Code of Ethics

ELESA S.P.A.

Annex to the Organisation and Management Model
(Italian Legislative Decree 8 June 2001, no. 231 and Art. 30 of Italian Legislative
Decree 9 April 2008, no. 81)

Translation in English of "Codice Etico"

Date: April 2018

The President
Dr. Ing. Alberto Bertani

Rev. 2
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**VIOLATIONS OF CODE OF ETHICS AND PENALTIES**

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GENERAL

The Code of Ethics is based upon Principles of Conduct and Action which must be applied strictly and personally by every director, manager, employee and collaborator of the Company.

Applying those principles is a condition for belonging to ELESA S.p.A.

PRINCIPLES OF CONDUCT

The Principles of Conduct must engage all our intelligence, professionalism and desire to work with integrity and rigour, in the awareness that this is the only way in which our work assumes dignity and will guarantee the continuity of the Company and the jobs that it represents.

α) Professional commitment in performing the assigned duties involves permanently implementing the skills and know-how acquired and updating those skills to technological and organisational evolution. It requires a concrete contribution from everyone in respect, in particular, of the environment and workplace health and safety.

β) Respect of people is an absolute requirement of individual and professional development for everyone and the quality of people is essential for the creation of value. We want the best from and for our people, in the name of coherence, transparency, responsibility and teamwork. We develop and reward people of value who work within the company positively, responsibly and showing team spirit.

γ) Integrity requires from everyone the strict respect of honesty in professional activities. It does not allow for compromises in terms of seriousness, respect and correctness between personal interests and interests pursued in professional activities, both within the Company and in relationships with third parties, whatever the local practices may be.

δ) Correctness requires honesty and fairness in relationships with superiors, colleagues, subordinates and external collaborators. It involves keeping one’s word, on one side, and respecting the Company’s provisions and internal rules, on the other, with transparent behaviours towards everyone on all occasions.

ε) Participation is based upon everyone’s sense of responsibility, in everyday work activities, in avoiding individualistic behaviours and encouraging the development of both teamwork and reciprocal contributions. We reject managerial and operational methods that favour personal satisfaction over the Company’s interest and, through the Company, also the interest of all its collaborators.
PRINCIPLES OF ACTION

ELESA S.p.A also defines the principles of action that govern the activity of all its directors, managers and employees in the exercise of their functions. We also seek to be protagonists in the competitive scenario because this is an essential condition, in the global market, for business continuity.

Quality is our creed: our consolidated reliability, which means we remain leaders in our industry, is based upon this.

We work with economic sensitivity and in respect of legality, the environment and workplace health and safety. We plan our activities and check their results in respect of principles of transparency in accounting, administrative and corporate responsibilities.

a) Respect of legality

The Company complies, in all areas, with the laws and regulations in force in the country/countries in which it exercises its activity, even through its subsidiaries.

All employees - whatever their qualification - are aware of, trained on and informed of the legal implications of their activity.

In particular, ELESA S.p.A. prohibits any actions aimed at deliberately drawing a benefit from any gaps or deficiencies of laws if this results in a failure to comply with the rules set by the Company.

The Company has put into place the necessary tools for informing and training all its collaborators on the rules of law, as well as on all requirements deriving from application of the company systems.

b) Respect of people

Elesa S.p.A. is aware that the smooth functioning of the organisation and the achievement of its objectives is based upon the fundamental contribution provided by all its personnel. The company therefore strives to create and maintain an environment in which all employees are valued as individuals and can express all their potential.

All employees must be treated with fairness and equality both by management and by their colleagues. Elesa S.p.A. thus applies a policy that provides equal opportunities to everyone, prohibiting discrimination of any nature.

All decisions concerning individual employees must be based upon motivations regarding merit, skills, knowledge and results achieved; any discrimination in terms of gender, age, religious beliefs, political opinions or nationality is excluded.

It is the Company’s aim for all employees to be assigned to positions that are best suited to their skills in a climate based upon integrity, fairness and respect of the individual, requiring from its collaborators, in exchange, a commitment towards continuous professional update so as to avoid any obsolescence of skills hindering the Company’s development.

Discriminatory behaviours, physical or verbal harassment based upon gender, bullying or other similar behaviours are not tolerated.

c) Respect of the prohibition on child labour

Elesa S.p.A does not use child or forced labour and it has always refused to enter into contracts with suppliers or subcontractors who do so.
The purpose of the provision regarding child labour is to ensure that Elesa products are not manufactured by people who are denied opportunities to receive an education and to live a proper life that allows them to experience healthy growth and development, in accordance with the basic rights of childhood.

In addition, this provision is aimed at avoiding the circumstance where workers who have not yet reached maturity are forced to work in hazardous or health-harming environments that may prevent them from correctly completing their development.

All this is implicit in the decision made by Elesa not to relocate its production to countries with low cost labour and to use local sub-suppliers of proven legality.

d) Respect of workplace health and safety
Elesa S.p.A. establishes a policy to ensure the best possible protection of workplace health and safety and the prevention of all potential forms of risk in a perspective of continuous improvement.

The achievement of the indicated objectives requires the utmost commitment from everyone in completing their activities in a manner compatible with the Safety Policy, adhering to and sustaining the following principles:

- Guarantee constant compliance with applicable legislation and rules in force on safety, as well as the other commitments that the Managing Director may sign based upon commercial or product developments;

- Make all employees responsible for their actions, behaviour and attention given to the issue of safety through training, information, involvement, and communication;

- Assess, in the design phase, the aspects of safety and environmental impact of new processes and products, to ensure compatible development between these requirements and technical/economic feasibility;

- Acknowledge the prevention of risks to the health and safety of operators to be one of the priority points in the continuous improvement plan of the company’s performances.

The aim of that engagement, achievable only with the informed and committed participation of all staff, is to reduce, as effectively as possible, risks to health and safety in the production activities.

This policy is applied indifferently both to the Company’s employees and to employees of external companies, sub-suppliers, and subcontractors involved in interventions made by the latter at the Company’s sites or upon assignment by the Company.

To develop and control compliance with health and safety management, the Company uses a system, based upon the Risk Assessment Document, agreed and updated, which is verified periodically and certified by independent third parties and which makes reference to international standards (BS OHSAS 18001), national guidelines (UNI INAIL 2001 guidelines) and the Quality, Environment and Safety Policy.

All employees, collaborators and third parties are required to comply scrupulously with all the measures laid down by ELESA’s procedures and internal regulations.
on workplace health and safety, developed and updated in keeping with existing legislation. In particular, everyone is required to report to their direct superior observations concerning dysfunctions or possible improvements.

**e) Respect of the environment**
The Company actively promotes environmental protection.

Elesa S.p.A. has always been committed to improving the environmental and landscape impact of its activities, as well as preventing risks to the population and the environment not only in compliance with existing regulations, but also taking account of the development of scientific research and the best practices in the field.

Those objectives are also pursued thanks to its voluntary adhesion to the standard of reference for environmental management systems, ISO 14001, in implementation of the Organisation’s Policy.

In addition to environmental respect in the broad sense, Elesa also aims to promote respect of the Company’s micro-environment and the culture of order of the working environment as an essential condition for producing quality.

**f) Respect towards the community**
Being aware of the influence, even indirect, that the conduct of its activities may have on the context in which it works, on economic and social development and on the general wellbeing of the community, Elesa S.p.A. intends to implement its investments and its developments in an environmentally sustainable way, in respect of local communities.

**g) Respect of principles of transparency in accounting, administrative and, corporate responsibilities**
Elesa S.p.A. adopts adequate standards of financial planning, control and accounting systems, operating with the utmost accounting transparency. That transparency is based upon the truthfulness, accuracy and completeness of basic information in the accounting records and the annual audit of its financial statements, and upon the correct application of administrative procedures by external auditors. Elesa S.p.A., in implementation of the Company’s policies, ensures the prompt preparation of complete, accurate, reliable, clear and comprehensible periodic financial reports.

**h) Respect of rules of free competition**
Elesa S.p.A. intends to protect the value of fair competition, refraining from colluding behaviour and abuse of dominant positions.

**i) Relationships with suppliers**
The signature of a contract with a supplier must always be based upon relationships of extreme clarity, avoiding forms of dependence.

The involvement of suppliers in respecting standards of quality, environment and safety, also by their employees is essential for building with them a proactive and cooperative relationship that allows for risks connected to the company’s activity to be prevented and for the environment to be protected.
Elesa S.p.A. undertakes to identify its suppliers in respect of the rules and internal procedures in force, based upon assessments relating to competitiveness, quality, solidity, economic conditions, possession of technical/professional requirements and fulfilments in relation to safety and the environment.

The supplier will be selected, amongst other requirements, also in view of its capacity to guarantee compliance with this Code of Ethics.

In addition, Company-Supplier relationships must be based upon the utmost transparency, avoiding behaviours of confidentiality or situations (such as, for example, Christmas gifts, etc.) not aligned with the spirit of this Code of Ethics.

j) Relationships with customers
Correctness and respect towards customers and third parties play a central role in defining the paths to be followed. Relationships with customers must be based upon mutual trust and satisfaction. In particular, in relation to customers, the commitment to provide them with quality products, services, support and consultancy is guaranteed, in accordance with the Organisation’s Policy on Quality.

k) Relationships with authorities and control bodies
Elesa demands active and complete cooperation with the Authorities, public entities and Supervisory Bodies: employees and directors must conduct relationships with the Public Administration and the supervisory bodies ethically, transparently, correctly and collaboratively.

l) Economic relationships with associations, contributions and sponsorships
To guarantee coherence to contributions and sponsorships, management must always be based upon the following criteria:

- clear and documentable allocation of resources;
- express authorisation by the Company functions in charge of managing those relationships;
- respect of applicable ethical and moral principles, as well as of the requirements of applicable laws.

m) Conflict of interest
All collaborators are required to avoid any possible conflict of interest, with particular reference to personal interests.

All employees of Elesa S.p.A. must immediately report to their hierarchical superior any situation that constitutes, engenders or may even only appear to be a conflict of interest.

n) Protection of Company information
Collaborators must know and implement the provisions of the Company policies on information security, including in electronic form, so as to guarantee its integrity, confidentiality and availability. All information obtained by collaborators in relation to their activity is the property of the Company Elesa S.p.A.

Information is processed by Elesa S.p.A. in full respect of the confidentiality and privacy of the interested parties, in compliance with existing legislation in that regard.
In particular, the Company:

- has defined an organisation for processing information that ensures the correct separation of roles and responsibilities;
- ensures that third parties who are called upon to process the information sign, confidentiality agreements.

Collaborators who become aware of information that is confidential by nature and is not in the public domain must use the utmost caution and care when using such information, avoiding its disclosure to unauthorised persons, both inside and outside the company. That obligation will remain in force even after the conclusion, for any reason, of the employment relationship.

**o) Protection of company assets**

All Elesa’s collaborators are required to operate with diligence to protect the company’s physical and intangible assets through responsible behaviours in line with the operating procedures in place to regulate their use, documenting such use precisely.

In particular, all collaborators must:

- use scrupulously and sparingly the assets entrusted to them;
- avoid improper and/or personal use of company assets that may cause damage or reductions of efficiency or, in any case, that contrasts with the company’s interest.

As regards IT applications, all collaborators are required to:

- scrupulously adopt the provisions of the company’s security policies, in order to avoid compromising functionality and to protect the IT systems;
- read and accept the provisions of the “IT Regulation” of the Company Elesa S.p.A.;
- not browse internet websites with indecent or even licentious contents, and in any case those not connected to the performance of the activity in the Company.
VIOLATIONS OF CODE OF ETHICS AND PENALTIES

Controls

The Code of Ethics is one of the founding elements of the system of controls and it is an integral part of the Organisation Model implemented by Elesa S.p.A. in compliance with Italian Legislative Decree 231/2001.

The internal control system is oriented towards adopting tools and methodologies aimed at combating potential business risks, in order to provide a reasonable guarantee of the respect not only of laws but also internal provisions and procedures.

Management must constantly oversee the compliance of behaviours with what is indicated in the Code and, if necessary, implement specific verification programmes.

Compliance with Code of Ethics, reports of violations to Supervisory and Control Body

Compliance with the rules of the Code of Ethics is considered an essential part of the contractual obligations of employees in accordance with and for the effects of Art. 2104 of the Italian Civil Code. It is also considered an essential part of the contractual obligations assumed by non-subordinate collaborators and/or entities having business relationships with Elesa S.p.A.

The Company’s Executives and Managers are responsible for ensuring that the Company’s expectations of its collaborators are understood by the latter and put into practice. Executives and Managers must, therefore, ensure that the commitments expressed in the Code of Ethics are implemented.

In order to ensure the effective application of the Code of Ethics, Elesa S.p.A. – in respect of privacy and individual rights - prepares information channels through which all those who become aware of any cases of non-compliance with the Code within the Company can report them freely, directly and confidentially to their direct Manager or, in urgent cases, directly to the Supervisory Body. Reports are made, in any case, in writing and in non-anonymous form.

With reference to information of any perpetrated or attempted violation of the rules contained in the Code of Ethics, the Company will be responsible for ensuring that nobody, in the working environment, will suffer retaliations, illegal conditioning, hardship and discrimination of any nature, for having reported to the Supervisory Body the violation of the contents of the Code of Ethics or of internal procedures. Moreover, following the report, the company will promptly make the appropriate verifications and, where necessary, apply adequate penalties.
VIOLATIONS OF CODE OF ETHICS

Any violation, where it is ascertained, of the principles established in the Code of Ethics compromises the fiduciary relationship between the Company and its directors, employees in general, consultants, collaborators in various guises, customers, suppliers and commercial and financial partners.

Violations will be pursued incisively, promptly and immediately, through the adoption - in relation to those responsible for the violations, where deemed necessary to protect the company’s interest and in line with the provisions of the existing regulatory context– of adequate and proportional disciplinary measures and/or sanctions, irrespective of any criminal significance of those behaviours, and by the establishment of criminal proceedings in cases where they constitute a crime.

Ascertained violations of the Code of Ethics will give rise to specific measures, adopted by the Human Resources Department or relevant functions having liaised with the Supervisory and Control Body. In coherence with and in respect of the legal and contractual rules in force, ascertained violations may also determine the ejection from the Company of those found responsible.

Any form of retaliation towards those who have made reports of possible violations of the Code or requests for clarification on its application methods also constitutes a violation of the Code of Ethics.

The effects of violations of the Code of Ethics and the internal protocols must be seriously considered by those who, for any reason, hold relationships with the Company. The Company, in protection of its image and to safeguard its resources, does not hold relationships of any nature with entities that do not intend to operate in strict respect of existing regulations and/or that refuse to behave in accordance with the values and principles provided by the Code.

This Code of Ethics is disseminated:

• by its provision to the trade unions’ Representatives and Workers’ Safety Manager for the due information and dissemination to all staff onale;
• by affixing it on the Company notice boards;
• by its individual provision to all Elesa S.p.A. Employees
• to all those who, for any reason, hold relationships with the Company