

***Ka*ARAL**

PASSION IS AT THE HEART OF BEAUTY

# CODE OF ETHICS

Approved by the Sole Administrator  
Of Kaaral S.r.l on (01.01.2023)

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# - FOREWORD -

Kaaraal S.r.l. (hereinafter also referred to as "**Kaaraal**" or the "**Company**") is active in the production and sale of innovative, high-quality hair products. The company was conceived in 1981 by Antonino Vitulli, father of Silvano, the current Sole Administrator, and then continued and grew from generation to generation.



In fact, Mr Vitulli's three grandsons, **Francesco, Nicola** and **Romolo**, are at the helm of the Company today. They have led it to a presence in well over 35 countries around the world, a symbol of a young, avant-garde vision and, above all, representative of quality **made in Italy**. Today, Kaaraal places great emphasis on research and the development of cutting-edge technologies in order to formulate products that are the epitome of scientific research, innovation, and market trends, and offers training courses for hair stylists.



The Company, aware that the adoption of a Code of Ethics is of primary importance, also with a view to preventing the offences envisaged by (It.) Legislative Decree of 8 June 2001, no. 231 (hereinafter also referred to as "**(It.) Leg. Decree 231/2001**" or even just the "**Decree**"), which - as is known - introduced the administrative liability of companies into the Italian legal system, saw it fit to clearly enshrine the set of corporate values that inspire Kaaraal and all those who carry out their activities on its behalf. Italy or abroad, cooperate and collaborate with it in furtherance of its corporate purpose.

# - GENERAL PROVISIONS -

## 1. ADDRESSEES

**The principles** of this Code of Ethics **are binding** for all those who, within the Company, hold representation, administration or management offices, or who exercise, even de facto, the management and control of the

Company, for all employees without exception, for those who cooperate and collaborate with the Company - in any capacity - in furtherance of its objectives and for anyone who has business relations with it, such as, for example, agents, suppliers, consultants, etc. (hereinafter referred to jointly as the "**Addressees**" or individually as the "**Addressee**"). The Company undertakes to disseminate this Code of Ethics so that it is brought to the attention of all Addressees, as well as to ensure that company personnel receive adequate training on its contents.

## 2. PURPOSE AND SCOPE

Kaaral undertakes to faithfully comply with the provisions of this Code of Ethics and to carry out its activities with the utmost **diligence, professionalism, and reliability**, constantly promoting **correct** and **decent behaviour** in relations with customers, suppliers, agents, and partners and protecting the Company's reputation and image.

# - PRINCIPLES -

## 3. ETHICAL PRINCIPLES

The conduct of the Addressees is inspired by the following principles:

**compliance with the regulatory provisions applicable** in Italy and in any other country in which the Addressees operate;

**transparency towards all stakeholders**, i.e. those categories of individuals, groups, or institutions whose interests are directly or indirectly affected by the performance of the company's activities; **responsibility towards the community** whose economic and social development may be affected by the activities of the Company, even indirectly;

- the **protection of the health and safety, physical and moral integrity and rights of workers**;
- the **protection and preservation of the environment** in all its components: the atmosphere, water, the soil and subsoil, flora, fauna and ecosystems;
- **respect for employees** and a commitment to enhance their professional skills;
- the **rejection** of any **conduct** that, although aimed at achieving a result consistent with the Company's interest, presents aspects that are **not compatible** with the principles of this Code of Ethics and the commitment to comply with the applicable regulatory provisions as well as Kaaral's rules of conduct and procedures.

The Addressees shall conform their conduct to the aforementioned principles, as set out in the following paragraphs of this Code of Ethics.

Under no circumstances may the belief that one is acting in the interest or to the advantage of Kaaral justify conduct contrary thereto.

## 4. LAWFULNESS

All conduct in the context of work activities carried out on behalf of or in the interest of Kaaral is characterised by the strictest compliance with national, EU, and international laws in force and applicable to the Company or in the management of the relationship with it.

# - PRINCIPLES -

## 5. PREVENTION OF CORRUPTION

The Company promotes and requires **compliance with anti-corruption principles and rules**. Relations and dealings with the public administration and, in any case, any relationship of a public nature, are inspired by strict compliance with locally applicable regulatory provisions and the principles of **transparency, honesty, fairness, clarity, and loyalty**, and in any case with a view to preventing corruption. **Corruption in all its forms is prohibited**, and full respect for the principles of **integrity, fairness, impartiality, and legality** is promoted, in line with the company's provisions. In light of the above, the Addressees are **expressly forbidden** from:

**giving or promising gifts, money, or other advantages** so as to influence the decisions of officials who deal with or take decisions on behalf of the Public Institutions or remunerate them for the performance, omission, or delay of an act of their office; notwithstanding the above, the following are permissible - where they comply with company regulations and are adequately documented - gifts of modest value and courtesy gifts within the limits of custom and provided they are not such as to compromise the image of the Company and not to influence the public entity's independence of judgement;

- **sending false or artfully worded documents to the authorities**, attesting non-existent requirements or giving untrue guarantees;
- **unduly receiving and allocating contributions, financing or other disbursements** of the same type, under any name, granted or disbursed by the Public Institutions, through the use or presentation of false or misleading documents, or through the omission of due information;
- **unduly procuring** any kind of **profit for** the Company (e.g., licences, authorisations, relief from charges, including social security) by means that constitute **artifice or deception**;



# - PRINCIPLES -

## 6. PREVENTION OF CONFLICTS OF INTEREST

In carrying out activities on behalf of the Company and in making related decisions, the Addressees shall act **impartially** in the exclusive interest of Kaaral, making decisions **responsibly, transparently** and in accordance with **objective assessment criteria**, avoiding situations where they are, or may only appear, in a **conflict of interest**.

In the event of a **conflict of interest**, even if only potential, the Addressees shall **inform** their hierarchical superior or company contact person without **delay** and shall comply with the decisions taken in this regard.

## 7. PROFESSIONALISM AND RELIABILITY

Kaaral conducts its **business activities** in accordance with the highest **standards of professional and ethical behaviour**.

The Addressees are called upon to perform their activities with a commitment appropriate to the responsibilities entrusted to them, protecting Kaaral's reputation.

## 8. FAIR COMPETITION

The Company believes in **healthy and fair competition** and in a competitive market and acts in compliance with antitrust regulations. In fact, Kaaral **rejects collusive practices, obstructive behaviour** and the **dissemination of false, misleading, distorted or disparaging information** about a competitor, its products or services. Misleading behaviour is therefore prohibited.

To this end, the Company shall refrain from carrying out acts that may constitute unfair competition.

**Conflict of interest means the case in which the Addressee pursues an interest of his/her own or that of a third party, other than that of the Company, or engages in activities that may, in any case, interfere with his/her ability to make decisions in the exclusive interest of the Company, or personally takes advantage of business opportunities of the Company.**



## - PRINCIPLES -

### **9. TRANSPARENCY AND FAIRNESS IN THE MANAGEMENT OF CORPORATE INFORMATION**

The Company considers transparency of information to be an inalienable value; therefore, accounting records are kept in accordance with the principles of truth, completeness, clarity, precision, and accuracy.

Company assets are managed in a fair and honest manner; therefore, all Addressees contribute to safeguarding their integrity in a way that guarantees their utmost protection.

In the management of corporate activities, the Addressees are required to provide, also externally, transparent, truthful, complete, and accurate information, refraining from spreading false information or carrying out simulated transactions.

No Addressee may provide information to members of the press or other communication and information media without having been authorised in advance by those responsible for external communication.

With particular reference to the preparation of the financial statements, the truthfulness, fairness, and transparency of the financial statements, reports and other corporate disclosures required by law constitute an essential principle in the conduct of business and a guarantee of fair competition.





# - PRINCIPLES -

## **10. CONFIDENTIALITY AND PERSONAL DATA PROTECTION**

The Company safeguards the confidentiality of information that constitutes a corporate asset, or in any case of information or personal data of third parties in its possession, in the strictest compliance with the legislation in force, including on the protection of personal data.

The obligation of confidentiality therefore extends not only to corporate data that are not already public and to the way in which the company processes are managed, but also to information relating to customers, suppliers, and business partners, as well as to the end consumers of the products marketed, the personal data of whom the Company acquires and processes.

No Addressee may benefit in any way, either directly or indirectly, from the use of confidential information or personal data acquired in the course of activities carried out for the Company, nor may he or she communicate such information to others or recommend or induce others to use it.

When disclosing information to third parties, where permitted for professional reasons, the confidential nature of the information must be expressly stated and compliance with the third party's duty of confidentiality demanded.

In the case of access to password-protected electronic information, such information can only be known by the assignees, who are obliged to guard it carefully and not to disclose it.

## **11. PROTECTION OF CORPORATE ASSETS**

The corporate assets must be used with diligence, responsibly and in a way that ensures their protection and integrity.

It is expressly forbidden to use corporate assets for personal purposes or purposes unrelated to service.



# - PRINCIPLES -

## 12. VALUE OF THE PERSON AND OF THE HUMAN RESOURCES

Where Kaaral is concerned, **human resources** are a **valuable asset** for **company development** and **growth** in the sector in which it operates. The Company therefore protects the value of the person and - in this perspective - does **not tolerate discrimination, harassment, and/or personal offences**.

The Company undertakes to ensure that the working environment and the exercise of all corporate activities are free of harassment or discriminatory behaviour based on **age, gender, sexual orientation, race, colour, language, nationality, political and trade union opinions, religious beliefs, marital and family status, disability, genetic information** or other non-work-related personal characteristics. In the selection and management of personnel, the Company adopts criteria of **equal opportunity, merit** and **enhancement** of the abilities, skills, and potential of individuals.

The Company complies with the regulations on working hours, rest periods, weekly rest, compulsory leave, holidays and does not subject workers to degrading working conditions, surveillance methods or accommodation. In its personnel selection procedures and within the limits of the information available, the Company operates the necessary checks to **avoid favouritism, nepotism**, or forms of **patronage**.

**The Company supports gender equality** and the full and equal participation of all people - regardless of their gender and sex - in the life and/or choices of the company, which are essential elements for building an inclusive society.

## 13. OCCUPATIONAL SAFETY

**Kaaral promotes the occupational health and safety** of its employees and all those who access its offices and workplaces. The Company is committed to guaranteeing **working conditions** that respect individual dignity and a **safe and healthy** working environment, also by disseminating a culture of safety and risk awareness, promoting responsible behaviour by all, also by means of training activities, in compliance with company procedures and current accident prevention regulations. More specifically, the Company undertakes to:

- **disseminate and consolidate a safety culture**, developing risk awareness and promoting responsible behaviour;
- **search for the best safety standards** available and applicable to the company's activities based on established scientific and technological knowledge. To this end, the Company identifies appropriate investment plans to improve the efficiency, safety and environmental impact of installations;
- **implement preventive actions** to ensure the health and safety of workers;
- **promote training programmes** aimed at making all company personnel responsible for occupational health and safety;
- **involve and raise the awareness** of all company actors, at all levels, in the management of occupational safety issues;
- **ensure** that the correct operating procedures, the current safety regulations and management instructions are **understood**, applied and maintained at all company levels, in the awareness that the correct training and information of workers is a fundamental tool for improving company performance and safety at work.

With this in mind, each Addressee is called upon to contribute personally, within the scope of his or her activity, to maintaining the safety of the working environment in which he or she operates and to behave responsibly to protect his or her own health and safety and that of others.



## - PRINCIPLES -

### 14. PROTECTION OF THE ENVIRONMENT AND CULTURAL HERITAGE

In managing the company's activities, Kaaral takes the **protection** of the **environment** and **cultural heritage** very seriously, pursuing the **improvement of environmental conditions** and the **protection** of the **cultural** and **landscape assets** of the community in which it operates, in full compliance with current legislation.

In particular, attention is paid to the following aspects:

- continuous commitment to **reducing the impact on the environment**;
- collaboration with internal (e.g. Company Management Systems Manager, employees, etc.) and external (e.g. supervisory institutions) parties to **optimise the management of environmental issues**;
- pursuit of **adequate levels of environmental protection** through the implementation of management and monitoring systems;
- promotion of actions aimed at separate collection, recycling and **proper waste disposal**.

### 15. COMBATTING MONEY LAUNDERING AND SELF-LAUNDERING

The Company requires the **utmost transparency in business transactions** and in **relations with third parties**, in full compliance with national and international regulations on combatting money laundering. All financial transactions are **adequately justified** by the contractual relationships and are carried out by means of payment that guarantee traceability. Accordingly, the Addressees may not enter into business relations on behalf of the Company with partners, agents, customers, suppliers or third parties who do not give guarantees of **honour**, do not enjoy a **good reputation** or whose name is associated with money laundering.

### 16. PRODUCT QUALITY

Kaaral pays attention to the **quality of the products marketed**, with a view to ensuring the **health of consumers**. The Company fulfils the requirements of the regulations on the production and marketing of cosmetic products.

# - PRINCIPLES -

## 17. USE OF IT EQUIPMENT AND SYSTEMS

All **users authorised** to use the Company's IT equipment and systems shall make use of the **Company's IT resources** in compliance with the **applicable regulations**: it is expressly forbidden to engage in conduct that may damage, alter, deteriorate or destroy the Company's or third parties' IT or data transmission systems, programs, and data. All users protect **the integrity** of internal IT equipment and systems, refraining from tampering with them in any way that could alter their functionality. It is also prohibited to **unlawfully break into** computer systems protected by security measures, as well as to procure or disseminate access codes to protected computer or telecommunications systems. It is expressly forbidden to **use** the corporate computer equipment and systems **for purposes that violate the law**, public order or morality, as well as to commit or induce the commission of crimes or, in any case, incite racial hatred, glorify violence, perpetrate discriminatory acts or violate human rights.

## 18. PROTECTION OF INDUSTRIAL AND INTELLECTUAL PROPERTY

In implementing the principle of compliance with the law, the Company ensures **compliance** with internal, EU and international rules protecting **industrial and intellectual property**. The Addressees are required to **protect** the Company's **intellectual property**, e.g. **trademarks, copyrights, trade secrets** and **patents**, and promote the proper use of all intellectual works, including computer programs and databases, to protect the patrimonial and moral rights of the author.

## 19. COMBATting TAX FRAUD AND SMUGGLING

**Compliance** with all applicable **tax and customs regulations** is ensured. Kaaral undertakes to **comply with tax obligations** within the timeframes and in the manner prescribed by law or by the competent tax authority, for the protection of the Company itself. Acts, facts and transactions are undertaken in such a way as to make applicable forms of taxation **consistent with the real economic substance of the transactions**. **Full cooperation with all tax and customs Authorities** is guaranteed, with a view to maximum transparency



# - RELATIONS WITH THIRD PARTIES -

## 20. RELATIONS WITH THE PUBLIC ADMINISTRATION

**Relations and relationships with the Public Administration**, public officials, including foreign ones, with persons in charge of a public service and, in any case, any relationship of a public nature are inspired by the strictest compliance with the applicable regulatory provisions and the principles of **transparency, honesty, and fairness**.

In these relationships, the Addressees must not **improperly influence** the decisions of the officials dealing with or making decisions on behalf of the Public Administration. The management of relations with officials, exponents or representatives of the Public Administration is in any case reserved exclusively to the corporate figures authorised to do so on the basis of the system of delegated powers and proxies.

It is, therefore, **forbidden to offer or give financial benefits, gifts or other advantages**, personal or otherwise, to favour or reward decisions favourable to the Company, and in any case to disburse benefits such as to create, in an impartial third party, doubts as to their fairness or appropriateness.

It is **forbidden** to use **documents containing untrue data** in relations with the Public Administration or to **omit relevant information** in order to obtain, in the interest of Kaaral, national or EU grants or funding. Any public grants received may not be used for purposes other than those for which they were allocated.

It is **prohibited** to **exploit existing or purported relations** with a public official or a person in charge of a public service in order to obtain the undue giving or promising of money or other pecuniary advantage as consideration for the unlawful mediation with the public official or person in charge of a public service, or to remunerate him or her in relation to the performance of an act contrary to his or her official duties, or even to the omission or delay of an act of his or her office. Inspection visits by supervisory authorities and relations with the judicial authorities must be handled by authorised personnel in a spirit of **cooperation, fairness** and **transparency**, with an **absolute prohibition** on **obstructing** the proper conduct of the inspection activity through concealment or destruction of documentation.



# - RELATIONS WITH THIRD PARTIES -

## 21. RELATIONS WITH CUSTOMERS, SUPPLIERS, PARTNERS, AND AGENTS

Kaaral aims for **maximum customer satisfaction**, guaranteeing **professionalism, availability** and **promptness** in responding to their needs. The choice of suppliers and the determination of the relevant purchasing conditions are left to the competent corporate departments, which act on the basis of objective and impartial criteria, mainly based on the assessment of **reliability, quality, efficiency** and **cost-effectiveness**. In any case, the Company requires that suppliers operate in compliance with all applicable laws, including, but not limited to, employment laws relating to child labour, minimum wages, overtime compensation, hiring, and occupational safety. The choice of business partners also falls on operators who meet criteria of **ethical conduct, reliability, good reputation, credibility** in the target market and professional integrity. The Company carefully assesses the opportunity to use the services of commercial agents and selects contractual counterparties of adequate and proven **professionalism** and **reputation**, establishing efficient, transparent and effective relationships through an open dialogue in line with best business practices.

## 22. RELATIONS WITH INSTITUTIONS AND OTHER ORGANISATIONS

Relations with the institutions are characterised by the utmost **rigour, transparency** and **fairness** in respect of institutional roles. Similar rules of conduct characterise Kaaral's political and trade union relations. The company supports initiatives promoted by reputable organisations and for **worthy** (e.g. social, moral, scientific, cultural, charitable or solidarity purposes) **purposes** that can contribute to the company's growth and development. Contributions, direct or indirect, to political parties, trade unions, political exponents/candidates or to events with political aims are **not permitted**. **No** relations, including in the form of funding, are **permitted** with national or foreign organisations, associations or movements that pursue, directly or indirectly, **aims that are prohibited by law**, are unethical, threaten public order or violate fundamental personal rights.

# - PROVISIONS ON SANCTIONS AND FINAL PROVISIONS -

## 23. REPORTS

The task of supervising compliance with this Code of Ethics is entrusted to the Supervisory Body set up pursuant to (It.) Legislative Decree no. 231/2001. Each Addressee, therefore, may address said Body for any doubts as to its interpretation and is required to report any violation or alleged violation of the provisions of this Code of Ethics, of which he or she becomes aware in the performance of his or her work activities or in the context of the existing relations with the Company thereto. The violation or alleged violation must be reported directly to the Supervisory Body at the following dedicated e-mail address:

[odv@kaaral.com](mailto:odv@kaaral.com)

In the event of a report, the Supervisory Body guarantees the utmost confidentiality of the identity of the reporting person in the management of the reports. In any case, the whistleblower will not suffer any retaliatory action (disciplinary sanctions, demotion, suspension, dismissal, etc.) nor will he or she be discriminated against in any way for having reported an actual or alleged breach of the Code of Ethics in good faith.

## 24. SANCTIONS

Compliance with the Code of Ethics is an integral part of the conditions governing employment relations in the Company and any violation of this Code constitutes - depending on the legal relationship established with the Company - an offence of a disciplinary nature (with reference to workers and collaborators utilised on the basis of a relationship governed by labour law), the violation of a fiduciary mandate (with reference to members of corporate bodies), or the violation of contractual obligations (with reference to contracts with counterparties which include special clauses expressly referring to this Code of Ethics).



## - PROVISIONS ON SANCTIONS AND FINAL PROVISIONS -

### **25. DISSEMINATION OF THE CODE OF ETHICS**

The Company undertakes to disseminate the Code of Ethics as widely as possible to all Addressees.

### **26. APPROVAL OF THE CODE OF ETHICS AND AMENDMENTS**

This Code of Ethics has been approved by the Sole Administrator.

Any amendments and/or updates thereto must be approved in the same form and promptly communicated to the Addressees.

**KaARAL**

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