

ITEMA GROUP

CODE OF ETHICS AND STANDARD OF CONDUCT

itema

Approved by the Board of Directors of Itema S.p.A. (January 31st, 2013)

Group overview

ITEMA is a major multinational brand, a manufacturer of machinery and complementary products for the textile industry. The Group was set up in 2000 as a result of a merger between several companies already operating in this field: Somet and Vamatex, the two main Italian weaving machinery brands, plus Sultex Swiss (textile machinery) and Fimtextile Italy (weaving machine components).

ITEMA S.p.a. is the Group's holding company. ITEMA is an Italian company also involved in manufacturing (previously called Promatech S.p.A. and IteMa S.p.A. since 2011).

This Code of Ethics and Standard of Conduct (hereinafter "the Code") states a number of shared values and principles, as well as the ethical commitments and responsibilities and standards of conduct that the ITEMA Group undertakes to implement and enforce in its business activities; all people working for or with the Group are expected to abide by these .

ITEMA understands that the acts of abiding by the applicable laws and regulations in force and complying with the ethical principles are both an obligation and a key element in achieving the corporate goals; moreover, they may improve the company's reputation and its success in the production and sale of products for the textile industry.

This Code of Ethics and Standard of Conduct is meant to provide guidance regarding the minimum corporate practice standards which all the Group companies are expected to comply with. The Code is not intended to replace or supersede national or European laws and regulations or the other professional or commercial codes that may be related to it.

The Code of Ethics is the main stimulant for moral compliance and testifies the efforts made to promote an ethical approach among the community as a whole.

The parent company, ITEMA, has developed and adopted this Code of Ethics, which also applies to all its subsidiaries.

CHAPTER I - General principles

Section 1 - Nature of the Code

The Code is an official corporate document, approved by the Administrative body of ITEMA and applicable to all Group companies (including those not involved in the "System 231"). It consists of the principles summarized in the presentation, as well as the standards of conduct that ITEMA considers as representative of its approach; it also sets out the general discipline applicable to all those who working within the corporate perimeter or in relation to the Group itself: the principal goal is to establish the values and standards of conduct that ITEMA intends to abide by at all times.

Besides implementing the system set out in the Organisation, Management and Control Model (hereinafter "the MOC" or "the Model"), drafted and adopted under Legislative Decree 231/01 by some companies within the Group (cf. Art. 22), the Code describes the corporate policy and aims at preventing and fighting not only disciplinary malfeasance, but also direct or indirect criminal offences provided for in the regulations concerning the administrative accountability of legal persons, perpetrated or attempted in the interest of and/or to the advantage of the Company by both Top Management and people in lower positions down the organizational chart.

This Code attributes and acknowledges the legal relevance and valid enforcement of the ethical principles and standards of conduct described below, also in terms of their importance in helping prevent corporate crime.

Any breach of the principles set out in the Code will compromise the relationship of trust between ITEMA and the offender; any breach shall also be pursued thoroughly, firmly and timely by means of suitable and proportionate disciplinary measures and sanctions, regardless of the criminal relevance of the behaviour in question and/or the initiation of legal proceedings in the case of a criminal offence or any other legal action of whatever nature.

Therefore, each Group company undertakes to assure that every employee complies with all the applicable rules and regulations.

The ethics of a person's conduct do not rest merely on compliance; they go beyond that and are based on the intention of people adopting the highest behavioural standards in any given situation.

Transparency and correctness must be a distinctive trait of ITEMA's conduct, which must avoid providing misleading information or behaving in such a way as to take undue advantage from others' weaknesses or unawareness.

Whilst respecting the concept of free initiative and private property principles and having asserted the social purpose of the free market, maximization of the company's economic and financial results must be the result of fair relations with suppliers and clients, not to mention giving adequate consideration of the contributions made by the involved parties.

More specifically, in dealing with the Public Administration and with public institutions,

both Italian and otherwise, it is advisable to adopt even stricter caution, as will be described below. To this end, transparent and objective internal procedures are protective elements, also in the light of Legislative Decree 231/2001 on the administrative liabilities of public bodies.

ITEMA believes every single employee to be an individual and that there is no such thing as a single general policy capable of providing a univocal solution for every single circumstance.

Therefore, situations or problems may arise from time to time that, in the Company's view, require or deserve a special approach, even though the official policy would point to another general rule.

Given that all policies and procedures set out in this Code sum up the benefits, the lines of conduct and the shared responsibilities, the Company strongly recommends their careful evaluation. For detailed explanations regarding specific issues, please contact the relevant Human Resources Department or any other department responsible for the same.

Any exception to the corporate ethos and standard of conduct for executives and directors may be approved and enforced solely by the Board of Directors of the Company involved and will be duly disclosed to the extent it is provided for by law.

This Code of Ethics and Standard of Conduct forms an integral part of all Group policies and procedures.

Section 2 - Recipients and compulsory nature of the Code

This Code is meant for the following recipients:

- a) Shareholders of every company in the Itema Group;
- b) Corporate bodies, as well as any other subject who exercises powers of representation, decision-making and control within the Group Companies;
- c) Company personnel, including para-subordinate workers, short-term contract workers, agents, etc.;
- d) Consultants, the suppliers of goods and (professional) service providers, as well as anyone else acting in the name of or on behalf of the Group Companies or under their control;
- e) Any third parties who happen to have a relation with the Group, such as, for instance, clients.

The above recipients of the Code are required to comply with and follow the principles it sets out and conform to its standards of conduct.

Knowledge of and compliance with the principles set out in the Code form an essential requirement when establishing and maintaining business relations with any third parties, to whom ITEMА undertakes to issue the relevant information notes in a context of full transparency.

In the event of a breach of the Code, the subjects falling into categories a), b) and c) above may be subject to disciplinary actions given the binding nature of the Code (by the effect of each worker's duty of diligence and loyalty).

All Group Companies expressly provide for the termination of employment in the event of negative conduct, without prejudice to their right to claim damages under applicable law or the National Collective Labour Contract, if this exists.

With regard to those falling within categories d) and e) above, the breach may imply the express and direct termination of relations due to attributable default.

Section 3 - Validity of the Code

This Code has effect as of the date of its approval by the parent company's Administrative Body (Itema S.p.A.). The Top Management of each Group Company shall adopt it in its entirety.

In order to become binding, the Code is disseminated within each Group Company by means of delivering a copy to the Shareholders, the Corporate Bodies and all personnel; moreover a copy will also be available at all times on the corporate notice board; finally, the Code will be disclosed externally by means of a specific information note sent to clients, suppliers and consultants – with the explicit request to comply with its principles – as well as by referring to the Code in all Company brochures, materials and/or on the corporate website www.itemagroup.com.

Further copies of the Code will be available at the headquarters of each Group Company, kept by its Board of Directors.

The Code may be amended, updated or integrated on a regular basis or whenever necessary upon the approval of the parent company's Administrative Body, having heard the opinion expressed by the Supervisory Body.

Any variations to the Code must be immediately notified by means of an information note to the recipients as defined in Section 2.

Section 4 - Interpretation of the Code

Any disputes in interpretation between the principles and the procedures adopted by each Group Company and those contained in this Code shall be settled by adopting those in this Code.

Each Board of Directors and, if it exists, the Supervisory Body (this being thoroughly described in the following pages) are in charge of settling any issues regarding the interpretation and the application of the Code.

This Code annuls and fully replaces any possible and preceding similar tool.

CHAPTER II - PRINCIPLES AND VALUES

Section 5 - General policy on equal employment opportunities

ITEMA undertakes to guarantee equal employment opportunities. All decisions, policies and working procedures are compliant with the principles expressed in the national anti-discrimination laws. The Group declares that it complies with ILO standards regarding equal employment opportunities and treatment, as set out in the Equal Remuneration Convention (n° 100/1951, ILO) and in the Discrimination (Employment and Occupation) Convention (n° 111/1958, ILO).

The Company shall not practice nor tolerate any illegal act of discrimination (including any illicit form of harassment) due to gender, age, race, colour, religion, sexual orientation, marital status, national origin, ethnic origin, citizenship, military status, handicap or disability or belonging to any other protected categories.

This policy applies to all the Company's officers, employees, managers and candidates.

All these individuals are, at the same time, bound by and protected by this Code.

ITEMA also complies with the ILO standards regarding child labour, as set out in the Minimum Age Convention (n° 138/1973, ILO) and in the Worst Forms of Child Labour Convention (n° 182/1999, ILO).

Section 6 - Sanctions for breach of the ITEMA policy on equal employment opportunities

Any officer, manager, employee, agent or consultant who, after thorough enquiries, should be found guilty of discrimination, harassment or retaliation against another person, or should be found guilty of using child labour, thereby violating the ILO conventions, will be subject to commensurate disciplinary and/or corrective actions. Even if the conduct of the subject may not constitute a legal case of discrimination, harassment or retaliation, any officer, manager, employee, agent or consultant who should conduct him/herself in an inadequate manner incompatible with this policy shall be subject to disciplinary sanctions.

Section 7 - Corporate ethos

ITEMA makes sure that all subjects operating in and for it shall comply with the principles of correctness and fairness in the exercise of their duties, both internal and external, this being also for the purpose of preserving its image and maintaining its relationship of trust with its Clients, shareholders, Stakeholders and any other third parties.

In no case may the Group's interest or advantage, or that of any Group Company, induce and/or justify dishonest conduct.

In compliance with the principle of transparency, ITEMA undertakes to circulate clear, correct, reliable and comprehensive information to third parties.

In compliance with national and EU antitrust regulations, the Group Companies shall not conduct themselves nor shall they enter into agreements that may negatively affect the competition system between the different operators in the reference market or endanger users and consumers in general, by centring their conduct on fair trading and by preventing and prosecuting irregular practices of any kind and nature.

In view of attaining synergy and efficiency in corporate processes, the Group Companies shall adopt a hierarchical model whereby every single component, based on its position in the organizational chart and evaluated mainly based on merit criteria, shall be competent and liable for its actions and omissions.

Those subjects involved in management, representation and control functions, also at a department or division level, shall duly exercise their duties of supervision and coordination of subordinates and/or controlled personnel and shall be legally liable for the latter's conduct.

Those subjects operating within the Group Companies, namely those who are entrusted with the performance of specific services, shall fulfil the appropriate requirements of competence, professionalism and experience; the Company shall ensure their constant training, updating and professional growth.

ITEMA promotes a corporate spirit and a sense of mutual respect among its personnel by means of a number of events to this end. It prevents and condemns any form of discrimination and/or abuse both in terms of internal and external relations.

ITEMA guarantees its personnel dignified working conditions in a safe, clean and healthy environment and adopts any initiative or measure for preventing injuries, making sure all relevant systems are kept up-to-date and correctly maintained, at the same time respecting and ensuring that others respect all the relevant safety regulations. To that end, ITEMA prepares and circulates the corresponding implementation guidelines. Last but not least, ITEMA promotes the involvement of its personnel in the employee, co-worker and third party health and safety process. In line with the indications set forth by the World Health Organization, ITEMA requires that its workers and any other third parties shall refrain from making others put up with passive smoking on Company premises.

ITEMA also undertakes to enforce of all the provisions regarding personal data protection. Each worker is required not to use nor promote the disclosure of information and confidential data unless this is provided for by law and within the scope of his/her professional duty.

The Group Companies undertake to ensure the customer satisfaction of their clients, both current and potential clients, to respond to any user requests and meet their expectations for the purposes of providing, within their specific areas of competence, increasingly competitive services and gaining a reputation for their high standard of quality, excellent professionalism and flexibility.

ITEMA contributes to disseminating and raising awareness on environmental issues and manages its own business in an eco-friendly manner, in compliance with the national, EU and international regulations in force, by pursuing excellence and the continuous improvement of its own performance in this field.

CHAPTER III - CONDUCT CRITERIA

Section 8 - Corporate Governance

ITEMA considers an adequate and efficient control environment to be a fundamental element of its organisation; said system consists of an array of tools, processes and bodies that are suitable to direct, manage and assess all corporate operations to guarantee an efficient and ethical business.

§ a) Shareholders

The Shareholders of each Group Company are the first recipients of the Code and undertake to follow this and promote its dissemination and knowledge.

ITEMA makes sure that the Shareholders do not act in conflict with the Group's interests by pursuing their own interests or those of third parties, i.e. showing partiality or operating against the company business.

§ b) Directors

ITEMA involves all shareholders in adopting their relevant resolutions, guaranteeing any minority interests and ensuring timely and comprehensive information, as well as the transparency and accessibility of pertinent data and information. Fully aware of their own role, responsibilities and leadership function for those who operate in the Group Companies, the Administrative Bodies, perform their duties professionally, autonomously and independently.

Directors, together with those who act on their behalf by proxy, shall not impede or hinder the control activities to be performed by the appointed persons. Everyone shall, within their own area of competence, make efforts to facilitate the operation of the corporate control system by raising awareness among their personnel.

Directors have the duty of refraining from any ancillary activities that may be to the detriment of the Group's interests, or the relevant Company's interests, namely from following their own interests or third party interests, even when these are only potentially conflicting and/or prejudicial for the Company. The directors have the duty of immediately reporting such instances to the 231 System Supervisory Body.

Section 9 - Human resources and staff policy

ITEMA devotes a significant amount of attention to staff recruitment, ensuring its compliance with fundamental rights, equal opportunities and principles of equality, in line with the laws in force, as per the applicable National Collective Labour Contract.

§ a) Recruiting and personnel relations

In every Group Company, the Head of Human Resources and, in his/her absence, the Managing Director or anyone else appointed by him/her, has the obligation of assessing whether a candidate's profile meets the needs of the company, in compliance with the applicable laws and the mandatory training of any personnel falling into protected categories.

Hiring implies an applicable employment agreement to be entered into between the Company involved and the candidate, which shall provide for all fundamental elements of the newly established employment relation.

At the moment of hiring the new recruit and during the initial probation period, all members of staff shall receive proper training and information regarding their duties, the occupational health and safety systems, environmental protection and the values, principles and standards of conduct foreseen in the Code and the Organisation, Management and Control Model, where adopted.

The working relation is centred on the principle of mutual respect, equal treatment and merit; ITEMA opposes and sanctions any form of favouritism or discrimination and promotes the integration of young employees as a future investment to ensure the growth and development of the business.

Dealings with the new recruit and the choice of contract type are based on a careful evaluation of the subject's profile, bearing in mind any requests and needs expressed by the candidate and adopting flexible contract models from among those provided for by current employment regulations.

Hierarchical power shall be exerted objectively and evenly, in full respect of the rights of the employees: similarly, all personnel shall guarantee their full collaboration in complying with the directions received from Top Management, performing their assigned duties with all due diligence and care.

§ b) Working standards

By accepting to work for ITEMA, each employee promises the Company and his/her colleagues to comply with certain rules of behaviour and conduct, as apply to his/her specific function.

The purpose of said rules is not to restrict employees' rights, but rather to make them understand the type of conduct that is required of them. When each and every person is aware that they can rely on their co-workers in terms of compliant conduct, then the Company will become a better workplace for all.

ITEMA expects the following from its employees:

- To behave and perform all working activities in an ethical and honest fashion;
- To address all working duties and company goals with enthusiasm, professionalism and safety;
- To promote kindness when dealing with employees, clients, suppliers and vendors in a spirit of courtesy, collaboration and solicitude;
- To treat all employees, clients, suppliers and vendors equally, regardless of their gender, age, race, colour, faith, beliefs, taste or sexual preferences, marital status, nationality, origin, citizenship, handicap or disability or belonging to any other protected category;
- To show up for work being mentally and physically fit to perform the assigned duties (e.g. not under the influence of alcohol or drugs);
- To show up for work punctually and regularly, reducing any absences, late arrivals and early departures to a minimum;

- To notify the Company promptly of any inevitable absence or lateness in compliance with the established protocol;
- To carry out their specific duties thoroughly and effectively;
- To be actively involved in the performance of personal assignments throughout each and every working day;
- To carry out their specific duties with prudence and care, in full compliance with all health and safety regulations;
- To preserve the confidentiality of any information acquired during the performance of their work that is not generally regarded as being in the public domain;
- To avoid acting in such a way that may cause or generate a potential or actual conflict of interest;
- To protect the Company's property against damage, loss, abuse or theft;
- To report any accidents, injuries (involving themselves or their colleagues), fires, thefts or any other unusual events immediately after these have taken place or as soon as they are discovered;
- To comply with all corporate policies, regulations and procedures, as well as specific instructions issued by their superior;
- To refrain from using corporate property, services or material for personal use or purposes;
- To ensure that their attire, language and attitude are always in line with the high standards professionalism and decency required by the Company.

Section 10 - Confidentiality

Sometimes, in the performance of their relevant functions, the recipients of this Code may act as a person of trust and receive or contribute in the creation of confidential and/or reserved information regarding ITEMA and its operations.

By way of example, such confidential and/or reserved information may include: business deals, marketing plans, legal and accounting criteria, policies, plans, procedures, strategies and methods; information regarding corporate earnings and methods for profit generation; research & development projects, plans and results; trade secrets (e.g. formulas, methods, processes and specifications) and technical data; trademarks; the names and addresses of employees, suppliers, vendors, clients and prospective clients of the Company; lists of clients; financial information, information regarding credit positions and pricing policies; any other data or information having to do with the Company's business, which is generally regarded as not being in the public domain.

It is forbidden for recipients to use or disclose such confidential and/or reserved information when employed by the Group Companies or after the termination of employment, except where strictly required during the performance of their professional activities on behalf of ITEMA and when protecting the interests of the Company.

The use and disclosure of confidential and/or reserved information in violation of this policy will imply the enforcement of adequate and suitable disciplinary actions. More specifically, all calls or requests for information received and being relevant to the Company's business must be reported exclusively to the person in charge of the process who is responsible for managing the activity/business in question.

In case of doubt, people should ask any member of Top Management for clarification.

Moreover, it is forbidden to discuss confidential information regarding the Company or its business in lifts, corridors, restaurants or any other public space where others may eavesdrop or overhear the conversation.

This policy does not supersede or replace in any way the agreements entered into before and/or after the commencement of employment and regarding confidentiality, with particular reference to trade secrets, patents, trademarks and other confidential information.

At the moment of hiring, all employees are required to sign a confidentiality and non-disclosure agreement regarding all inventions.

Section 11 - Intellectual property

Intellectual property rights constitute an important tool to differentiate ITEMA products from those of its competitors. ITEMA's policy provides for the protection of its intellectual property, patents, trademarks, copyright, trade secrets, reserved software, creation rights, know-how and show-how.

The Company shall decide whether or not to guarantee the registration of patents and trademarks by assessing the costs involved compared with the trade value that the registration of such patents and trademarks might contribute to the Company's business. ITEMA's products and literature should adequately be distinguished in order to reflect the interests of the Company's intellectual property.

ITEMA shall strictly respect the intellectual property rights of others by refraining from any breach of the same. Before starting the production, use or sale of any new or re-visited products that may be in violation of the intellectual property rights of others, managers shall ensure that such rights are not breached. All changes applied to trademarks, service marks or deposited names, new uses or holders of trademarks, as well as existing service marks or deposited names must be approved by a Company official. Managers must inform the appropriate Company officer immediately of any notice or report of the breach of the intellectual property rights of third parties.

Section 12 - Confidentiality agreement (non disclosure, confidential information and secrecy)

All clients, suppliers or any other third parties must sign a Confidentiality agreement before any confidential or unpublished information having to do with products or any other aspect of the Company's business may be disclosed. A standard agreement is kept in each Group Company's Managing Director's office.

This agreement establishes that the contracting party undertakes to keep confidential, not to divulge and to refrain from using for its own personal use any information, drawings or other corporate material that it may come into possession of. Depending on the situation, a specific agreement is required for the following purposes:

- Joint research and studies;
- Company visits for observation and learning purposes;
- Disclosure of corporate information to suppliers and clients;
- Companies that must obtain certain confidential information in order to perform their services on behalf of the Company.

In such cases it must be understood that a purchase order does not contain terms and conditions providing for information confidentiality. Company employees visiting other companies are often requested to sign similar confidentiality agreements, as such companies are driven by the same interests as ITEMMA. To this end, the Company has drafted a standard agreement, generally and broadly accepted by all.

Section 13 - Corporate ethos and conflicts of interest

A crucial principle of ethical conduct requires that each ITEMMA employee shall the Company's business activities support in a proactive manner, both in the workplace and outside this,. One good way to fulfil this obligation is to ensure that all commercial negotiations and dealings are never influenced – not even in appearance – by an employee's personal interests.

More specifically, and solely by way of example, whilst employed by ITEMMA employees must never, directly or indirectly:

- Work for, be affiliated with, provide services and material of any kind to or receive remuneration from any of the Company's competitors;
- Have financial interests in any of the clients, prospective clients, suppliers or vendors of the Company;
- Work for, be affiliated with, provide services and material of any kind to any of the Company's clients, potential clients, suppliers or vendors, unless this should favour the Company, during the employee's period of employment with the same. This measure does not prevent any employees from owning less than five percent (5%) of the stock of any public limited company;
- Request gifts, money, services or anything else of value from any of the Company's competitors, clients, potential clients, suppliers or vendors;
- Accept gifts, money, services or anything else of value from any of the Company's competitors, clients, potential clients, suppliers or vendors;
- Hold any other external job of any kind, act as an independent consultant or work for a voluntary organisation, that may be in conflict with the employee's duties and responsibilities towards ITEMMA;
- Use the Company name for any external activities, including sports team sponsoring, supporting a charity and/or doing business with external bodies without first obtaining authorisation to do so from the Company.

This policy does not forbid socialising with clients, competitors, suppliers and vendors; when socialising, employees shall not breach any of the above prohibitions. All employees must also take care not to generate or cause any conflict of interest.

In order to understand whether a specific external job or activity may give rise to a real conflict of interest or, conversely, it may only apparently interfere with an employee's responsibilities and duties towards ITEMMA, employees are recommended to get in contact with the Head of Human Resources of the relevant Group Company in order to assess the situation. By doing so the employee not also protects himself/herself, but also the Company. In the most sensitive and complex cases, the Head of Human Resources may ask the opinion of the Managing Director of the Company.

All employees are required to report any violation, be it real or suspect, of the corporate policies and procedures or the national and local laws and regulations in force. Employees are encouraged to report any real or suspect violations to their superiors.

ITEMA undertakes to analyse and examine any reports it may receive in an objective manner, in collaboration with the 231 System Supervisory Body, if this exists, as well as to take all necessary action.

All employees are required to declare that they have duly read and understood (and are thus aware), that the Company applies a "zero tolerance" policy in the event of any violation of this policy and pertinent obligations.

Section 14 - Relations with the Public Administration

ITEMA is fully committed to achieving the highest standards of integrity. This means conducting its business ethically and in compliance with the laws and regulations in force in each State involved.

ITEMA undertakes to behave ethically and in compliance with the applicable laws, especially in its contacts with all public institutions.

The employees, para-subordinate workers, short-term contract workers, agents and, more generally, all those who may in any way be considered Group Company personnel must understand that any illicit activity may damage the Company's reputation and produce negative consequences for the Company and the individuals involved.

Moreover, all employees should refrain from any practice that may merely be suspected of being illicit. The purpose of this policy is to establish the required standards of conduct. ITEMA stresses that such a commitment is fundamental, i.e., that doing business ethically and in compliance with all laws and rules in force is of crucial importance with regard to contracts involving States and public bodies, such as tenders in China.

ITEMA and its employees are required to comply with all corporate policies and procedures, as well as the laws and regulations in force at either a State or local level. This obligation covers the following instances:

- All employees are forbidden from giving, offering or promising valuable objects of any kind to public officials for the purpose of influencing or rewarding an official for a public deed;
- All employees are forbidden from giving, offering or promising valuable objects of any kind to public officials for the purpose of being awarded a contract or receiving preferential treatment.
- All employees are forbidden from giving, attempting to give, offering and requesting, accepting or attempting to accept any sort of "bribe". A bribe is construed to be any valuable goods given for the purpose of illicitly obtaining or rewarding preferential treatment;
- For the purpose of avoiding all suspicion of illicit action, the Company's policy forbids all employees from accepting valuable objects of any nature from any employees or representatives of any past or future vendor for personal use or consumption.

ITEMA shall not tolerate any violation of its corporate policies and procedures, nor will it tolerate any breach of the laws and regulations in force at either a State or local level. Any violation of this Policy of Ethics and Conformity will be subject to disciplinary measures, which may also lead to the termination of employment and criminal and/or civil consequences for the individuals involved.

All employees are required to report any violation, be it real or suspect, of the corporate policies and procedures or the national and local laws and regulations in force. Employees are encouraged to report any such real or suspect violations to their superiors.

ITEMA undertakes to analyse and examine any reports of violation that it should receive in an objective manner, in collaboration with the 231 System Supervisory Body, if this exists, as well as to take all necessary action. All employees are required to declare that they have duly read and understood (and are thus aware) that the Company will apply a "zero tolerance" policy in the event of any violation of this policy and the pertinent obligations.

Itema also guarantees full collaboration and cooperation in its relations with national Public Authorities, such as, in the case of Italy, the Guarantor Authority for Privacy and Competition, or the Guarantor Authority for Competition and Markets during inspections and audits; it also undertakes to provide all mandatory or requested information, data and documents in compliance with the principles of transparency and correctness and with respect for the institutional functions of the Guarantor Authorities.

In the case of Companies involved in the "231 System", the Supervisory Body shall ensure that all relations with the Public Authorities are respectful of the above values and principles; it shall detect and report any violations and the offenders to the Managing Director of the Company.

The Company prevents and objects to any conduct, be it active or by omission, that may result in scams and frauds set up using any means by one of its members and aimed at obtaining unjustified funding, subsidies or sums issued by national and/or European public subjects or at abusing their restricted use.

Should any such funds be granted, ITEMMA shall benefit from the same by respecting its reporting and bookkeeping obligations.

Within the scope of corporate activities aimed at obtaining licenses, permits, concessions and the like, all ITEMMA personnel shall conduct themselves with due diligence, fairness and prudence.

ITEMMA actively collaborates, where necessary, with judicial authorities, law enforcement agencies and any other public officials during inspections, controls, investigations or judicial proceedings.

Section 15 - External relations

The company intends to increase the degree of satisfaction and enjoyment of the products and services it provides by paying closer attention to the needs of its clients and potential clients and by providing comprehensive preliminary information.

Such relations are managed according to the principles of collaboration, availability, professionalism and transparency, not to mention confidentiality, for the purpose of establishing strong and lasting relations based on mutual understanding and trust.

Suppliers are selected on the basis of careful technical and economic evaluation, taking into account the following parameters: product analysis, offers, economic convenience, technical and professional suitability, competence and reliability.

Agreement with the principles set out in the Code is an essential condition when establishing and maintaining a supply agreement. The supplied products and/or services must, in any case, be compliant with and justified by clear corporate needs, as well as motivated and described in writing by the relevant people in charge of agreeing to expenses within the limits of the provided budget.

Within the scope of on-going goods and service provision agreements, as well as in its dealings any potential supplier, ITEMA bases its own business relations on the principles of good faith and transparency, as well as respect of equality, impartiality, loyalty and equal opportunity values.

At the end of every relation and, in any case, before paying for all supplies received, ITEMA shall assess the quality, consistency and promptness of the received service, as well as the counterpart's compliance with all its agreed undertakings; it shall also conform to the tax discipline in force.

Relations with external consultants, advisors and outsourcers, if any, are based on the same principles and selection criteria.

For the purpose of safeguarding its own image and protecting its resources, ITEMA shall not entertain any relations whatsoever with subjects who do not operate in compliance with the regulations in force or who refuse to conform to the principles and values set out in this Code.

ITEMA personnel is forbidden from asking favours, gifts and/or other gratuities from consultants and suppliers or giving or promising such gratuities, even if these might serve the purpose of consolidating relations with ITEMA.

The Supervisory Body (SB) is responsible for ensuring compliance with these provisions and shall report any ascertained violations to the Administrative Body; Company employees are also required to report to the SB any events that may constitute a breach of the provisions of this section.

The Company bases its relations with trade partners and competing companies on strict compliance with laws, market regulations and the principles of fair competition, objecting to any illicit or collusive conduct or agreement.

The Company entertains constant relations with trade unions and trade organizations in order to guarantee open dialogue resulting in shared decisions with regard to any social issues directly involving the Company.

Mass media relations are managed on behalf of the Company by the Managing Director of each Company or by any subject who has been assigned the *pro tempore* role of press officer or spokesperson, with the aim of guaranteeing secure, consistent, complete, homogeneous and univocal information.

Even when directly approached, all personnel are forbidden from entertaining any relations with the mass media, making any public statements or disclosing data and information regarding the Company, especially where this may jeopardise or influence the reference market and/or compromise the ITEMAs trade image.

Section 16 - Privacy (Personal Data Protection)

ITEMA undertakes to protect all employee, co-worker and third party information, generated or otherwise obtained within the Company or from elsewhere, in order to prevent its misuse.

ITEMA operates in full compliance with the concerned parties' subjective right to personal data protection, be they employees, consultants, clients or suppliers; it also provides a complete, comprehensive and updated information note on data – ordinary or, possibly, sensitive – acquired or to be acquired and/or processed as part of its business; it also requests informed consent whenever this should be legally required.

Such data may not be disclosed, disseminated or used for any other purposes than those specifically indicated to the concerned parties, either internally or outside each Company: the latter has duly appointed the people in charge of this function as well as other employees assigned to data processing, who are responsible for complying with the relevant regulations.

Subjects operating within the Company, either as Top Management or in lower positions, are forbidden from altering the normal operation of the information and remote system in any way or form, i.e., tampering with or altering in any way the data, information and installed software programmes in order to obtain, whether directly or indirectly, any benefits or advantages for the business.

ITEMA guarantees the concerned parties that the processing of their personal data will be carried out with the minimum safety measures and in strict compliance with the regulations in force, on the Company's premises and always by means of duly authorised personnel.

Section 17 - Insider trading

All employees who have access to confidential information are forbidden from using or sharing such information for commercial or any other purposes, with the exception of managing and safeguarding the Company's business.

All information not in the public domain and pertinent to the Company must be considered confidential. Using confidential information in order to gain personal financial advantage or to give a "heads up" to somebody who may decide whether or not to make an investment is not only immoral, but also illegal.

Section 18 - Financial management and accounting

Each Group Company provides a clear, correct and truthful picture of its transactions, which were registered in compliance with the Italian Civil Code and other applicable laws, accounting standards and tax regulations in force, in order to ensure transparency and prompt audits. ITEMMA shall also prevent any false, incomplete or misleading bookkeeping and shall make sure that no off-budget, secret or unregistered funds lodged with private accounts are set up and that no false invoices are issued or registered in relation to fully or partly non-existing transactions.

The Directors are expressly forbidden from representing material facts that do not correspond to the truth in the financial statements, accounting books and notices sent directly to shareholders and/or third parties, or from omitting due information regarding the economic, equity and financial standing of ITEMMA or any Group Company, in such a way as to induce the recipients into misguided mistakes, to cause a loss in equity for shareholders and company creditors or to adopt fraudulent conduct under current tax regulations.

To this end and in accordance with the control principle provided by the task separation policy, single accounting operations and the subsequent revision and auditing activities are carried out by different people, whose competences are clearly defined within the Company, in order to prevent them from having unlimited and/or excessive powers.

Any actions or omissions are forbidden if they are such to prevent, hinder or modify the control activities granted to the shareholders or attributed to intra- and extra-company bodies.

It is strictly forbidden for anyone to use Company funds without specific authorisation or to set up, hold and manage foreign or national funds that are not registered in the official accounting.

Any violations of the above provisions shall be immediately reported to the competent Administrative body or, if exists, to the SB by anyone becoming aware of the same.

The co-ordinated internal control system contributes to improving managerial efficiency and is an indispensable tool to support the managerial action.

Those subjects who are granted the power to allocate economic and cash resources on behalf of the Group Companies shall be well separated from those assigned to their control.

Corporate communication shall be clear, truthful, correct, transparent and comprehensive; it shall be based on the principles, criteria and methods set out in the Italian Civil Code or other applicable laws, as well as in compliance with current accounting principles, tax regulations, special laws and applicable norms.

All interim and final financial statements, relevant notes, accounting books, information sheets and, more generally, all notes and reports on ITEMMA'S economic, financial and equity

statements as provided by law, its accounting and company books are prepared in compliance with the principles of transparency and correctness.

ITEMA personnel, at all levels, is made aware of money laundering operations for the purpose of preventing these, also to protect them from becoming an accessory to the fact.

ITEMA may grant funding or sponsoring contributions to private and public bodies, as well as to no-profit organisations, especially in case of social, cultural and charity purposes, in compliance with the provisions set out in the accounting, civil and tax regulations.

Section 19 – Health and safety at work and environmental protection.

ITEMA's activities, especially those concerning manufacturing, shall be carried out in compliance with the international conventions and standards concerning health and safety, environmental protection and public integrity, not to mention the corresponding national laws, rules, administrative procedures and policies of the States in which ITEMMA conducts its business.

ITEMMA's employees, at all levels of the Company and within the ambit of their area of competence, are effectively involved in the risk prevention process with regard to environmental protection, public safety and occupational health and safety, as this applies to themselves, colleagues and third parties in general.

ITEMMA actively promotes scientific and technological developments to protect the environment and natural resources. Management of corporate activities shall comply with the strictest standards of environmental protection and energy efficiency, pursuing ongoing improvements to occupational health and safe standards and environmental protection.

In particular, in its manufacturing activities ITEMMA carefully considers all the risks concerning the use of hazardous materials, air emissions, wasted energy, the production of waste water and the production and management of general waste. In conducting this risk-analysis, ITEMMA shall prefer the most prudential options for guaranteeing a reduction in environmental and occupational health and safety risks.

CHAPTER IV - FINAL PROVISIONS

Section 20 - Cross-reference.

The contents of this Code shall be coordinated with the provisions of the Company By-Laws, the Italian Civil Code, the Italian Criminal Code and any special laws applying to the Group Companies' businesses, as well as with the Workers' Statute, the National Labour Contract for this industry and any other laws and regulations in force.

With specific reference to the conduct of the Group Companies involved in the "231 System", the Code shall be applied in coordination with the provisions of the adopted Organization, Management and Control Model.

This Code automatically includes every current and future norm defining the list of offences linked with the administrative liability of the Company and is targeted at preventing and repressing any crimes committed against the economic order; it also acts as a crucial tool for the Company and its business.

Section 21 – Crime prevention as per Italian Legislative Decree 231/01

Italian Legislative Decree 231/2001 introduced the principle of administrative liability of legal persons due to an offence committed in their favour or advantage by other subjects in Top Management or a subordinate position.

Sections 6 and 7 of the above Legislative Decree provide for the possibility of a legal person to be freed of any liability provided they have spontaneously and effectively implemented a suitable Organisation, Management and Control System to prevent such offences from being perpetrated, entrusting a Supervisory Body with the necessary powers of control to prevent any such crimes.

The same rules apply to foreign Companies doing business in Italy and, under certain conditions, to Companies registered in Italy for crimes committed, even partially, in foreign States.

For the purpose of detecting, grading and limiting the assumed risk of offences being committed within the "231 System", ITEMMA has surveyed and processed the potential risks of such crimes being committed within its own corporate environment and individual functions; consequently, ITEMMA shall implement an Organisation, Management and Control Model covering the Companies for which it is applicable.

Said Model shall consist of a General Section, the same for all the Companies involved in the "231 System", and a Special Part, adopted by the individual Companies and based on their specific risk analysis. The involved Companies will appoint a Supervisory Body ("SB"), entrusted with implementing the Model.

The Model shall be updated according to indications received from the SB and any subsequent amendments to Legislative Decree 231/2001 or to new risk-areas.

This Code coordinates and integrates the perceptive content of the Model adopted by the aforementioned ITEMA Companies and on this basis singles out the standards of conduct required of all subjects operating in the areas/functions evaluated and deemed to be at risk of the crimes to which the Legislative Decree refers.

The subjects involved in such areas, functions and/or fields are required to observe the rules of conduct, any infringement of said rules leading to the application of the sanctions provided for by the Disciplinary System.

The SB is the corporate body entrusted with controlling corporate activities and updating/amending the Model; it is autonomous and independent, separate from the ownership and management of the Company, though pertinent to the Company's business in the light of its coordination with the administration and control bodies; it also carries out its functions on an ongoing basis.

The SB is composed of subjects fulfilling the necessary requirements of honour, professionalism and independence, as well as competence and experience in the matters in question.

At the moment of appointing the SB, each Administrative body shall pass a resolution concerning its composition and configuration, as well as the duration of its mandate, the replacement procedure for single members, renewal of its appointment, its assigned budget and remuneration.

The SB shall have its own structural, economical and financial resources within the aforementioned limits and powers and is free to decide upon its own organisation, rules and operating methods; where necessary, it can call on the services of external consultants.

By way of example, in the performance of its duties, the SB shall be responsible for:

- Interpreting, applying and supervising the implementation of the Code of Ethics;
- Supervising the compliance, operation, updating and optimisation of the Code and the Organisation, Management and Control Model;
- Carrying out inspections, monitoring and coordination audits with the other bodies both within and outside the Company;
- Detecting and reporting any offenders to the relevant bodies, and starting the disciplinary proceedings;
- Any other activities indicated in the SB Rules.

The SB prepares a six-monthly report on the progress of the implementation process of the Code and the Model and submits this to the Administrative Body. The report outlines the necessary measures to be taken in order to improve the efficacy and operation of the prevention system.

In fulfilling its duties, the SB constantly relates with the corporate bodies assigned to control and management, as well as with the heads of single management units who are required to provide a constant flow of information and to coordinate with the SB, as well as to provide any documents needed to perform the controls.

A communication and cooperation system between the various SBs for each Group Company shall be set up with specific reporting duties to the Parent Company's SB.

The SB, if necessary in the performance of its duties, shall cooperate with external bodies, including supervisory authorities and branches of the Public Administration in the State in which the Group operates.

Section 22 – Links with the Organisation, Management and Control Model in compliance with Legislative Decree n. 231/2001.

This Code of Ethics is an integral part of the Organisation, Management and Control Model adopted by ITEMMA in compliance with Italian Legislative Decree n° 231/2001. Each Group Company Administrative Body is required to guarantee full respect of the principles of this Code, promoting its knowledge and circulation among third parties.

Section 23 – Supervisory activities, infringements and sanctions.

The SB is the body appointed by the Board of Directors of ITEMMA for the management of all issues relating to the circulation and implementation of this Code of Ethics and the Organisation, Management and Control Model.

The SB is entitled to collect any element indicating possible violations of the Code and communicate these same to the Administrative Body, which shall then notify the violator.

In particular, it also receives support and help from the members of the Board of Directors and subjects appointed by the same, in its enquiries connected with the operating procedures and in reporting and processing the violations, which is its precise task to define.

Such procedures, in allowing adequate protection of privacy, shall regulate this matter in such a way as to ensure the general correctness of the process, in order to avoid irrelevant reports not grounded in the facts or completely unjustified and to take action only in the case of significant violations; to this end, the SB shall analyse and assess the reports of potential violations of the Code and the Model received in the appropriate manner (e.g. fax, e-mail, etc.).

The SB is, in any case, entitled to gather any element indicating a possible infringement of the Code and the Model.

The SB constitutes a point of reference for the interpretation of the Code and the Model; it features a number of structures, both internal and external, for the periodical assessment and updating of the Code and the Model; moreover, it ensures effective communication, training and involvement processes by coordinating the initiatives set up for their circulation and understanding.

The Board of Directors, supported by any subjects appointed by the same, is responsible for preparing and implementing suitable internal communication plans and training programmes on the adopted ethical principles based on indications provided by the SB; similar plans shall be prepared for making the adopted systems and reporting methods known to third parties.

Top Management is primarily accountable for the implementation of the Code of Ethics and the Model; for this purpose it must adopt a standard of conduct that is in line with the above shared principles in order to set an example for the other employees, who shall be guided in such a way that they fully understand the importance of abiding by the values and their being an essential part of their job.

Top Management shall motivate employees to analyse certain common issues relating to the implementation and interpretation of the applicable Organisation, Management and Control Model; it shall select only the personnel and external consultants who prove to be most trustworthy in terms of complying with the corporate ethos.

The Board of Directors must immediately report to its SB any potential violations of the Code and the Model, so that the latter may take all suitable and consequent action.

Compliance with the principles and rules of this Code of Ethics and Standards of Conduct and their consistent dissemination and implementation within the ambit of the employee's assigned duties and responsibilities form an essential and integral part of the duties of each collaborator under the agreement entered into with the Company.

The Model sets out the appropriate disciplinary sanctions; these shall be enforced according to the nature of the relationship between the perpetrator of the infringement and the Company, the importance of the infringement and the role and responsibilities of the perpetrator, in coordination with the corporate bodies and trade unions. Business contracts may be terminated due to serious breach of contract after taking into consideration the importance of an infringement of this Code.

Proven and relevant infringement by a member of a control and/or management corporate body shall be considered on the basis of its seriousness and may constitute true and just cause for the members to be revoked by means of a resolution by the Shareholder's Meeting. If the violator is a shareholder, the SB shall consider the appropriate sanction in agreement with the relevant Company's bodies.