



Due Diligence Policy

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1. Introduction

1.1 Context

The production of our garments involves thousands of people across various countries and provides stable employment opportunities in regions where the textile industry is one of the main drivers of development.

We are attentive to the working conditions of every actor involved in our supply chain. For this reason, we apply the highest standards on human rights and are committed to the continuous improvement of practices and technologies to help generate a positive impact for both people and the environment.

This Due Diligence Policy aims to define the framework for identifying, assessing, and managing risks related to OVS's business operations and its complex supply chain. The policy is based on principles of transparency, accountability, and regulatory compliance, ensuring that OVS operates in accordance with applicable laws and international standards on sustainability, human rights, and governance.

This policy applies to all business areas involved in internal operations and in OVS's procurement, supply chain management, investments, and strategic partnerships. In particular, it covers:

- Activities related to the selection, training, health and safety, and wellbeing of OVS personnel;
- Activities related to the management of environmental impacts associated with OVS operations;
- Activities related to the selection and management of suppliers and other business partners;
- Investment and acquisition decisions within OVS's sustainability strategy;
- Management of risks and impacts related to human rights and the environment;
- Relationships with internal and external stakeholders, including regulatory authorities and non-governmental organizations.

OVS is committed to ensuring that this policy is applied throughout the core business activities, adapting it to local regulatory contexts and the specificities of the fashion and retail sectors. The identification, detection, and assessment of negative impacts are carried out for all Tier 1 suppliers and extended further when OVS has plausible information regarding negative impacts involving Tier 2 or Tier 3 suppliers. In such cases, OVS will take targeted measures to analyze the level of risk present in the deeper levels of the supply chain.

This Due Diligence Policy will be reviewed at least every two years or as needed based on business or regulatory developments.

1.2 Impacts, Risks, and Opportunities

OVS has identified its impacts, risks, and opportunities in alignment with the European Sustainability Reporting Standards (ESRS), developed under the Corporate Sustainability Reporting Directive (CSRD) and formalized in Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023. These standards represent the operational implementation of European policies aligned with the Green Deal, aimed at promoting a sustainable and responsible transition of business models while strengthening transparency and corporate reporting.

Specifically:

- Impacts refer to the effects that the company has or may have on people (social impacts) or the environment (environmental impacts), as a result of its activities or business relationships. Impacts may be actual or potential, negative or positive, short-, medium-, or long-term, intentional or unintentional, reversible or irreversible;
- Risks refer to sustainability-related risks with negative financial, operational, or reputational effects arising from environmental, social, or governance issues;
- Opportunities refer to sustainability-related opportunities with positive financial, operational, or reputational effects.

OVS uses a double materiality analysis to maintain a comprehensive and up-to-date mapping of negative impacts—both potential and actual—across its own operations, affiliates, and business partners.

OVS measures its environmental and social impacts using accredited third-party tools to inform its corporate strategy and identify initiatives to mitigate negative impacts and manage risks and opportunities across its value chain. The analysis is conducted in accordance with the OECD Guidelines for Responsible Business Conduct in the Garment and Footwear Sector.

Below is a summary of the main impacts, risks, and opportunities. For more details, please refer to the OVS Group Sustainability Report.

Social

Impacts

OVS recognizes potential negative impacts related to the management and development of people. In the absence of structured training and development programs, challenges may arise in employee growth and satisfaction. Similarly, failure to promote mental and physical wellbeing could negatively affect the work environment, retention, and the company's attractiveness. Inadequate health and safety systems may expose workers to risks, compromising overall wellbeing. Some production areas are located in countries that do not guarantee full freedom of association or effective collective bargaining. This may result in negative impacts on fair remuneration due to the political and socio-economic contexts of production countries, including misalignment with living wages and gender or other forms of discrimination. The seasonal nature of OVS's business leads to production peaks that may increase the use of overtime,

potentially in unregulated contexts, violating international conventions. Health and safety conditions in manufacturing processes are a key area of focus. Through long-term, stable relationships and open dialogue with social partners, OVS contributes to building more favorable working conditions. By participating in multi-stakeholder initiatives, OVS supports improvements in workplace health and safety.

Environmental Impacts

To produce, distribute, and sell its products, OVS uses energy-intensive processes and raw materials whose production contributes to greenhouse gas emissions, water consumption, and soil and groundwater pollution. In the case of agricultural or livestock-based materials, this may increase soil vulnerability to climate change.

The use of toxic chemicals in production processes can harm human health and the environment, as can poor industrial waste management. The production of raw materials and high-impact processes may reduce biodiversity and contribute to deforestation.

Social Risks

Workplace accidents, supplier tensions, and potential strikes due to poor social dialogue may disrupt production continuity. Inadequate attention to workers' rights may increase turnover, affecting product/service quality and causing reputational damage.

Environmental Risks

A poorly managed climate transition may increase operational costs due to infrastructure and technology upgrades in production and logistics. Climate change may reduce the availability of certain raw materials due to drought or extreme weather in production countries, or increase costs related to crisis response.

Opportunities

Supporting projects to improve working conditions can lead to greater job stability in the supply chain, resulting in a more specialized workforce and improved quality and efficiency. Cost reduction and greater supply chain resilience can be achieved by diversifying production countries based on sustainability criteria. Designing products with eco-design principles can lead to more consistent collections and reduced assortment complexity, lowering procurement costs.

For a full risk analysis, please refer to the Sustainability Reporting section of the Consolidated Financial Statements.

2. Regulatory References and Guidelines

2.1 EU Directive 2024/1760 (CSDDD)

The “EU Directive 2024/1760” on Corporate Sustainability Due Diligence (CSDDD) introduces regulatory obligations for companies regarding due diligence, with the aim of ensuring respect for human rights and environmental sustainability throughout the business activity chain. The directive’s main requirements include:

- The obligation for companies to identify, prevent, and mitigate negative impacts on human rights and the environment caused by their own activities or those of their suppliers;
- The implementation of corrective and monitoring measures to ensure compliance with European regulations;
- Periodic reporting on the due diligence processes adopted and the outcomes of risk assessments;
- Legal liability for companies that fail to meet due diligence obligations.

This directive serves as a key regulatory reference for this policy, influencing OVS’s due diligence practices and ESG (Environmental, Social, Governance) risk management strategies.

2.2 OECD Guidelines for Responsible Supply Chains in the Garment and Footwear Sector

The “OECD Guidelines for Responsible Supply Chains in the Garment and Footwear Sector” provide an international framework for corporate responsibility and sustainable supply chain management. They establish key principles for:

- Integrating responsible business conduct into company policies and management systems;
- Identifying actual and potential negative impacts in company operations and its supply chain;
- Eliminating, preventing, mitigating, and remediating harms identified in company operations and its supply chain;
- Monitoring and communicating due diligence outcomes;
- Collaborating with suppliers in implementing remediation plans when necessary.

OVS is committed to complying with the OECD guidelines by integrating them into its due diligence procedures and policies. In particular, OVS places specific emphasis on transparency within its production chain, ensuring respect for workers’ rights and best environmental practices in the fashion sector.

2.3 UN Guiding Principles on Business and Human Rights

The “United Nations Guiding Principles on Business and Human Rights (UNGPs)” represent the global framework for integrating human rights respect into business activities. Adopted by the UN Human Rights Council in 2011, these principles are structured around three fundamental pillars:

- State Duty to Protect Human Rights: States must protect individuals from human rights violations by third parties, including businesses, through appropriate laws, policies, and oversight systems;
- Corporate Responsibility to Respect Human Rights: Businesses must avoid infringing on the human rights of others and address adverse human rights impacts in which they are involved;
- Access to Effective Remedy: As part of their duty to protect against business-related human rights abuses, states must take appropriate steps to ensure that affected individuals have access to effective remedies through appropriate means.

OVS is committed to adopting the UN Guiding Principles on Business and Human Rights (UNGPs), integrating them into its due diligence model and its relationships with suppliers and stakeholders.

3. Our Due Diligence Process

3.1 Integration of Due Diligence into Policies and Management Systems

OVS believes that corporate culture is the foundation for achieving sustainable results, ensuring compliance with ethical and operational principles. For this reason, it has adopted a Code of Ethics, a Supplier Code of Conduct, and a set of procedures that define appropriate behaviors to promote an approach based on sustainability, transparency, and integrity. The Code of Conduct governs the activities of OVS's direct suppliers and is periodically updated. It is also an integral part of the contractual terms agreed with those suppliers. OVS policies are regularly reviewed and updated when necessary, and are made publicly available on the company's website.

Below is a list of the main documents and procedures that govern both OVS's operational activities and its relationships with business partners, forming part of the company's Due Diligence system:

- OVS Code of Ethics
- OVS Supplier Code of Conduct
- General Terms and Conditions of Supply
- Supplier Manual
- Responsible Purchasing Policy
- Passive Cycle Policy: Procurement of Services and Ancillary Goods
- Environmental and Land Policy
- Labor and Human Rights Policy
- Whistleblowing Procedure
- Climate and Energy Policy
- Health and Safety Compliance Policy

3.2 Due Diligence Governance

OVS has established a solid governance structure to ensure that environmental and social sustainability is central to its business operations and decision-making processes, in line with OECD guidelines for the apparel and footwear sector.

The governance of the Due Diligence system is structured as follows:

- The CEO of the OVS Group is responsible for approving the Due Diligence Policy (including periodic revisions) and ensuring the necessary resources for its implementation;
- The Corporate Sustainability function is responsible for coordinating the activities required for the implementation and proper functioning of the Due Diligence process;

- Each business function is responsible for applying Due Diligence principles in the processes it manages and in its relationships with internal and external stakeholders;
- The Control, Risk, and Sustainability Committee, established within the Board of Directors, is responsible for overseeing and ensuring the implementation of the Due Diligence Policy.

3.3 Identification, Assessment, and Prioritization of Impacts

The system for identifying, assessing, and prioritizing impacts is defined in accordance with OECD and United Nations guidelines. OVS is committed to preventing, mitigating, or halting identified negative impacts, prioritizing them based on severity and likelihood.

To this end, OVS uses a structured Risk Assessment framework to identify countries, sectors, and suppliers where negative impacts are most likely and severe. This framework uses data from various sources, including stakeholder and NGO reports, international databases (e.g., World Bank, World Economic Forum, EDGAR), and industry standards (e.g., S&P), to assess overall risk exposure.

Impact Assessment
OVS also thoroughly evaluates its own activities and those of its business partners to identify residual exposure to impacts or risks, considering existing mitigation measures. Tools used include:

- Periodic audits conducted by OVS personnel or appointed auditors at OVS sites and partner locations;
- Periodic audits by third-party verifiers using internationally recognized protocols and scoring systems;
- Supplier qualification and periodic evaluation through questionnaires on human rights and environmental topics, with third-party certification of responses;
- Use of multi-stakeholder digital platforms with standardized sustainability metrics;
- Reporting mechanisms for timely identification of issues and improvement areas;
- Worker interviews during audits, both on-site and off-site, to enhance human rights analysis in production settings.

OVS has defined a risk scale to assess where negative impacts are most likely and severe:

- **Critical:** actual negative impact due to a violation of the Code of Conduct, involving serious human rights violations, significant environmental risks, or major management system failures;
- **Major:** potential impact that could occur if not identified and mitigated in time;
- **Minor:** potential negative impact due to a formal violation of the Code of Conduct with lower severity;
- **Opportunity for Improvement:** potential impacts that do not violate the Code of Conduct but could increase the likelihood of negative outcomes in specific cases.

Impact identification and assessment are conducted at least annually, enabling OVS to promptly identify issues in its operations and supply chain. Based on this, negative impacts are prioritized and intervention actions are defined in line with the Code of Conduct.

3.4 Prevention, Mitigation, and Remedy

Prevention

and

Mitigation

To prevent impacts in its operations, OVS adopts a proactive approach that includes:

- Structured plans for preventing and mitigating potential negative impacts on health, safety, environment, and human rights. These include internal procedures, audits, monitoring systems, dedicated committees, and operational tools to ensure safe working conditions, respect for fundamental rights, and reduced environmental emissions;
- ESG-specific training for procurement offices and internal staff, including targeted sustainability training and mandatory courses on health, safety, privacy, and Model 231;
- Specific training for Hiring and Team Managers to promote inclusion and reduce risks to staff. Hiring Managers are trained in fair and inclusive interviews, and Store Managers receive human rights-focused training modules.

To prevent or sufficiently mitigate supply chain impacts, OVS also:

- Conducts capacity-building programs with regular Code of Ethics training for employees in Italy and abroad;
- Performs initial risk assessments of new suppliers through desktop reviews and/or on-site audits;
- Promotes action plans with clear deadlines and KPIs to monitor progress, developed in collaboration with industry initiatives or multi-stakeholder approaches;
- Maintains direct communication channels with suppliers, industry associations, and unions;
- Participates in multi-stakeholder initiatives to share best practices and enable anonymous reporting of environmental and human rights violations;
- Includes preventive clauses in contracts to ensure compliance with the Code of Conduct and require action plans from suppliers and their value chain partners.

If significant negative impacts are identified during partner selection, OVS refrains from establishing a business relationship.

Remedy

OVS develops corrective action plans for verified negative impacts in its operations and those caused by suppliers. This includes impacts not directly linked to OVS but caused by subcontractors. Corrective plans are agreed upon with suppliers, considering the severity of the impact and feasibility of timely intervention. Plans include qualitative and quantitative KPIs to measure progress.

Corrective action plans include:

- Identification of specific actions addressing root causes;

- Allocation of necessary resources;
- Definition of KPIs for monitoring implementation;
- Clear assignment of responsibilities and timelines.

Suspension and Termination of Business Relationships
OVS may suspend or terminate business relationships as a last resort in the following cases:

- The supplier fails to provide required information for impact assessment;
- The supplier does not cooperate with OVS staff or third-party auditors;
- The supplier fails to implement recommended preventive or corrective actions;
- The supplier acts fraudulently, hides production sites, or uses unauthorized subcontractors;
- Other contractual violations.

Suspension takes effect upon written notice and remains in place until the supplier aligns with applicable policies.

If no improvement is observed during suspension, OVS may terminate contracts, provided alternative solutions are identified to resolve issues and protect the supplier's workforce. The decision is communicated promptly, and the relationship is ended through a responsible exit strategy.

3.5 Monitoring and Evaluation of Due Diligence Measures

Corrective actions are monitored through periodic checks until full implementation. OVS may involve other brands sourcing from the same factory to support joint corrective efforts. OVS adopts an annual monitoring approach for its Due Diligence system, ensuring continuous oversight of the effectiveness of adopted measures. Quarterly reviews assess the status of resolved issues and suppliers' ability to implement corrective plans.

Effectiveness is also verified through stakeholder engagement and participation in multi-stakeholder initiatives to improve global supply chain standards.

3.6 Continuous Improvement

OVS adopts a continuous improvement approach to ensure its Due Diligence system remains aligned with international standards.

This approach follows the Plan-Do-Check-Act (PDCA) model:

- Plan: define due diligence activities;
- Do: implement planned actions and engage partners;
- Check: monitor effectiveness through performance reviews;
- Act: update the system and improve operations.

OVS commits to reviewing this policy at least every two years and updating its Due Diligence system accordingly.

3.7 Communication of Results

OVS is committed to publicly disclosing relevant information about its Due Diligence process, significant identified impacts, prioritization criteria, actions taken, and results achieved—while respecting commercial confidentiality and security needs. Internal communication is also carried out through webinars and training on human rights and environmental risks related to business activities. Reporting is conducted through the annual Sustainability Report, published and made available on the OVS website.

4. Stakeholder Engagement

4.1 Stakeholder Identification

OVS considers the following stakeholder categories relevant to its Due Diligence system:

- Employees across the entire OVS Group;
- Employees of direct suppliers;
- Trade union representatives and worker representation bodies;
- Business partners involved in company operations;
- Communities or individuals directly impacted by OVS or its direct suppliers.

4.2 Stakeholder Consultation Mechanisms

Interaction with stakeholders takes place through audits, regular meetings, direct dialogue, and reporting mechanisms, with the goal of improving transparency and the effectiveness of the Due Diligence system.

OVS engages stakeholder representatives in the following phases of the Due Diligence process:

- Impact Identification and Assessment: Gathering necessary information to identify and prioritize actual or potential negative impacts;
- Development of Prevention Plans and Corrective Actions: Consulting stakeholders to ensure that the measures adopted are appropriate and effective;
- Implementation of Remedial Measures: Engaging in dialogue with affected parties to define the necessary actions to remedy identified negative impacts.

5. Grievance and Reporting Management

5.1 Reporting Channels

An effective grievance and reporting system is essential to ensure transparency and the enforcement of the Due Diligence Policy. OVS uses tools already implemented under its Model 231, such as the whistleblowing system and a dedicated email inbox, to ensure that individuals or legal entities affected by a negative impact (or who have reasonable grounds to believe they may be affected), as well as their legitimate representatives, trade unions, worker representatives, and civil society organizations, can report violations securely and anonymously.

OVS provides two channels for reporting violations and complaints:

- Dedicated email inbox: (sustainability@ovs.it), listed in the Code of Conduct and accessible via posters displayed in supplier factories and on the OVS website in the main languages of the countries where it operates;
- Online whistleblowing system: available on the OVS website, which directs reports to the Supervisory Body, ensuring confidentiality, anonymity, and compliance.

5.2 Reporting Management Procedures

Reports are handled according to the channel used.

For reports submitted via the dedicated email inbox, OVS commits to the following actions:

- Access to the reporting system: OVS ensures that all individuals and legal entities, including legitimate representatives, trade unions, worker representatives, and civil society organizations, have the right to use the reporting system to communicate actual or potential negative impacts;
- Guarantee of anonymity and confidentiality: Upon request, OVS guarantees the anonymity of the whistleblower and the confidentiality of the information provided, taking all reasonably available measures to prevent retaliation;
- Internal investigations: OVS conducts internal investigations through the Sustainability Department, ensuring that the investigation is carried out fairly and transparently to verify the validity of the report;
- Feedback to the whistleblower: Regardless of whether a negative impact is confirmed or the report is deemed unfounded, OVS commits to informing the whistleblower of the investigation outcome.

For reports submitted via the whistleblowing system, OVS has established a specific procedure (available on its website under “Operational Procedure on Whistleblowing”), which includes:

- Collection and registration of reports, with anonymity guaranteed where requested;
- Internal investigation, coordinated by the Supervisory Body to verify the validity of the report;
- Engagement with the partner to conduct a thorough review of the report and, if necessary, define corrective actions and monitor the implementation and impact of the adopted measures.

The entire process is designed to promptly address identified negative impacts, ensuring the protection of human rights and environmental safeguards.