's company. Gift-giving activities, if provided for by corporate strategies for the year, must be planned by drawing up an annual budget.



## **Protecting confidentiality**

Recarlo guarantees the confidentiality of any information in its possession and refrains from seeking out confidential data, except when expressly and consciously authorised, in compliance with current laws.

Employees and partners, even after employment has been terminated, may not disseminate or make any other unauthorised use of information learned within the Company. All confidential information must be used exclusively for institutional purposes and in any case so as not to cause any economic or moral damage to the Company.

## **Conduct with Public Administration**

Both employees and external partners have a duty to report any violation or suspected violation of conduct to the Management.

Reports must only be made in non-anonymous form. The Company will see to protecting the person who submits the report from any detrimental repercussions deriving from the report.

Each department manager must report potentially criminal conduct they have been made aware of directly or by their partners; they must also report information that they are officially aware of that comes from judicial police bodies concerning offences and/or crimes that could impact the Company.

## **Money laundering and financing of terrorism**

Recarlo applies KYC (Know Your Customer) standards for businesses that supply diamonds, gold and platinum. It also:

- Establishes the identity and, based on risk assessment or applicable law, the effective owner and the proprietors/customers of the supplier or clients;
- Guarantees up-to-date knowledge of the nature of the activity;
- Monitors transactions for unusual or suspicious activity and reports suspected cases of money laundering or financing of terrorism to the appropriate authority.
- Keeps records of all cash or similar transactions of 3,000 euros and above, and if necessary reports them to the appropriate authority.

Every time a transaction takes place, the client must be identified.

Obligation of identification means acquiring the information necessary to ascertain the identity of the natural person who physically performs the transaction.

## **Security**

Recarlo assesses the risks relating to product safety and lays down measures to protect from the theft of products, product damage or product switching at its headquarters and during transport. First and foremost these security measures regard the protection of employees, contractors and visitors, as well as the staff employed by business partners.

The company headquarters are equipped with all the security measures necessary to protect against product theft, robbery, damage or switching on site and during transport, such as cameras, armoured doors, security portals, safes, connections with the operations centre, vaults, etc. etc.

## **Declaration of origin**

Recarlo markets products that all have valid declarations of origin and based on probative information. All documentation relating to products is stored and administered by the manager in the headquarters' archives.

## WORKERS' RIGHTS: PROVIDING A WELCOMING, SAFE AND STIMULATING WORK ENVIRONMENT

### General terms of employment

Recarlo ensures that Employees can understand their current employment conditions concerning remuneration, working hours and other employment terms:

- Contracts are written in a language that workers can understand, and indicate their rights and responsibilities regarding wages, working hours and other conditions;
- In the case of unwritten contracts (for example for some elderly or long-term employees), the Company ensures that in these cases too employees are familiar with the terms and conditions of their employment.

Recarlo keeps suitable records of the data of all Employees, including records of wage payments as well as working hours.

### Working hours

Recarlo observes the provisions of the Constitution of the Republic of Italy, the Workers' Statute and the CCNL (National Collective Bargaining Agreement) as regards compliance with expected working hours.

Specifically, Recarlo observes the standards defined by the CCNL (National Collective Bargaining Agreement) as:

- The working week (however working hours are spread out) consists of five days;
- The standard number of hours for each week is 40 hours, and in any case the Company Recarlo Spa has never asked its employees to work beyond the limits set as standard working hours;
- There is at least one day off for every six consecutive working days.

### Remuneration

In accordance with the provisions of current laws and the CCNL (National Collective Bargaining Agreement), the Company Recarlo Spa guarantees, as regards the characteristics of remuneration, compliance with the legal minimum wage and ensures that wages are able to meet workers' basic needs and are in line with the sector's CCNL. At the time of drafting this document, at Recarlo Spa wages are paid by bank transfer. If an employee requests to be paid using a method other than the above, the Company responsible for wages will have to submit the request to the Management and, after it has been verified as being feasible, the Management can approve the worker's request. Pay slips show that workers are paid regularly.

Any increases in fixed-term contracts must be motivated by the Labour Consultant, who will submit a written report explaining the trend during the review by the Management.

## **Health and safety**

With the help of skilled company figures as well as by using external consultants, Recarlo guarantees safety in the workplace by conforming to the provisions of Legislative Decree 81/08 et al., providing for a risk analysis that brings to light the potential risk factors relating to the activities performed, in order to highlight critical points and/or deficiencies.

In particular, Recarlo Spa:

- Appoints a representative for workers' safety;
- Sets up a prevention and protection service and appoints a Manager;
- Drafts health and safety at work documents that are divulged to all staff;
- Drafts and implements health and safety training programmes for all staff;
- Drafts reports on the assessment of the risks associated with particular work procedures;
- Drafts reports on accidents that have also occurred in the past in order to decide on improvement measures;
- Drafts procedural guidelines for anyone who does not observe safety regulations.

## **Work environment**

The organisation guarantees a safe and healthy work environment by the following means:

- Permits to carry out the current activities (fire prevention and electrical systems conformity certificates; permits and conformity certificates for equipment and machinery such as boilers, generators, lifts, cylinders, tanks for storing chemical products and fuel tanks; permits for construction, emissions and waste disposal);
- Ergonomic work stations;
- Suitable lighting, ventilation and temperature control;
- Properly maintained and earthed electrical systems;
- Evacuation plans highlighting what staff must do in the event of a fire, with escape routes identified by appropriate signs and a sufficient number of emergency exits equipped with panic bars that open the doors outwards, and a sufficient number of muster points;
- Firefighting equipment (fire extinguishers, hydrants and hose reels) that is fully functional and regularly maintained;
- Proper storage of hazardous and non-hazardous waste;

- Compliance with health surveillance;
- A first aid kit for every hundred workers;
- A sufficient number of optimally hygienic toilets for the number of employees present.

It is the job of all employees to check the cleanliness of these areas and that they are fully stocked with the required accessories.

The company does not have a canteen but a room is available for staff to spend their lunch break in and eat, provided certain rules of conduct are followed for using common areas properly.

All staff have the right to leave the workplace in the event of serious and imminent danger, without asking the Company for permission.

## **Risk analysis**

Depending on the type of activity carried out by Recarlo Spa and the equipment used to carry out the activities, and the infrastructure where the activities are performed, it is the responsibility of the Management to coordinate activities aimed at determining potential current risks for its employees and partners.

The results of this analysis are provided in a Risk Assessment Document that contains:

- A description of the organisation (structure, activity and geographical location);
- The main mandatory references (to draft the document);
- The risk assessment methods;
- An analysis of potential hazards (determining whether the danger is present or effectively absent, and an assessment of it);
- Any other aspects to be kept under control (treatment of expectant workers, work organisation, management of external companies).

The risk assessment document is formally approved by the Legal Representative and by the other appointed safety figures at Recarlo Spa.

It is the responsibility of the Management to ensure that all legal obligations aimed at preventing or determining a risk factor are fulfilled.

All the documentation that is produced is stored by the employer.

## **Personal protective equipment**

The Company provides all workers with suitable personal protective equipment at its own expense if necessary. It also undertakes to provide first aid and assist workers if accidents and/or injuries occur. Staff have access to and use PPE as per the organisation's assessment of health and safety risks at work.

## Reporting accidents

The employer keeps written records of all accidents that have occurred to workers at the company, in special accident registers, approved by the local health authority and held at the registered office of the Company Recarlo Spa, which contain: the name of the worker injured, their job, the date of the accident and the date they returned to work.

## Staff involved in managing company safety

It is the Management's responsibility to organise the protection and prevention service (in compliance with applicable legislation). The Management also appoints and/or asks workers to nominate (in the case of the Workers' Safety Representative) the following safety figures:

1) Health and Safety Committee. It comprises the PPSM, WSR, and a constantly trained doctor in order to ensure continuous commitment to improving health and safety conditions in the workplace;

2) Prevention and Protection Service Manager.

After identifying a potential Manager and before they are appointed, it is the responsibility of the Management to check that they have suitable certified training as regards:

- Risk analysis methods;
- Hazard prevention methods;
- Mandatory legislation applicable to the company's situation;
- Tasks assigned to the manager in accordance with the provisions of mandatory legislation.

3) Workers' Safety Representative. This representative is elected directly by workers, as documented in the appointment report.

The Management undertakes to provide this staff-elected workers' safety representative with:

- Training on constitutional and civil standards; general and special legislation on accident prevention and workplace hygiene; the main parties involved and their responsibilities; establishing and identifying risk factors; risk assessment; identifying prevention and protection measures (technical, organisational, procedural); the regulatory aspects of employee representation activities; the basics of communication technique;
- The time required to perform the role without loss of remuneration, as well as the means necessary to exercise the functions and faculties they have been given.

The Management undertakes to not act with prejudice towards the appointed workers' representative, guaranteeing them the independence and the authority required to perform the duties they have been given.

## **Initial and continuous training**

When a worker is hired, a training session is held on risk analysis and the preventive measures in place, in particular as regards:

- Emergency evacuation;
- Recognising hazards and emergencies, as well as the appropriate procedures to follow;
- The correct use and storage of personal protective equipment (PPE), tools, machinery and equipment.

Fire drills take place at least once a year for all work shifts.

Similarly, meetings are held if there are any significant changes to exposure to risk, including planning and implementing new technologies that impact the health and safety of workers.

Minutes are duly taken of all meetings held. This training takes place during working hours and involve no cost to workers.

## **Disregard of established rules**

It is the responsibility of the Workers' Safety Manager and of the Workers' Social Responsibility Representative to constantly monitor staff conduct to ensure that the established health and safety requirements in the workplace are followed.

If a worker does not comply with the rules, it is the responsibility of the person who has identified the non-compliance to follow this procedure (if a step is not applicable, the next one is taken):

- Immediately inform the worker;
- Make an anonymous report to the management;
- An awareness session for all staff organised by the Manager;
- Activities management.

## COMMITMENT TO PROTECTING THE ENVIRONMENT

### **Environmental management**

Recarlo identifies environmental risks, particularly significant environmental impacts and opportunities for improving environmental protection obligations.

With the help of the other departments responsible for the various sectors involved and with the help of external consultants, the Company is responsible for identifying the environmental aspects regarding its business activities.

To identify the whole of the Company's environmental dimension, all the activities that are performed by internal staff and external service providers must be taken into account, under the following conditions:

- Normal operations;
- Non-normal operations or where critical issues are present;
- Conditions of emergency, accident or unforeseen issues.

In the analysis of these activities, the environmental aspects relating to them are identified, in particular taking into account:

- Water resources;
- Waste;
- Energy consumption;
- Use of hazardous substances;
- Soil contamination.

Besides the environmental aspects that the Company can keep directly under control, aspects over which it can exercise influence are also considered.

To identify environmental impacts, the appropriate analysis tools and methods must be used to examine activities in their various operating conditions concerning the environmental aspects listed above.

All the identified aspects will therefore be assessed to determine their significance level.

### **Hazardous substances**

Recarlo has identified and subdivided, on the basis of the Safety Data Sheets, the substances used by the Company and, having taken into account the Classification in accordance with EC Regulation 1272/2008/CLP for each product in use, it has drafted a risk assessment document in accordance with Legislative Decree 09/04/2008 no. 81.



More detailed information relating to the chemical substances and/or preparations the Company uses, as well as the quantities stored and used by staff when performing their duties, are reported in the exhaustive document "Assessment Report relating to "Chemical Risk"" (where applicable).

## **Waste and emissions**

The conduct to be followed regarding waste management is made known to all staff via specific training sessions.

In the offices it is the job of all staff to dispose of waste in the appropriate containers for recycling that are clearly identified and marked; waste from office activities primarily means MSW (municipal solid waste), in other words:

- Paper;
- Plastic and glass;
- Organic waste;
- Metals;
- Toner cartridges.

This waste is mainly collected by specialised companies and managed by the local council.

If there is special waste to be disposed of, its final destination must be identified. The suppliers the waste is to be sent to must be verified to be qualified and they must be authorised to receive the waste identified with CER codes at their own plant.

## **Use of natural resources**

Recarlo constantly monitors its activities that can have a significant impact on the environment by taking regular measurements of certain specific characteristics.

The Company annually assesses environmental performance regarding significant listed environmental aspects and analyses the data relating to indicators. After risk assessment and monitoring, goals will be set to improve environmental performance. These goals are in line with its environmental policy, and take into account all significant environmental aspects, legal requirements and other provisions it has signed up to, and the point of view of interested parties. Staff are trained and informed about environmental risks and related targets.

## DIAMONDS, GOLD AND PLATINOIDS: TRANSPARENCY AND TRACEABILITY

### **Product policy**

Recarlo declares it does not make untruthful, misleading or deceptive statements, nor makes pertinent omissions in selling, advertising or marketing diamonds and/or products containing gold or platinoids.

The Company Management is aware that improper declarations or serious omissions imply deception or supplying false declarations or information that could influence the buyer's decision, and that may be contrary to the law.

To this end all advertising and marketing materials, as well as commercial offers, are reviewed by the Management.

### **Kimberley Process Certification Scheme and World Diamond Council System of Warranties**

The Company does not buy or sell diamonds from conflict areas or assist others in doing so. The Management implements procedures that always guarantee that certificates can be provided for every exported diamond that proves compliance with the Kimberley Process scheme and to prove that it does not import from, or export to, a country that is not a Kimberley Process member. The Management monitors its suppliers to avoid diamond transactions from suspicious sources or from countries that have not applied the KPCS or that might involve individuals or organisations in their sights.

When rough, finished or jewel-set diamonds are purchased or sold, Recarlo adopts the World Diamond Council System of Warranties and has systems in place to ensure that all the related invoices contain the following positive declaration, or equivalent terms indicating the same warranty: "*The diamonds mentioned in this invoice have been purchased from legitimate sources not involved in the financing of conflicts and in accordance with United Nations resolutions. With this declaration, the seller guarantees that these diamonds are not connected with conflict zones, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds*".

No consignment of diamonds is accepted unless accompanied by the warranty declaration. If the supplier does not provide a suitable guarantee, they will first be asked to provide one, and then deleted from the supplier list.

Recarlo keeps records of all Kimberley Process certificates and invoices relating to the System of Warranties received and issued for 5 years. When requested by an authorised public body, these records must be able to prove compliance with the Kimberley Process.

## PROMOTING THE CODE

The Ethical Code is available on the recarlo.com website.

The Code is brought to the attention of all employees and partners.

The Company has also developed good governance tools regarding the following areas:

- Environment;
- Relations with suppliers;
- Recruitment;
- Security;
- Combating corruption;
- Compliance with competition laws;
- Advertising.

In the event of non-compliance with the standards in this Code and in the Company's guidelines, partners risk disciplinary measures and sanctions proportionate to the seriousness of the violation, in accordance with the provisions of the Internal Regulations (or any other equivalent document) of the company they are a part of, and legal and regulatory provisions.