

# FAVINI

## CODE OF ETHICS AND BUSINESS CONDUCT

### Introduction

The purpose of this document is to set out the core principles of Favini with respect to its internal relations and towards external players and third parties. The core principles are honesty, loyalty, integrity and transparency.

Directors, managers, employees and any person acting under the control of the top management are subject to, and should observe, this Code of Ethics (hereafter called the Code).

All employees must be aware of the content of the Code and work to ensure its implementation.

The rules set out in the Code complement the laws and regulations in force in whichever country the company operates and with which everyone is expected to comply.

The Board of Directors is empowered to execute the Code and to apply any penalty to employees in breach of the Code.

## I. Fundamentals

The following guidelines must be followed by every employee:

- Behave in compliance with current laws and regulations;
- Relationships with customers, stakeholders, employees, suppliers and third parties will be conducted with honesty, impartiality and without prejudice;
- Compete in the market place in compliance with all statutory anti-trust regulations;
- Protect the health and safety of all employees and external personnel working on the Company premises;
- Monitor and take action to avoid potentially dangerous impacts of the company operations on the environment;
- Data and information related to the Company, its know-how, employees, customers and suppliers has to be maintained with maximum confidentiality;
- Avoid or when unavoidable, communicate possible conflicts of interest with the Company;

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- Respect intellectual property and use material assets in compliance with current laws and internal regulations.

## II. Conduct within the Company

### . Relationships with employees

Our people are a central foundation for the existence, development and success of Favini. It is in the mutual interest of Favini and its workforce to improve and enhance the skills of each employee, not only to achieve the Company's goals but also the satisfaction of all employees, in a favourable working environment.

The Company ensures equal opportunity to everybody based on their professional qualification and individual ability, without any discrimination grounded on religion, age, race, nationality, sex, political opinion or union membership.

Safe and healthy working environments are guaranteed by the Company. No threat or request directed to an employee to act against the law or behave against their own morals or personal belief will be tolerated.

### . Health and Safety

In full compliance with current regulations regarding the prevention of workplace accidents and employee protection, the Company provides working conditions that respect individual dignity in a safe and healthy environment.

Analysis and Risk Evaluation, described in the "Evaluation of Risks Document", is a protocol that enables the Company to identify hazardous areas, choose the proper equipment and working and production procedures, and to take account of technical developments allowing dangerous procedures or work practices to be replaced by safer methods/equipment.

Prevention planning is a Company commitment, the goal being the development of a coherent programme encompassing all aspects of work - technical, organizational, environmental and social relationships - and especially the influence of repetitive acts to reduce possible effects on the health of the individual. Priority is given to collective protection measures over those to protect an individual.

The Company will spread and sustain awareness of health, and safety principles, encourage responsible behaviour amongst all employees, through timely information and training.

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It is expected that employees contribute to the process of risk prevention and their own health and safety and to that of their colleagues and third parties.

The use of alcohol and drugs is absolutely forbidden on company premises. Within the workplace smoking is only permitted in designated smoking areas.

## **. Conflicts of interest**

Employees must avoid any situation and activity that might give rise to a possible conflict of interest between their personal economic interest and their role within the Company.

It is forbidden to pursue activities for personal gain or that might damage the company's interest; nor is it permitted to have personal interests directly or indirectly with competitors, customers, suppliers or the company auditors.

## III. Conduct in external relations

### **. Customer relationships**

In its relations with customers, the Company commits that its business will be carried out correctly and transparently, in respect of its business dealings and undertaking of contracts; it will provide products and services that meet agreed requirements and will pursue research and development and marketing activities of the highest possible quality.

During business negotiations employees have to adhere to local market practices and apply principles of transparency, equality and mutual respect to sustain a long term relation, strictly acting in compliance with the rules stated in this Code.

Contacts with competitors must respect regulations regarding information exchange; employees must ensure a fair and honest business behaviour in any relationship with governmental authorities.

### **. Suppliers**

The Company works with suppliers, consultants, contractors and sub-contractors who must also operate in compliance with current laws and regulations stated in this Code. This will be subject to constant monitoring.

Choice of suppliers and the setting of purchase conditions will be based on objective judgments about quality, price and service, and on the capacity to consistently deliver in timely fashion in compliance

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with the safety rules in force, and without any preference due to personal knowledge or favouritism that would prejudice the interest and benefit of the Company.

## **. Environmental Protection**

The environment is a prime asset of society. To safeguard it, the Company plans its activity to find the best balance between economic and environmental needs, giving maximum cooperation to the Public Authorities and other relevant overseeing bodies.

All employees should participate in the protection of the environment wherever possible and especially personnel involved in the production process must pay the utmost attention to avoid any discharge of harmful substances and handle waste or production residuals as specifically prescribed for that specific material and its known risks.

## IV. Conformity to the regulations

The Company acts based on organizational and managerial procedures compliant with the law through clear and consistent conduct, preserving the Company's integrity and co-operating with the relevant public authorities.

When acting for the company employees should avoid committing any crime, including any in association with third parties.

## **. Confidential information**

Information and any other material obtained by employees in relation to their work are strictly confidential and remains the Company's property. Privileged information regarding the Company cannot be used for personal advantage and must not be disclosed.

No information, news, documents or data can be disclosed, used or spread without specific authorisation unless already in the public domain.

In all cases it is advised that employees take a reserved position in all matters concerning the company and its working and professional activities.

## **. Use of communication systems**

All information stored in the company's various information systems, included e-mails are owned by

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the Company and must be used only to carry out work activities, in the ways indicated by the Company. To ensure compliance with privacy regulations and the prevention of information piracy and of crime against the individual, the use of such systems is limited to the needs laid out by the company.

Infringement of any software licences is forbidden.

To prevent crimes under Italian law, the Company will strictly monitor and control the use of its communication and information systems.

## **. Accounting and financial reporting**

The Company records accurately and completely, all activities and business operations to achieve accounting transparency towards its shareholders, employees, other stakeholders and external authorities. The Company gives at all levels the fullest cooperation, providing correct and honest information related to its business as well as responding to any reasonable request from external authorities.

## V. Execution and control

### **. Control measures**

For compliance with the current regulations and with the purpose of planning and managing activities, the Company adopts organisational and managerial controls to ensure compliance with this Code and eliminate any threats to its implementation or infringement.

The Company has adopted a system of delegation of power and functions, covering the related key positions with individuals of proven skills and competence.

Application of the Code is assigned to the Board of Directors, with the help of a Committee, established as Controlling Body as per D. Lgs. 231/2001.

This Code is given to all employees.

The Board of Directors have the following responsibilities:

- a)* Monitor compliance with the Code and the dissemination of it among all recipients;
- b)* Verify every infringement of the Code and inform the relevant stakeholders of the results of the investigations and take appropriate disciplinary measures;
- c)* Propose modifications to the Code to keep it up-to-date to reflect the changing context in which the Company runs its business.

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## **. Reporting violations of the Code**

Infringements of this Code, Italian law and/or company rules must be immediately reported in writing, confidentially, to the direct supervisor, who must promptly inform the Committee, the checking body as per Italian Law 231/2001. In case the person involved is the direct supervisor, the employee will address the report to the hierarchically superior function.

## **. Disciplinary actions**

In case of violation of the rules of this Code, the Company will undertake, in a firm but balanced way, disciplinary actions as set out in law and by the applicable National Contract of reference.

## **. Law of Jurisdiction**

The Italian language version of this Code represents the master document for any disputes arising.

## VI. Final dispositions

This Code of Ethics and Business Conduct dated December 2009 is effective immediately from today's date until any further updating revision.

The Board of Directors