

CODE OF ETHICS

**UNITED COLORS
OF BENETTON.**

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INTRODUCTION AND SCOPE OF APPLICATION

This code of ethics (hereinafter referred to as “Code”) is an official document of Benetton Group S.p.A. (the “Company”), which was adopted by its subsidiaries (hereinafter referred to as a whole as “Group” or “Benetton Group”). It contains a set of principles according to which the actual Group conducts its business, carries out its activities and manages relations with those parties who operate on its behalf for any reason whatsoever.

This Code ratifies ethical principles and rules of conduct, also for the purpose of reasonably preventing the offences and crimes indicated in Italian Legislative Decree 231/2001 (hereinafter referred to as the “Decree”), which provides rules and regulations governing the administrative liability of corporate bodies, companies and associations also without legal status. The aim of this Code is to recommend, promote or forbid certain conduct, independently and apart from all that is provided for by legislation. The Code must be considered an essential element of the organisational, operational and control model (“Model”) adopted by Benetton Group S.p.A. and by the Group also in accordance with the Decree.

The Code is intended for: members of the company bodies, executives, employees, business partners in whatever capacity (also external, e.g. agents, attorneys in fact, business brokers, consultants, dealers) (hereinafter referred to as “Recipients”), who, for whatever reason, act in the name of and on behalf of the Group.

The Group’s activity is guided by the principles contained in the Code and the Group is committed not to enter into or pursue any relations with anyone that does not agree with its contents and spirit.

The Code, approved by each company of the Group, is valid throughout Italy and abroad, being applicable in consistency with the different political, cultural, social, economic and commercial situations in which the Group operates.

The Code is a document that has been requested and approved by Benetton Group S.p.A. top management and is to be made effective, subject to formal adoption, also for each company in the Group. The first version of the Code was approved by the BoD of Benetton Group S.p.A. on 11 September 2003 and has been subsequently updated by the same to the current version on 24 April 2008.

FUNDAMENTAL VALUES OF BENETTON GROUP

The Code gives the fundamental values of reference that must guide the conduct of all Group Recipients for the purpose of ensuring correctness in conducting business and corporate activities, protecting the assets, reliability, as well as the image and reputation of Benetton Group.

Benetton Group has adopted a Corporate Governance system (i) in conformity with all that is provided for by law and by the CONSOB regulations and (ii) in line with the contents of the code of conduct issued by Borsa Italiana S.p.A.

Benetton Group corporate governance system is guided by the following principles:

- maximisation of value for shareholders;
- monitoring of business risks;
- transparency in information given to the Market;
- adaptation in respect of the interests of all members of the body of shareholders and management;
- achievement of the corporate mission in full compliance with current laws, the rules of the Code and with the rules established through adoption of the Model.

Transactions, conduct and relations both internal and external to the Group are in particular guided by the following fundamental values:

- **lawfulness, honesty and correctness:** the Group operates in compliance with current laws, regulations, internal standards and procedures and with this Code. Under no circumstances does pursuit of Group interests justify conduct contrary to the principles of correctness and lawfulness. Within the scope of its business organisation, Benetton Group endeavours to circulate and make known the provisions of law, the Code and the procedures aimed at preventing the breach of legal requirements;
- **integrity:** in relations with Recipients and with third parties in general, Benetton Group is committed to acting with correctness and transparency, avoiding misleading information and such conduct as to benefit unduly from positions of disadvantage of third parties;
- **loyalty and good faith:** relations with Recipients and third parties in general must be based on good faith and reliability and therefore on fulfilling agreements and conditions, keeping promises, increasing the value of corporate assets and behaving in good faith with regard to all decisions;
- **relations with Public Authorities:** relations with Public Authorities and the Administration or Civil Service must be based on the utmost correctness, transparency, good faith and cooperation in full compliance with the law;

- **transparency:** information circulated by Benetton Group must be complete, transparent, understandable, accurate and must comply with the principles of equal and contemporaneous access to the same by the public;
- **fairness:** in relations with stakeholders and third parties in general, Benetton Group avoids discrimination of all kinds and in particular those based on age, gender, state of health, race, nationality, political opinions and religious beliefs, social and personal status;
- **respect of persons and equal opportunities:** Benetton Group respects the basic rights of persons and guarantees equal opportunities for all;
- **professionalism and making good use of human resources:** Benetton Group acknowledges the fundamental importance of human resources and protects and promotes the value thereof for the purpose of improving and increasing the assets and the competitiveness of the skills possessed by each Recipient. The foregoing is based on the acknowledgement of merits and equal opportunities as well as by preparing specific programmes aimed at professional updating and the acquiring of more skills;
- **privacy and confidentiality:** Benetton Group guarantees the confidentiality of information it holds and abstains from collecting and using sensitive data except for the case of express and informed permission by the data subject and in any case in conformity with current laws;
- **conflicts of interest:** in carrying out its business the Group endeavours to avoid incurring situations of conflict of interest. Recipients take every business decision in the interest of Benetton Group;
- **safety, protection of health and working conditions:** the physical and moral wellbeing of the Recipients is considered a primary value of the Group. Occupational safety, hygiene and health is safeguarded and full respect for the health, physical wellbeing and rights of the workers in carrying out their activities is considered fundamental and priority, as well as full compliance with current legislation concerning occupational safety, hygiene and health;
- **community and society:** Benetton Group intends contributing to the economic wellbeing and growth of the communities in which it operates, ensuring attention is paid to the most important social issues and also taking on responsibilities in social spheres, providing its own contribution in various sectors;
- **environment:** the Group promotes respect and protection of the environment, being actively committed to ensuring full compliance with current environmental legislation in carrying out its corporate business operations.

RECIPIENTS

The Recipients must abide by the principles ratified by the Code, their daily business conduct being guided thereby. Compliance with the Code must be considered an essential part of the contractual obligations undertaken by the same Recipients, given that the Code takes on the form of instrument of guarantee and reliability, in protection of the assets and the reputation of the whole Group.

Benetton Group:

- acknowledges juridical importance and compulsory efficacy of the ethical principals and the standards and principles of conduct established by the Code;
- does not establish or continue business relations with anyone who does not agree to or refuses to comply with the principles of the Code;
- makes those who, for whatever reason, have relations with Benetton Group, responsible for compliance with said principles, setting up a relative sanctions system that ensures the effectiveness and the efficacy of the Code and is committed to applying it without distinction to all categories of Recipients;
- promotes the circulation of the Code throughout the whole Group and the Recipients and provides them with an adequate training and informative back-up, putting at their disposal a suitable support to which they may refer in the event of doubts regarding interpretation of the same;
- guarantees the privacy of Recipients who report breaches of the Code and ensures that the same are not subject to any form of retaliation.

MANAGEMENT OF HUMAN RESOURCES

Benetton Group is fully aware that human resources are indispensable for the existence of the enterprise as such. Employee allegiance and professionalism are all-important values and conditions for achievement of Group objectives.

The Group is committed to developing each employee's skills and capabilities so that individuals' energy and creativity are fully expressed in the performance and accomplishment of the corporate purpose. It is therefore committed to:

- promoting the adequacy of the working environment in terms of personal health and safety to the extent of ensuring that all and any unlawful attempts to prejudice, condition or cause unease are prevented and guaranteeing that each individual is treated with respect;
- promoting the development of skills and professional capabilities so that each individual feels fulfilled in achieving the objectives;
- making every effort so that the respective corporate objectives are concentrated on a possible, specific, concrete, measurable result that is in line with the scheduled time for achieving the same;
- maintaining relations with the Recipients based on loyalty, transparency and mutual respect, without any form of discrimination. In particular it is committed to offering all employees the same work opportunities and guaranteeing everyone opportunities of professional growth based on a meritocratic and objective system.

To protect the principles of transparency and non-discrimination, the relevant divisions must:

- adopt criteria of merit and skill, and in any case strictly professional criteria, for any decision concerning an employee;
- screen, recruit, train, remunerate and manage employees without any discrimination whatsoever;
- create a working environment where personal characteristics cannot give rise to discrimination.

Each Recipient must perform his or her work with diligence, skill and loyalty, appropriately investing their own resources and time in carrying out their relevant activities, while protecting corporate assets with conduct in line with internal procedures and directives and refraining from promoting or in any case taking part in initiatives on their own behalf or that of third parties, which put them in conflict with the interests of the Group.

EMPLOYEE SAFETY, HEALTH AND INTEGRITY

Benetton Group considers protection (i) of the suitability of working conditions, rooms, work machinery and equipment, (ii) employees' psychophysical integrity, (iii) safety of all existing and scheduled business, (iv) full compliance with existing laws on prevention and protection in the workplace, as important aspects of its activity.

The Group is committed in particular to ensuring that:

- compliance with current legislation concerning the safety, hygiene and health of workers is considered a priority;
- risks for workers are avoided, as far as possible and guaranteed by the development of improved techniques, also by choosing the most suitable and least dangerous materials, machinery and procedures to mitigate the risks at source;
- unavoidable risks are correctly assessed and suitably mitigated through appropriate collective and personal safety measures;
- training and educating employees and other Recipients is widespread, up-to-date and specific with reference to the job carried out;
- workers are consulted on matters concerning occupational health and safety;
- any needs or non-conformity regarding safety, which have emerged during working activities or during audits and inspections, are rapidly and effectively dealt with;
- work and the operating aspects of the same are organised in such a way as to safeguard the health of workers, third parties and the community in which the Group operates.

The Group dedicates organisational, instrumental and economic resources to achieving the above goals, with the aim of ensuring full compliance with current accident-prevention law and the continuous improvement of workers' health and safety in the workplace and of the relative prevention measures.

Employees and the other involved Recipients of the Group, each one in relation to their duties, must ensure full compliance with provisions of the law, the principles of this Code as well as the corporate procedures and any other internal provision established to guarantee the protection of occupational safety, health and hygiene.

MANAGEMENT OF BUSINESS MATTERS IN GENERAL

Recipients are obliged:

- to conduct themselves in business relationships and dealings in a way that is ethical, legally compliant and based on the utmost transparency, clarity, correctness, and efficiency;
- in commercial or promotional relations to conduct themselves in alignment with the Group's corporate policies. Said conduct must never take the form of actions that violate the laws, current regulations, or corporate procedures concerning individual functions;
- within the scope of purchasing any goods and/or services, also including outside advisory services, to act in compliance with the principles of correctness, best cost-performance, quality and lawfulness and to operate with due professional diligence or reasonable care;
- not to try to influence in an unlawful way the decisions of Public Officials/Public Service Employees dealing or making decisions on behalf of the Italian or foreign Administration. During any business negotiations, trade enquiry or relations with the Italian or foreign Administration, the following actions in particular are forbidden:
 - I. to offer - in any way whatsoever – opportunities of work or trade that could benefit the Public Officials or the Public Service Employees personally;
 - II. to solicit or obtain confidential information that could jeopardise the integrity or reputation of both parties;
 - III. to accomplish any other act aimed at inducing foreign Public Officials or Public Service Employees to do or not do something in breach of the laws of the judicial system to which they belong;
- in dealings with customers, suppliers and third parties in general, not to offer money, gifts or favours of any kind whatsoever in order to obtain real or apparent advantages of any type whatsoever (e.g. promises of economic benefits, favours, supportive recommendations, promises of jobs, etc.). No exceptions to this rule are countenanced, not even in those countries where the offer of valuable gifts to commercial partners is considered part of normal practice. In any case, acts of commercial courtesy must never be performed in circumstances which may be construed as conduct conflicting with the underlying principles of this Code.

CONFLICT OF INTEREST

Recipients must avoid situations and/or activities that could lead to conflicts with Group interests or that might interfere with their ability to take impartial business decisions in safeguarding the Company or Group's best interest.

For this purpose also the situations and/or activities are taken into consideration that concern the spouse not legally separated, children, parents, cohabitants¹ of the Recipient, as well as middlemen, fiduciary persons or companies controlled by the aforementioned persons.

If Recipients or the other persons listed in the preceding paragraph, find themselves in a situation of conflict with the Group's interests, even just potentially, by way of example but not limited thereto:

- personal economic and financial interests with suppliers, competitors or customers of the Group;
- work activities (not connected with appointments made within the Group) of any type whatsoever c/o suppliers, competitors or customers of the Group;
- acceptance of money or favours from persons or companies that are or intend entering into business relations with the Group;

such situations must be reported promptly to the Managing Director and the Recipients must refrain from all activities connected with the situation causing conflict.

The Group companies may not be represented in relations with the Administration, whether Italian or foreign, by third parties whenever there is even a theoretical conflict of interest.

Third parties operating on behalf of the Group companies are obliged to refrain from relations with the Administration, whether Italian or foreign, in any other case in which serious grounds regarding improper advantage exist.

USE OF CORPORATE TIME AND ASSETS

Each Recipient must act with diligence to protect corporate assets through responsible conduct in line with the operating procedures laid down for regulation of the same.

To this end Recipients:

- may not perform activities during their working hours that are not consistent with their organisational tasks and responsibilities;
- are directly and personally responsible for the protection and preservation of the tangible and intangible assets and of the resources - be they human, tangible, or intangible – entrusted to them for the performance of their tasks, as well as for use of the same in an appropriate manner consistent with the corporate interest;
- may not utilise corporate assets such as, premises, equipment and confidential information of Group companies, for any type of personal use and interest.

¹ Cohabitants means, in conformity with the latest pronouncements of Jurisprudence on legitimacy, those who live together stably and not occasionally and in a relationship of mutual moral and material assistance.

CORPORATE MANAGEMENT

Benetton Group in conducting its business censures any behaviour intended to support, encourage, facilitate and induce Recipients, each in relation to their duties, to violate one or more of the following principles or rules of conduct:

- utmost cooperation, transparency, correctness and efficiency in relations with auditing firms, board of auditors, in the event of requests by shareholders as well as in relations with the public supervisory authorities;
- diligence, skill, correctness and precision in preparing and checking data and information that will be assimilated and used in the drawing-up of financial statements/reporting, in reports or other corporate notices provided for by law or in any case addressed to the public or to Supervisory Authorities or bodies;
- the integrity of the corporate assets must not be harmed in any way or by any means; in particular it is forbidden, apart from the cases or with methods other than those expressly allowed by law, (i) to refund contributions in any way whatsoever or to release the shareholder from the obligation to execute the same; (ii) to distribute profits not effectively attained or by law allocated to a reserve, that is, reserves not distributable by law; (iii) to purchase or subscribe share or stock of Benetton Group S.p.A. or of parent companies (iv) to reduce the share capital, bring about mergers or splits thereby breaching the rules intended to protect creditors; (v) to form or increase the share capital fictitiously; (vi) to satisfy, in the case of winding-up, the demands of the shareholder to the detriment of company creditors;
- no sham or fraudulent act may be carried out that is aimed at influencing the vote of the members of the shareholders' meeting in order to obtain the irregular formation of a majority and/or a different resolution;
- false news may not be spread inside or outside the Group concerning Benetton Group S.p.A. itself or its subsidiaries or associate companies, the Recipients and third parties in general who work for the same.

ACCOUNTING RECORDS

Benetton Group censures any behaviour intended to alter the corporate and accounting information and data that are notified inside and outside the Group, to the Supervisory Authorities or to stakeholders.

The Group, through the Recipients, each in relation to their duties, ensures methodical, clear and precise book-keeping entries and therefore:

- guarantees transparent and prompt information to all involved house organs and divisions, as well as correct cooperation between the aforesaid house organs and divisions;
- guarantees the truthfulness, authenticity, correctness and genuineness of the documentation and information provided in carrying out the accounting information activities or in other corporate notices provided for by law and addressed to shareholders, the public and auditing authorities;
- aids the carrying out of the scheduled controls by the competent bodies and divisions;
- controls that all transactions or operations are duly authorised and adequately documented and that the documentation is kept in such a way as to allow at any time the due accounting entry, identification of the different levels of responsibility as well as the precise reconstruction of the transaction or operation;
- guarantees that the corporate and extraordinary transactions and operations of the Benetton Group are duly justified, also for the purposes of monitoring and preventing the possibility that any transfers of funds may be connected with unlawful activities, such as the support of terrorist or subversive groups or associations from which the Benetton Group firmly stands aloof and dissociates itself.

INTERNAL CONTROLS

Within the scope of their functions and duties, Recipients who hold managerial positions are obliged to take part in setting up and implementing an effective company control system to guarantee correctness of data and the lawfulness of every transaction and operation, as well as to have their subordinates take part in the same.

All employees, each in relation to their duties, are obliged to contribute to correct operation of the internal control system.

The Benetton Group internal control system is periodically checked by the Internal Audit Committee and the results of these checks are brought at least once every six months to the attention of the company's top-level management.

RELATIONS WITH OUTSIDE STAFF

All Recipients are obliged to comply with the principles and rules of conduct contained in the Code.

The Group is committed to giving all Recipients, prior to the commencement of all and any cooperation, a copy of this Code and to make observance thereof compulsory also through appropriate contractual clauses.

Relations with Related Parties

Related Party transactions must be carried out in full compliance with the applicable provisions of law and statutory regulations and the relative procedure provided by the Group and intended to guarantee full transparency, correctness and the adequate justification for said transactions.

RELATIONS WITH COMPETITORS

Competition with competitors must be fair, focussed on the quality plan and product establishment, also conducted through the severe protection of the tangible and intangible assets of Benetton Group, the development of know-how, the monitoring of the integrity of the company's rights, as well as putting to good use the human assets and industrial resources.

LAUNDERING, RECEIVING, COUNTERFEITING OF BANKNOTES AND COINS, PUBLIC PAPERS, OFFICIAL STAMPS AND WATERMARKED PAPER

The Group censures any conduct, whether of persons who hold an executive or a subordinate position, who may even only indirectly facilitate the perpetration of offences such as criminal association or conspiracy, also including that for the purpose of illicit traffic of narcotic drugs and psychotropic substances, the laundering, receiving and in any case the use of stolen or dirty goods, money or other thing of value and obstruction of justice; to this end the Group is committed to implementing all methods of preventive and subsequent control necessary for the purpose (separation of roles, traceability of transactions and operations, monitoring, etc...).

Under no circumstances must the Recipients:

- receive or accept (even just promise to receive or accept) payment in cash;
- run the risk, due to failure to obtain due information, of being implicated in affairs relating to the laundering of money coming from unlawful or criminal activities;
- counterfeit or put into circulation (by purchasing or selling) banknotes, coins, public papers, revenue stamps and watermarked paper.

Recipients who receive false or stolen banknotes or coins must inform their superior and the Watchdog Body of Benetton Group S.p.A., or if appointed the Watchdog Body of the involved subsidiary, so that the latter may report the same.

COMPUTER CRIMES AND UNLAWFUL DATA PROCESSING

The Group censures any conduct that may even indirectly facilitate the perpetration of offences that consist of malicious hacking, the unauthorised possession and distribution of codes of access to computer or telematic systems, unlawful interception, obstruction or interruption of computer or telematic communications, damage to computer or telematic systems, damage to information, data, computer programs also used by the State or by other public agency or body or of public purpose. To this end the Benetton Group is committed to implementing all methods of preventive and subsequent control necessary for the purpose (limited authorisations of access to computer systems, assignment of special access codes, separation of roles, traceability of operations, monitoring, etc...).

Under no circumstances must the Recipients in particular:

- unlawfully enter or remain in a protected computer or telematic system, install equipment designed to intercept and maliciously intercept security protected computer or telematic communications;
- unlawfully obtain, reproduce or distribute any means of access (password and authorisation systems) to security protected computer or telematic systems;
- damage information, data or computer programs also used by the State or by other public agency or body or of public purpose.

Any Recipient who becomes aware of unlawful conduct must promptly report the same to the Watchdog Body of Benetton Group S.p.A., or if appointed the Watchdog Body of the involved subsidiary, and, if possible, to their superior.

ACTIVITIES FOR THE PURPOSE OF TERRORISM AND SUBVERSION OF DEMOCRATIC RULE

Benetton Group censures in all cases use of its resources for the financing and execution of any activity intended to achieve terrorist objectives or subversion of the democratic rule.

PROTECTION OF PERSONAL STATUS

Within the scope of current legislation Benetton Group censures every possible conduct intended to perpetrate offences against personal status and is committed to adopting the most suitable measures of control to prevent the perpetration of such offences.

Conduct for the purpose of perpetrating sexual harassment is forbidden and behaviour or talk that could upset the person must be avoided.

The Group censures every form of exploitation of persons and in particular child labour, for this purpose being committed to assessing carefully also any trade partnerships with agencies or corporations operating in geographical areas considered to be “at risk of exploitation”.

COMPLIANCE WITH INTERNATIONAL LABOUR STANDARDS

The Group complies with the International Labour Standards (ILS) contemplated in the basic International Labour Organisation (ILO) conventions; by way of example, compliance with the right to freedom of association and the right to collective bargaining (ILO Conventions No. 87; 98; 135; 154), freedom of work choice (ILO Conventions No. 29 and 105 on the subject of forced labour), the exclusion of every form of child labour inside production sites (ILO Conventions No. 138 and 182), the exclusion of every form of discrimination, violence or abuse in the workplace (ILO Conventions No. 100; 111; 183), the definition of minimum standards on the subject of occupational safety and health (ILO Convention No. 155), definition of the employer-employee relationship on the basis of contracts recognised by the various national legal systems and, wherever possible, in accordance with conditions that provide for a permanent, full-time job.

SECTION 6

PRINCIPLES REGARDING THE PROCESSING OF CONFIDENTIAL INFORMATION, "PRICE-SENSITIVE" INFORMATION AND RELATIONS WITH THE SUPERVISORY AUTHORITIES AND MARKET MANAGEMENT COMPANIES

CORPORATE COMMUNICATIONS AND INFORMATION

One of Benetton Group's basic principles is to encourage as full a participation as possible of shareholders in the life of the Group and in exercising their rights in the Group itself, offering them, in compliance with legislation regarding Price Sensitive information, complete information so that they can take informed decisions.

The primary objective of the Group is to increase the value of the investment of its shareholders, also so that the same may make a knowledgeable allocation of their resources, Benetton Group is therefore committed to:

- implementing a business policy based on correctness and able to guarantee also long-term appreciable economic performance;
- encouraging the awareness of the Group's business policies, plans and projects;
- disseminating notices and communications that are true, clear, complete, transparent, prompt and prepared in accordance with criteria for homogeneity and, in any case, in conformity with current applicable legislation and in compliance with the rules and procedures of correct professional conduct;
- guaranteeing observance of the procedure specially set up for internal management and notification to the outside world of documents and information regarding Benetton Group, with particular reference to Price Sensitive information.

CONFIDENTIAL INFORMATION AND PRICE SENSITIVE INFORMATION

Recipients and, more in general, those who have access while carrying out their tasks to Confidential and Price Sensitive information about the Group and the financial instruments of the Benetton Group that is not of public domain are obliged:

- to comply with the corporate procedures adopted by Benetton Group, with particular reference to the Procedure for corporate information disclosure, the Internal Dealing regulations, the Register of Insiders Regulation and the Procedure for Related Party transactions and significant transactions to prevent misuse of Price Sensitive information;
- to pass Confidential and Price Sensitive information to the outside world only if expressly authorised to do so and in compliance with corporate procedures and the principles of parity of access and simultaneous availability of information;

- not to exploit Confidential or Price Sensitive information in order to make or suggest investments in the Group or in any case to directly gain or have third parties gain any type of benefit, be it direct or indirect, immediate or future, economic or otherwise. Price Sensitive Information is considered as that defined by art. 181 TUF²; purely by way of example Price Sensitive information is considered as that relative to the following cases: changes in company control or in control agreements, changes in management, transactions that involve the capital or the issue of debt instruments or warrants to purchase or subscribe to securities, mergers, splits, spin-offs, decisions regarding buy-back programmes or transactions on other financial instruments, purchase or sale of shareholdings or other significant assets or business sectors, date of payment and total amount of the dividend, significant legal disputes, liability for significant product defectiveness or for environmental damage, significant changes in the value of the assets, changes of auditors, or any other information related to the auditing activity, changes in expected profits or losses, reduction in the value of immovable assets, physical destruction of uninsured goods, entry into (or abandonment of) areas of business.

“Confidential Information” is considered as any news of a confidential nature concerning the Group, which, if disclosed in an unauthorised or involuntary way could damage the Group or create as yet groundless expectations in the market.

By way of example but not limited thereto “Confidential Information” is considered that related to: models, drawings, sketches, drafts and studies concerning marketed articles or products with trademarks pertaining directly or indirectly to Benetton Group, operational projects, including marketing, operational, industrial and strategic plans, data concerning know-how and technological processes, financial transactions, operational strategies, investment and divestiture strategies, operating results, employees’ personal data and lists of customers and outside staff, information concerning present and future activities, including news that has not yet been disclosed even if it will be the subject of forthcoming public announcement.

² Art. 181 TUF, paragraph 1: Inside information means specific information concerning, directly or indirectly, financial instruments or issuers of financial instruments, which has not been made public and that if made public would be likely to have a significant effect on the price of such financial instruments.

RELATIONS WITH THE SUPERVISORY AUTHORITIES AND WITH THE MARKET MANAGEMENT COMPANIES OR STOCK EXCHANGES

Benetton Group is committed to fully and scrupulously complying with the requirements and the requests (also for inspection purposes) of the Supervisory Authorities and the Market Management Companies and for this purpose, also to ensure maximum cooperation and transparency, has adopted relevant company directives. At the time of audits and inspections by the Supervisory Authorities and the Market Management Company, Recipients must have an attitude of maximum willingness to cooperate with the inspecting and auditing authorities. Under no circumstances should the functions of the Supervisory Authorities, which come into contact with the Group through their institutional functions, be obstructed.

RELATIONS WITH POLITICAL AND TRADE-UNION ORGANISATIONS

Benetton Group does not make direct or indirect contributions to political parties and movements, political or trade-union organisations, or to their representatives.

Any form of involvement of Recipients in political activities takes place on a personal basis, in their own free time, at their own expense, and in compliance with the laws in force.

RELATIONS WITH THE ADMINISTRATION OR CIVIL SERVICE

Benetton Group is guided by the following principles in its relations with the Administration:

- conduct must be based on the utmost transparency, clarity, correctness and impartiality, which must be such as not to cause any public institutional party with which relations are maintained for various reasons to make partial, spurious, ambiguous or misleading interpretations;
- no direct or indirect contributions must be made in any form whatsoever, or funds and financing allocated to the support of public subjects, with exception of instances contemplated by current laws and regulations;
- relations with the Administration, whether Italian or foreign, for dealings or other contacts of any kind whatsoever instrumental to the business, are managed solely by those who are specifically and formally appointed by the single companies of the Group;
- any behaviour by Recipients is censured that consists of promises or offers of money or other benefits made directly or indirectly to Public Officials and/or Public Service Employees, whether Italian or foreign, from whom an interest or benefit for the actual Group could be obtained;
- no promise or offer of any object, service or payment may be made to obtain more favourable treatment in any relations with the Administration, whether Italian or foreign;
- no promise or offer of any object, service or payment may be made to induce Public Officials/Public Service Employees, whether Italian or foreign, to use their influence on other persons belonging to the Italian or foreign Administration;
- no offer of any object, service, payment or favour may be made to Public Officials/Public Service Employees, whether Italian or foreign, or to their relatives up to the 2nd degree of relationship, directly or through a nominee, unless it is a question of gifts or other utilities of a nominal value and, in any case, falling within legitimate usage and custom;

- no working relations may be established with Administration employees or the recruitment of ex employees of the Administration, whether Italian or foreign, or their relatives up to the 2nd degree of relationship, who are taking part or have taken part personally and actively in business negotiations or endorsed requests made by the Group companies to the Italian or foreign Administration;
- no contributions, subsidies or loans obtained from the State or from any other public corporation or from the European Community, even if of nominal value or amount, may be destined for purposes other than those for which they have been granted;
- any behaviour is censured that is intended to obtain from the State, the European Community or any other public corporation, any type of contribution, funding, loans at preferential rates or other aid of the same type, by means of declarations and/or amended or forged documents or through omitted information or more generally through deception or false pretence, including that accomplished by means of a computer or telematic system, designed to mislead the disbursing body.

RELATIONS WITH OTHER AUTHORITIES OR INSTITUTIONS

In institutional relations the Benetton Group is committed to:

- setting up, without any kind of discrimination, permanent channels of communication with all institutional correspondents or contact persons at a regional, state and community level;
- representing the interests and positions of the Group in a transparent, precise, coherent and correct way, avoiding collusive attitudes;
- strictly complying with national and international statutory provisions and corporate procedures;
- interfacing with institutional correspondents solely through persons expressly delegated for this purpose by Benetton Group top management and who are not in a situation of conflict of interest.

The Group operates in a correct and lawful way in carrying out its activity, cooperating with the Judicial Authority, the police and any Public Official and Public Service Employee who has inspectional powers and is investigating the Group.

No Recipient of the Benetton Group may undertake economic activities, make professional appointments, give or promise gifts, money or other benefits to whoever is carrying out investigations and inspections, or to bodies of the Judicial Authorities.

Recipients who shall be the object of investigations, also personally due to facts connected with the employment relationship, or shall receive summonses, or those on whom other judicial orders shall be served, must promptly inform the Watchdog Body of Benetton Group S.p.A., or if appointed the Watchdog Body of the involved subsidiary.

RELATIONS WITH THE MASS MEDIA

Relations with the press, the media and, more generally, with outside correspondents shall be managed solely by the persons expressly delegated to do so and in compliance with the specific procedures and instructions imparted by Benetton Group top management.

Information given to the outside world must be homogenous, truthful and transparent and must be concerned with complete, accurate and consistent items of news.

Any other Recipient, unless specifically delegated, must not give information of any kind whatsoever concerning the Group to representatives of the press and the mass media in general, nor have any type of contact with the same for the purpose of circulating corporate news, making sure that any request received in that sense is transferred to the division responsible for such matters.

Participation – in the name of or in representation of any Group company – in conferences, public events, and in any type (cultural, scientific, business) of committee and association must be properly authorised and formalised in writing, as per corporate procedures.

SUPPLIER RELATIONS

Supplier selection and the elaboration of the terms of purchase of goods and services for Group companies is based on the values and criteria of competitiveness, objectivity, correctness, impartiality, equitable price, and quality of the goods and/or service, with careful evaluation of the assurances of assistance and of the general panorama of offers.

Procurement procedures must be based on the quest for maximum competitive advantage for the Group and on fairness and impartiality towards all suppliers possessing the necessary requisites.

Recipients who, in the name of and on behalf of Benetton Group, purchase goods and services must therefore:

- check and ensure that every operation/transaction is lawful, authorised, consistent, appropriate, supported by documents, recorded and checkable at any time;
- assess the quality, convenience, profitableness and conformity of the supplies to company requirements in compliance with the principles of correctness and transparency;
- take into due consideration the professionalism, efficiency and general reliability of the suppliers;
- check that the suppliers being recruited have the means, also financial, organisational structures, capabilities, know-how, quality systems and adequate resources for the requirements and image of Benetton Group;

- provide for a declaration in contracts with suppliers that they have examined and accepted the Code.

Recipients are forbidden to have business relations with suppliers who are known to be or suspected of being involved in illegal activities. In any case relations must be based on absolute compliance with the law (also with regard to laws governing money laundering, personal data protection, transparency and illegal rate of interest), with the rules, the Code and internal procedures, avoiding, whenever possible, to enter into contractual relationships that create undue reliance on the contracting supplier.

In relations with suppliers Recipients must not offer or accept gifts or any other form of benefits or utilities that could be interpreted as a means for obtaining favourable treatment for any activity connected with Benetton Group and that are not attributable to normal commercial relations or courtesy relationships.

CUSTOMER RELATIONS

Full customer satisfaction is a primary target of Benetton Group, achieved through reliable, correct behaviour aimed at guaranteeing high quality products and services.

The Group establishes agreements and relations with customers in a correct, complete and transparent way in compliance with the law (also with regard to laws governing money laundering, personal data protection, transparency and illegal rate of interest), with the rules, the Code and with internal procedures.

Also whenever unexpected events or situations occur, the Group fulfils customer expectations, performing agreements with fairness and without exploiting any conditions of weakness or ignorance when unexpected events arise.

Recipients are forbidden to have business relations with customers or prospective customers who are known to be or suspected of being involved in illegal activities. In assessing customers, their capacity to meet their payment obligations must be taken into consideration.

In relations with customers Recipients must not offer or accept gifts or any other form of benefits or utilities that could be interpreted as a means for obtaining favourable treatment for any activity connected with Benetton Group and that are not attributable to normal commercial relations or courtesy relationships.

Employees and Recipients must consider compliance with the rules of the Code to be an essential part of their contractual obligations pursuant to Sections 2104 and 2105 of the Italian Civil Code and the national collective labour contract currently in force, with reference to the Group companies having their registered office in Italy, and pursuant to corresponding laws applicable to Group companies having their registered office abroad. Infringement thereof will therefore constitute a breach of the primary obligations of the employment relationship or a disciplinary offence with all the legal consequences that this implies and could place the employment relationship itself at risk as well as lead to liability for any related damages incurred.

Breach of the principles stated in the Code could lead to application of the penalties or sanctions contained in the corporate disciplinary system forming part of the “Organisational, operational and control model” provided by Italian Legislative Decree 231/01 if adopted by the involved Group company. The Model is available on the Benetton Group official website.

Anyone who is aware of breaches of the principles or the rules of this Code must report the same promptly to the Watchdog Body of Benetton Group S.p.A., or if appointed the Watchdog Body of the involved subsidiary. Breach of the Code also includes any form of retaliation whatsoever against whoever has reported in good faith possible breaches of the Code.

The Group has entrusted the function of monitoring application and compliance with the Code to the Watchdog Body, appointed in accordance with the Decree. The Watchdog Body also promotes awareness and understanding of the Code by the Recipients, disseminating the same through special communication activities and if necessary highlights that the principles it contains are binding.

In particular the Code will be:

- adopted by subsidiary or associated companies of Benetton Group;
- transmitted - via e-mail or fax or post or hand delivered - to Recipients, members of the house organs and the Group auditing firm, who will sign the relative declaration that they have received the same;
- published in special dedicated sections on the intranet or the corporate website, where the Code may be downloaded free of charge;
- made available in hardcopy from the Human Resources Department.

The Watchdog Body may and must also:

- organise meetings to illustrate any important new features within the scope of the principles and ethical values of this Code;
- check that a clause is inserted in agreements entered into by the Group, which is intended (i) to inform third parties of the existence of the Code, (ii) to oblige them to adapt to the values and the rules set forth therein (iii) to provide for the possibility of termination due to breach of agreement in the event of particularly serious infringement of the rules of the Code, without prejudice to compensation for further damage;
- guarantee that Recipients are promptly informed of all updates and amendments of the Code;
- sensitise and encourage awareness of the principles and ethical rules, also preparing and submitting to the Benetton Group's Board of Directors a training scheme, which will take into account the role and responsibility of the Recipients; a special training programme is provided for new and temporary employees, which illustrates the contents of the Code with which they must comply.

Any updates, amendments or additions to the Code must be approved by the Board of Directors of the Benetton Group S.p.A., and consequently must be intended adopted by Group companies.