Gruppo Unitedcoatings

Code of Ethics

Release 1.0
Approved on 26/05/2015
## CONTENTS

1. CODE OF ETHICS 3
2. SCOPE 4
3. COMPANY VALUES 4
   3.1 Non ethical conduct 5
   3.2 Dissemination of and compliance with the Code of Ethics 5
4. RULES OF CONDUCT IN THE RELATIONS WITH THE STAKEHOLDERS 5
   4.1 Partners and Corporate Bodies 5
   4.2 Employees 5
   4.3 Relations with the Public Authorities and the Public Administration 7
   4.4 The Community and the Environment 8
   4.5 Suppliers 9
   4.6 Customers 9
   4.7 Political and Trade Union Organizations 10
   4.8 Press and Media 10
5. GENERAL REQUIREMENTS 11
   5.1 Behavior in private relations 11
   5.2 Conflict of interest 11
   5.3 Confidential information and duty of confidentiality 11
   5.4 Presents and Free Gifts 12
   5.5 Donations and sponsorships 12
   5.6 Information relating to the activity performed in the scientific field 12
   5.7 Health and safety in the workplace 13
   5.8 Privacy 13
   5.9 Accounting records 13
6. INTRAGROUP RELATIONS 14
   6.1 Intragroup Cooperation and Operations 14
   6.2 Intragroup communication 14
7. SUPERVISORY BODY 14
   7.1 Communication and dissemination of the Code of Ethics 14
   7.2 Reporting any breaches 15
   7.3 Sanctioning system 15
INTRODUCTION

The Unitedcoatings group (hereinafter also called the “Group” or “Unitedcoatings”) is an international business specializing in the heat surface treatment of components used in the following industries: construction of Industrial Gas Turbines and Aero Engines and manufacturing of modular prosthetic limbs for the Medical industry. The Group also works in the production of coating activities equipment (Equipment & Technology industry).

The Group companies work within an international context, by sharing views and interacting with the main players of associated industries. In the performance of their activities the Unitedcoatings Group has always committed to achieving highest standards of integrity and compliance to the regulation in force.

The adoption of this code of Ethics (hereinafter also called “The Code”) aims at inspiring and keeping over time an ethical conduct by resources working in the Group Companies.

1 CODE OF ETHICS

The Code of Ethics identifies those values which are the foundation of corporate ethics and gathers guiding principles, as well as fundamental directives that shall be binding for activities and behaviors of the Code recipients within the framework of relevant competence and the position held within the corporate organization.

The Code of Ethics inspires all corporate activities and encompasses the corporate mission, vision and strategic objectives while also being the yardstick for policies, procedures, and rules adopted by the Unitedcoatings Group.

The Code, despite being not part of the documents making up the Model of Organization, Management, and Control adopted by the company under Legislative Decree n. 231/2001, also forms an integral part of it since it has been adopted as necessary tool to identify the ethical principles and values that are binding upon all recipients, as well as main tool to mitigate the risk of commission of offences governed by the Legislative Decree above.

This Code of Ethics as amended shall be approved by the Administrative Bodies of the companies belonging to the Unitedcoatings Group.

The Group shall commit to disseminating the Code of Ethics, updating it periodically and favoring its full implementation.
2 SCOPE

Principles and provisions of this Code of ethics cater the following Recipients:

- Administrative and control Bodies of the Group companies;
- employees and collaborators of the Group companies with whom contract relations are held, at any title, also occasional and/or merely provisional relations;
- any third party holding paying or free relations of any nature with the Group companies.

Conduct and relations among all Recipients – inside and outside the Company – shall be inspired by transparency, fairness and mutual respect; within such context, directors and executives first shall be - through their conduct - an example for all human resources by strictly complying with the principles of the Code of Ethics and the company procedures in the performance of their tasks; they shall also disseminate such principles among employees and invite them to ask for clarification whenever necessary.

Enforcement and update of the Code of Ethics is a responsibility of the Administrative Bodies of the Group companies; Recipients shall notify any violation or non fulfilment of the code of Ethics, in compliance with procedures governed by this document.

3 COMPANY VALUES

Unitedcoatings takes the following values as guiding principles:

- **Respect, protection and growth of people**: the Group acts in full respect for human rights and focusses on the enhancement of skills and attitudes of every individual; Unitedcoatings mission is compatible with the fulfilment of people’s needs with a view to safeguarding health and safety of workers;
- **Fairness and transparency**: these values are meant as constant enhancement of behaviors adopted by the Group towards all stakeholders in compliance with the values set forth in this Code of ethics, law rules, and in-house regulation;
- **Legality**: the company activities are carried out in full compliance with the laws and rules in force, in particular the Company fights any practice of corruption to public bodies and individuals;
- **Professionalism**: the Group carries out their activity with the professional skills required by the nature of its tasks and targets its relations to the mutual advantage and to the achievement of preset objectives;
- **Respect and protection of the environment**: in the performance of its activity Unitedcoatings constantly and strictly respects laws and rules in force on environmental issues so as to minimize the company activity impact on the environment. Moreover, since environment is considered as inviolable heritage of mankind of which every individual is responsible, the Group endeavors to improve its protection and enhancement.

The Group works in full respect of the law of the countries it works in and in compliance with the principles of the Code of Ethics and the Model of Organization, Management, and Control under legislative decree n. 231/01. Recipients must be aware of and comply with laws and rules in force in the Countries where Unitedcoatings works, by complying with both national and international regulations.
3.1 Non ethical conduct

The Group is committed to promoting a conduct that avoids conflicts of interest – both corporate and personal interest - and firmly establishes that, in no way, the conviction of acting in the interest or to the advantage of the Group may justify the adoption of a conduct contrary to the values stated in this Code, nor to existing laws or regulations.

Therefore, any behavior by anyone – both as individual or organization – aimed at taking advantage of the benefits deriving from a third party’s cooperation by leveraging on a strength or dominance position shall be deemed non ethical and as favoring the adoption of adverse attitudes to the Group.

3.2 Dissemination of and compliance with the Code of Ethics values

Unitedcoatings promotes dissemination of the Code of Ethics among all Recipients through training and information activities organized following the different profiles and responsibilities.

Recipients and stakeholders – public and private persons, Italian or foreigner, individuals or companies holding contacts and/or an interest in the Group activities – must be aware of provisions of the Code and respect them, by favoring their enforcement and promotion, notifying any lacks or violations they might come to know, and asking for clarification and suggestions on any contents whenever required.

4 RULES OF CONDUCT IN THE RELATIONS WITH THE STAKEHOLDERS

You will find below the main stakeholders with whom the Companies hold relations, by also describing rules of behavior to be adopted with everyone, consistently with the values that Unitedcoatings decided to stick to.

4.1 Partners and Corporate bodies

Unitedcoatings is committed to ensuring compliance with applicable laws in the interest of the Group, promoting behavior that prevents conflicts of interest between the various bodies or functions of Group companies and shareholders.

Unitedcoatings is committed to fostering dialogue between the various corporate bodies, with particular emphasis on the development of communication and periodic reporting to administrative bodies and shareholders, consistently with the principles of fairness and transparency in the dissemination of information.

To this end, the administrative bodies of the Group companies strive to make timely and easy access to information that is relevant to shareholders, ensuring that the dissemination of information to members and corporate bodies takes place in accordance with the principles of fairness, completeness, uniformity and timeliness.

4.2 Employees

Human resources are an indispensable element for the Group existence and a critical factor to compete successfully on their reference market. Ethics, respect, competence, merit, innovation,
excellence are among the fundamental conditions for achieving the goals set and are among the characteristics sought for their employees and collaborators.

Unitedcoatings is committed to developing the attitudes and potential of each employee so that skills and legitimate aspirations are fully realized in achieving corporate objectives.

The Group is committed to providing equal opportunities for all employees on the basis of professional qualifications and performance skills without any discrimination or distinction based on ethnicity, religion, opinions, nationality, sex, physical conditions, age, social conditions, in accordance with the provisions of the Constitutional Charter of the Italian Republic, the Universal Declaration of the United Nations and the International Labor Organization's (I.L.O.) fundamental Conventions.

Therefore Unitedcoatings:

- selects, hires, remunerates employees or collaborators on the basis of merit and competence criteria without any discrimination of political, union, religious, racial, physical, language, and gender kind, in compliance with all laws, employment contracts, regulations and directives in force;
- protects workers against any acts of psychological violence or mobbing, it opposes any discriminatory or injurious behavior against the person, their believes, and inclinations. As a result, it is absolutely forbidden to resort to harassment of any kind in the work relations, or to put in place behaviors that could jeopardize the smooth conduct of the assigned functions and in any case affect the dignity of the worker;
- Undertakes to protect the moral integrity of all employees and / or collaborators, guaranteeing their right to working conditions respectful of the dignity of the person and the full exercise of trade union and political rights;
- undertakes, through its competent functions, to create an adequate working environment as to occupational safety and health of workers. Workers and managers of various facilities report to the relevant function for any circumstances and situations that may affect the safety of the working environments;
- promotes training focusing on the creation of an organization aimed at encouraging and enhancing the proactive attitude of individuals and of the company;
- adopts appropriate formalized procedures aimed at protecting confidentiality of employees data and regulating the treatment and correct retention of acquired data;
- requires the heads of every Function to commit themselves to the creation of a workplace without prejudice and any form of intimidation that allows respect of corporate values and refusal of illicit influence in dealing with colleagues;
- prompts all employees to work together to create a climate in which all colleagues can feel integrated and encouraged to achieve their goals.

Employees shall also have to comply with the following rules:

- they shall participate, as part of their functions, in the process of preventing the relative environmental risks, namely relating to their own and their colleagues’ or any third parties’ health and safety;
- they shall avoid any situation or activity that could lead to conflicts of interest with the Group companies and that could interfere with the ability to make unbiased decisions in the best interest of the Group. In particular, they shall in no way refrain from informing the administrative bodies of the Group companies of any shareholdings held (directly, indirectly or
through their own family members) in the capital of unlisted customers and suppliers, whereby such investments may significantly affect the deliberative processes of the above-mentioned commercial counterparties and in their respective profit sharing;

- they shall respect and safeguard corporate property as well as prevent fraudulent or improper use. The use of goods by employees must be functional and exclusive to the carrying out of the activities and to the purposes authorized by the persons responsible for that;
- they shall keep confidential all information received in carrying out the activities assigned, communicated or disclosed both inside and outside the Group companies, in compliance with current regulations and business procedures;
- they shall not solicit nor accept for themselves or for others: recommendations, preferential treatments, gifts, or other donations from the subjects with whom they relate, in order to prevent the acquisition of benefits of any kind that may be or appear such as to affect the independence of judgment and the impartiality of the beneficiaries. In case employees receive gifts or acts of hospitality that are not of a symbolic nature, they must inform the Supervisory Body of the Group company in order to evaluate the possible return to the offerer or any other appropriate action;
- they shall make decisions based on the principles of a sound and prudent management, by thoroughly evaluating the potential risks and knowing that personal choices contribute to achieving positive results for the Group;
- they shall promptly report to their office manager, or the Supervisory Body, any time they receive instructions conflicting with the law, labor contracts, internal regulations or this Code.

Management is committed to proposing and implementing programs that create value for the Group, therefore maximizing the level of customer satisfaction and safeguarding the long-term interests of both the shareholders and all the employees in accordance with the principles of sound and prudent management.

Unitedcoatings is committed to maintaining favorable working conditions so that each person's skills and knowledge can be further enriched, following a policy based on recognition of merit and equal opportunities by providing specific programs for professional upgrading and the acquisition of additional skills.

In particular, the employees are required to expand their existing skill sets and solicit their colleagues to acquire new skills, abilities and knowledge, while the managers in charge of organizational structures shall have to pay utmost attention to enhancing and increasing the professionalism of their collaborators by creating the conditions for the development of their abilities and the realization of their potential.

4.3 Relations with the Public Authorities and the Public Administration

Only the responsible and authorized managers shall be entitled to undertake commitments with the Public Administration and the public institutions, and they are required to perform their duties with integrity, independence and fairness.

The relationships relating to the activities of the Group with public officials or public service agents representing or acting on behalf of the Public Administration, central or peripheral, or of legislative bodies, Community institutions, public organizations, any foreign state, the Judiciary, the national
Public Supervisory Authorities and other independent Authorities, as well as with private partners with a public service delegation, shall have to be oriented to and managed in strict compliance with the current rules, the principles set out in this Code and in internal regulations, so as not to compromise the integrity and the reputation of both parties.

Unitedcoatings undertakes to pay particular attention and care to the relationships with the aforementioned subjects, in particular in the management of the following activities: participation in public invitations to tender, negotiation of contracts, applications for authorizations and concessions of any nature, application for and/or management of public funding (national or Community funding), relations with the Supervisory Authority or other independent authorities, representatives of the Government or other public administrations, access to and use of computer or telematics systems or data, as well as electronic documents of the Public administration.

In order not to undertake any acts contrary to law or otherwise prejudicial to the image and the integrity of the Group, the above-mentioned operations and the related management of financial resources must be carried out by specifically authorized company departments and in full compliance with the specific formalized procedures.

In any case, it is forbidden to promise or offer, directly or indirectly, to Public Officials, to employees of the public administration or public institutions, payments or assets in order to promote or favor individual interests or Group companies’ interests.

Regarding the possible requests from the Judicial Authority, the Group undertakes to fully cooperate and to refrain from any behaviors that may cause hindrance or prejudice, in full compliance with the laws and regulations in force.

Anyone receiving requests or proposals of benefits from Public Officials must immediately report to their Supervisor or to the Supervisory Body.

4.4 The Community and the Environment

Unitedcoatings is doing their job being fully aware of the social responsibility that the Group has towards the community and the environment in which it operates, by planning their activities and investment choices in seeking a balance between economic initiative and indispensable requirements for the protection of the environment, with a view to sustainable growth in the common interest of all stakeholders, for both present and future generations.

The Group is committed to adopting technologies and organizational solutions aimed at improving environmental performance, reducing air pollutant emissions and energy consumption, promoting collaboration with relevant authorities, communicating with the public and encouraging the development of environmental awareness of their own personnel by strictly respecting the values set forth in this Code and in the Company’s procedures, as well as applicable laws and regulations.
4.5 Suppliers

Procurement processes are oriented to the search for the best conditions on the market, to impartiality towards each supplier and they are based on behaviors marked by an indispensable and mutual loyalty and collaboration.

The stipulation of a contract with a supplier shall have to be based on extreme clarity, taking into account the features and benefits of the relationship with transparency, by avoiding where possible the risk of dependence.

A fair and honest relationship with suppliers represents the most important aspect of the Group’s success and image, the foundations onto which the Group relies in the management of its business relationships. In any case, in the event that a supplier’s behavior proves to be inconsistent with the general principles of this Code, the Group companies shall be entitled to take appropriate measures to prevent further cooperation opportunities.

4.6 Customers

Unitedcoatings pays constant attention to preserve the quality of customer relations and to their continuous improvement, as these are the prerequisites to ensure the satisfaction of both existing and prospective customers.

In order to protect the image and reputation of the Group it is essential that customer relations are oriented to:

- full transparency and correctness;
- respect for the law;
- independence with respect to any kind of conditioning, both inside and outside the Group.

Professionalism, competence, availability and courtesy represent the guiding principles that Code Recipients are required to follow in their relations with customers.

Any behavior shall have to be based upon respect for the confidentiality of the information acquired in the frame of customer relations.

When starting new business relationships, considering the available information, the following shall have to be avoided:

- entertaining relationships with people involved in illicit activities and, in any case, with people lacking the necessary professionalism and commercial reliability requirements;
- maintaining financial relationships with those economic activities that, even indirectly, hinder human development and contribute to violating the fundamental human rights of the person (for example through the employment of child labor);
- taking advantage of undue benefits due to the position of customer dependence on the Group.
4.7 Political and Trade Union Organizations

Unitedcoatings does not favor or discriminate, either directly or indirectly, any organization of a political or trade union nature and, to this end, they recognize their employees the right to adhere to political and trade union associations, respecting democratic principles and the right to collective bargaining.

The Group undertakes to pay utmost attention to the needs of their employees and collaborators, thus contributing to the achievement of a consistent and well balanced development of production, by preventing conflicts between the owners and the top management on the one side and the employees on the other.

4.8 Press and Media

Unitedcoatings believes that outward communications must always be characterized by truthfulness, fairness, clarity, transparency, unambiguity or instrumentality, consistency and compliance with company policies and programs.

Regarding the management of possible relationships with the press and other media, it is specified hereunder that they fall exclusively within the competence of those who have been specifically delegated by the Administrative Body.

In order to protect the image of the Group and of the Companies belonging to it, any request for information from the media received from the staff shall have to be communicated to the corporate departments responsible for outward communication before committing to reply, or before disseminating any data and information.
5 GENERAL REQUIREMENTS

5.1 Behavior in Private Relations

Unitedcoatings in the management of their business shall refrain from having any kind of relationship, albeit indirectly or through an intermediary, with persons (be they natural or legal persons) who are known or are reasonably suspected to take part in activities, either in Italy or abroad, aimed at supporting criminal organizations of any nature, including mafia organizations, criminal organizations exploiting child labor or being involved in illicit firearms and / or drugs trafficking, as well as with persons or groups being involved in terrorist activities\(^1\).

The Group's economic resources cannot by any means be used to obtain undue advantages to the detriment of others (i.e. in order to acquire or maintain business relationships, obtain loans, obtain favorable economic conditions of supply, resolve disputes of any kind to one's own advantage, etc.).

Intentional bribes, indiscriminate favors and direct or indirect solicitations are expressly forbidden to influence the judgment of any party to the benefit of the perpetrator of the forbidden behavior, of the related parties or more generally of the Group.

5.2 Conflict of interest

A trusteeship and fiduciary relationship exists between Unitedcoatings and their directors, employees, consultants and collaborators, whereby they are required to use the assets of the enterprise and to work by employing their professional skills and competences to achieve the interest of the company Group.

In this perspective, the aforementioned persons must, in various ways, avoid any situation, that is refrain from any situation and/or activity that opposes a personal interest that may adversely affect the ability to impartially make objective decisions in the interest of the Group.

In order to avoid situations - even just potential situations of conflicts of interest - Unitedcoatings requires their directors, employees, collaborators and suppliers (at the time of assignment or start of the relationship) not to be in a conflict of interest with the Group, by signing a special statement and committing itself to promptly notifying the Supervisory Body in case there is a situation of real or potential conflict of interest.

5.3 Confidential information and duty of confidentiality

The confidentiality of information is a great asset to be safeguarded also through the Group’s employees. All those who work on behalf of the Group are required to maintain the utmost confidentiality by avoiding disclosure or undue disclosure of documents, know-how, business transactions and, in general, information acquired on account of their own work function also with regard to data and information related to the Group's customers and suppliers.

\(^1\) To be meant as acts that might cause serious damage to a country or to an international organization committed in order to intimidate the population, or to oblige public authorities or an international organization to take a given step or refrain from taking it or to destabilize or destroy the fundamental, constitutional, economic and social political structures of a country or an international organization.
Confidential information includes the following, but not limited to: technical information about products, industrial designs, procedures, new applications, sales data, information about extraordinary transactions, purchase programs, and news covered by specific industrial secrets.

5.4 Presents and Free Gifts

Unitedcoatings expressly prohibits anyone who works in their interest and on their behalf from: accepting, offering or promising (even indirectly) money, gifts, services and any other benefits that are not due to normal relationships with public officials, persons in charge of public services, private individuals or any third party who may be the counterparty of a Group’s company.

Promotional gifts and normal courtesy commercial practices are identified in such a way as to avoid any misunderstanding, ensuring that the recipient is in no way obliged to adopt or omit a certain behavior for the sole reason that they have accepted the free gift.

In the relations with the Italian or foreign Public Administration, the Company undertakes not to improperly influence the counterparty’s activities, choices or decisions.

Any requests for the recognition of undue benefits formulated in the context of relations with the Public Administration, with private individuals or with third parties in general, must be immediately brought to the attention of the Supervisory Body.

5.5 Donations and sponsorships

Unitedcoatings can apply for grants only to the proposals advanced by statutory non-profit organizations and associations with statutes and regular articles of association of high social, cultural or charitable value and which, in any case, involve a significant number of citizens.

The sponsorship activities - approved by the Administrative Department - can cover subjects such as social field, sports, arts and entertainment. In this context, the Group welcomes and can support social, cultural and educational initiatives aimed at promoting the individual and improving his/her living conditions.

5.6 Information relating to the activity performed in the scientific field

In order to provide a driving force in the field of scientific and technological research, the Group establishes collaborations and/or partnerships with Universities and/or public and private research and training institutes, located in the geographical areas where the Group’s companies work.

All the information about this activity can be disclosed after the intellectual property protection tools have been developed. The Group respects the academic prerogatives and traditions of their partners, as well as the need for researchers to see the results of their studies published.
5.7 Health and safety in the workplace

Unitedcoatings is committed to creating a work environment that guarantees law-abiding conditions of health, safety and personal dignity to all Recipients, employees and collaborators at any level, in compliance with current provisions, especially including the Legislative Decree no. 81 of 2008 and subsequent amendments, developing the necessary and appropriate measures to ensure the absolute compliance of workplaces with the highest standards of safety and hygiene. All direct and indirect co-workers must cooperate to ensure safety and health at workplaces, using the protection tools provided, by pointing out every useful element in improving working conditions. The Group entrusts their executives and supervisors with the task of ensuring workplace safety by attributing to health and safety the same importance as the other key business and industrial goals, following the definition of their own policy in this matter. The Group ratifies their commitment in improving the system’s performance and, in particular, making the necessary investments and continuous plant maintenance, and also promoting the dissemination of key safety messages.

5.8 Privacy

Unitedcoatings operates in compliance with the regulations in force concerning the protection of personal data and the privacy laws (Leg. Decree no. 196/2003) of all Recipients and, in general, of all those who have maintained or are maintaining at any level contacts with the Group’s companies, taking precautions to prohibit the unauthorized use and/or dissemination of personal data in the absence of the prior consent of the person concerned.

5.9 Accounting records

The procedures for keeping accounting records must be oriented to the criteria of accuracy, completeness and timeliness in accordance with business procedures, providing a faithful representation of the Group's economic, equity and financial position.

Employees involved in preparing, updating, and managing accounting must ensure their maximum collaboration in terms of clarity and completeness of the information provided.

The clarifications, data and documentation requested by the Supervisory Body, institutions or bodies in the performance of their respective functions shall be provided with the promptness and completeness required.
6 INTRAGROUP RELATIONS

6.1 Intragroup Cooperation and Operations

In the field of business aimed at loyal corporate cooperation and communication those who - upon the designation of Unitedcoatings - assume social responsibilities within the Group, have the duty to attend the meetings to which they are invited, to carry out their given assignments with due diligence and to solicit the identification and exploitation of synergies, cooperating in the interest of common goals.

Economic relations between the Group’s companies are duly formalized in accordance with the principles of fairness, effectiveness and protection of relevant interests, paying particular attention to aspects of the application of market conditions.

6.2 Intragroup communication

With regard to the communication activities within the Group, it is specified that the circulation of information must comply with the principles of truthfulness, loyalty, correctness, completeness, clarity in the respect of the autonomy of each company and of specific areas of activity.

7 SUPERVISORY BODY

The control of the compliance and correct interpretation of the rules contained in this Code shall be borne by the Supervisory Body of each Group’s company (hereafter referred to as “SB”).

In particular the SB:

- promotes the initiatives to disseminate the knowledge of the Code of Ethics and clarify its meaning and enforcement by means of opinions;
- verifies the elaboration of corporate standards and procedures that implement the Code of Ethics;
- promotes the periodic review of the Code of Ethics and its implementation mechanisms;
- participates in the definition of penalties to be applied in cases of violations of the Code’s rules; the bodies which have participated in the investigation or in the proposal abstain from voting for such resolutions;
- receives and analyzes reports of violations of the Code of Ethics, and, if necessary, it performs in-depth analyses and audits;
- periodically gives an account of its activity and the issues related to the implementation of the Code of Ethics to the Board of Directors and Board of Auditors;
- verifies the application and compliance with the Code of Ethics through periodic monitoring.

7.1 Communication and dissemination of the Code of Ethics

In order to ensure the widest knowledge and disclosure of this Code of Ethics, a copy thereof must be delivered to each new Director, manager, employee, consultant, auditor at the time of their appointment, recruitment or launch of the collaboration.
In relation to the aforementioned parties and the main business counterparts, the signing of the acknowledgment statement of the Code of Ethics together with the absence of conflicts of interest is required at the time of the start of the relationship.

7.2 Reporting any breaches

The Group’s companies - while respecting privacy and individual rights - provide dedicated information channels through which anyone who becomes aware of any unlawful behavior that constitutes violation or alleged violation of the Code of Ethics may report freely, directly and in a reserved manner to the SB.

The SB acts in such a way as to ensure that those who report are protected against any kind of retaliation meant as a form of discrimination or penalization (i.e. for suppliers: interruption of business relations; for employees: missed promotion, etc…). The confidentiality of the person reporting is also ensured, subject to the law duties.

The SB reviews any violations of the Code of Ethics as a result of the performed monitoring activities, and it formalizes the suggestions deemed necessary to the Group’s management.

In the most significant cases it notifies the Board of Directors and/or Board of Auditors of the involved Group’s company of the violations detected in order to inflict the most appropriate sanctions.

7.3 Sanctioning system

The Board of Directors defines the applicable sanction system for violations of this Code of Ethics, regardless of the occurrence and outcome of any proceedings initiated by the Judicial Authority.

Failure to observe this Code of Ethics shall be pursued by the Company in an incisive and timely manner through the adoption of appropriate and proportionate disciplinary measures pursuant to Article 2106 of the Italian Civil Code. The identification and application of sanctions must take account of the principles of proportionality and adequacy with respect to the disputed infringement, respecting, where applicable, the discipline of art. 7 of the Law of 20 May 1970, no. 300 and, where applicable, labor agreements and contracts, as well as the provisions of the applicable National Employment Contracts.

Similarly, the Company, in protecting their image and safeguarding their own resources, does not engage in relationships with subjects that do not intend to operate in strict compliance with the current legislation and/or refuse to behave according to the values and principles set forth in this Code of Ethics.

The applicable penalties for violations of the Code of Ethics are defined in the Organizational, Management and Control Models adopted by each Group’s company pursuant to Legislative Decree no. 231/2001.