



Organisation, management and control model according to Legs. Decree 231/2001

Annex 1

Code of Ethics of the Cembre Group

7th Edition- updated

Document approved by the Board of Directors with resolution dated 29th August 2013

1. | CEMBRE GROUP CODE OF ETHICS

Nature and objectives of the Code of Ethics

The Code of Ethics of the Cembre Group (hereinafter also referred to as the “Code of Ethics” or “Code”) is directed at all those that work for the Cembre Group (hereinafter also referred to as “Cembre”, the “Group” or the “Company”) or that are linked to the Group. The Code aims at making the principle ethics, to which Cembre aspires, clear, unequivocal and understandable.

The Code of Ethics is an official document reflecting the ethical values and principles which are followed by the Group and should therefore be followed by all those that work and cooperate with the Group.

The value and significance of the Code of Ethics are reinforced by the specific liabilities falling upon the various Entities as a result of any crimes and administrative offences committed, according to Legislative Decree 8th June 2001 no. 231.

The reasons and aims for the adoption of the Code of Ethics are:

- establishing a standard of behaviour that aims at preventing the commitment of crimes connected to the activities of Cembre or in the interest or to the advantage of the Group;
- identifying measures and tools of internal control suitable to monitor that the Code is respected;
- creating value.

The needs analysed by this Code are not only legal and economic but are also dictated by a clear social and moral commitment assumed by the Group.

Recipients of the Code of Ethics

The recipients of the Code of Ethics (hereinafter referred to as Recipients) are the Shareholders, Directors, Auditors and any person exercising management and control of the Cembre Group regardless of their formal and legal qualifications. The recipients of the Code of Ethics are bound to observe the principles contained in the Code and are subject to penalties for any breach of its provisions.

All employees and external workers, even temporary, of the Group are also recipients of this Code; they are therefore bound to observe it and are subject to penalties for any breach of its provisions.

The consultants, suppliers, partners in business initiatives and agents of Cembre and anyone else who, under Cembre’s control, performs activities in the name of and on behalf of Cembre, are also recipients of this Code of Ethics and are therefore bound to observe it.

The Code of Ethics is available on the company website www.cembre.com in the section “Cembre Group”.

2. | GENERAL RULES OF CONDUCT

Compliance with laws and regulations

The laws in force, the rules and directives of the current legal system are the basis of all business activities carried out by the company and must absolutely be obeyed.

Rapid development or changes in regulations may require significant efforts to adapt the company organisation: in any case, all collaborators are required to accept the changes with responsibility, professionalism and integrity. Any actions and behaviour that may adversely affect the image of the Group in the public eye must be strictly avoided.

Professionalism and spirit of cooperation

Each Recipient carries out their activities with the professionalism required by the nature of their tasks and duties, striving to their best to achieve the assigned objectives and assuming the responsibility falling upon them due to their tasks and duties.

The mutual cooperation between parties involved in the same activity or operation, represents a fundamental principle and an essential element for the success of the Company.

Dignity and Equality

Each Recipient acknowledges and respects personal dignity, personal space and the rights of the individual when working with women and men of different nationalities, cultures, religions and races.

Discrimination, harassment or sexual offences, personal offences or offences of any nature are not tolerated, nor is the creation of an intimidating or hostile work environment or the isolation of an individual or group of workers.

Integrity

When carrying out their tasks and duties, each Recipient must conduct themselves with transparency and moral integrity (taking into account appropriate social, economic, politic and cultural frames of reference) and, in particular, with honesty, fairness and good faith.

Furthermore, in the event of criminal proceedings, it is strictly forbidden to:

- attempt to influence, in any way, the willingness of those called upon to respond to the Judicial Authorities in order for them not to make any statement or declare untrue facts.
- promise or offer money or other benefits to parties involved in or connected to the proceedings.

Fairness and transparency of management

Cembre must be directed and managed according to the principles of transparency and fairness and absolving all the duties of communication provided for by the law.

In addition, Cembre must be managed in a way that provides maximum protection of its assets, in order to protect its shareholders, creditors, investors, financiers and all stakeholders.

Cembre prohibits any person (including Shareholders) that has not been provided official and specific authorisation by the competent corporate bodies, to carry out de facto management and administration operations (including its controlled or subsidiary companies), and prohibits them from exercising any power of representation, management or expense.

Traceability

Each Recipient must keep adequate documentation of the main operations performed, so that the reasons and characteristics of any operation can be checked at any time, during the phases of its authorisation, execution, registration and verification.

Preventing conflicts of interest

A conflict of interest occurs when an employee or external worker who is engaged in an assignment for the Company, has a private interest, actual or potential, that is:

- in contrast to the best interests of the company;
- so significant as to affect the impartiality of judgement or behaviour, which must always be guaranteed.

By way of example, the cases below are to be considered “conflicts of interest”:

- the involvement of the employee or external worker or their family members in the activities of suppliers, customers or competitors;
- the employee or external worker uses information acquired through work activities for the benefit of themselves, the Company or third parties and anyway in contrast to the interests of the company.
- accepting money, favours or other benefits from parties that have or would like to have, dealings with the company.

All employees and collaborators shall act exclusively in the interest of the Company and avoid situations or relations that create conflict between their interests and those of the Company.

Preventing corruption

An act of corruption is defined as an intentional offer, promise or delivery of any undue amount of money, products or services or of any other benefits or advantages to a third party, public or private,

in order to ensure that this entity acts for or refrains from fulfilling its own official duties or delays an act of its office or performs an act contrary to its official duties.

Cembre condemns any behaviour that may constitute an act of corruption. Employees and external workers shall alert their managers and the Supervisory Board, of any attempt at corruption by Cembre personnel of Public Officials, public services employees or private parties, or any attempts at bribery or undue inducement to give or promise advantages, by a public official or public services employee.

Preventing receiving, laundering and use of money, goods or assets of illegal sources

Receiving from illegal sources means purchasing, receiving or concealing money or anything coming from any crime in order to provide profit for oneself or others; laundering means obtaining illegal income through financial and accounting transactions.

Cembre commits itself to paying particular attention to prevent money laundering from illegal or criminal activities. Cembre conducts its activities in compliance with anti-money laundering laws and regulations issued by competent Authorities. This point is particularly important in relation to the operation of Cembre in emerging markets.

The Company commits itself to properly auditing the business and professional reliability of its suppliers, customers and business/financial partners, in order to verify their respectability and the lawfulness of their activities.

Use of company assets, equipment and facilities

Cembre company assets are intended to be used for service reasons, according to current regulations. All Recipients are required to use the equipment, safety devices, means of transport and other work equipment in a proper way. All Recipients must immediately report any hazardous conditions to their Supervisor, and in case of emergency must intervene directly, within their powers and possibilities.

The use of company assets for purposes contrary to mandatory rules of law, public order or morality, or for the purpose of manifesting racial intolerance, exaltation of violence or violation of human rights is in no case allowed.

Management and use of information systems

The Company commits itself to performing its activities in compliance with the current regulations concerning the use and management of information systems and to ensure its correct use by its employees.

In no case is it allowed to use IT resources and networks for purposes other than business, nor for committing or inducing crimes, damaging or altering IT systems and information of third parties (Private or Public Entities) or to illegally obtain confidential information.

Recipients are not allowed to install any unlicensed software on Company computers nor to use and/or copy documents and materials protected by copyright (audiovisual, electronic, printed or photographic recordings or reproductions) without express authorisation from the holder except when such activities fall within the normal performance of the tasks assigned to the Recipients.

Gifts, Benefits and promise of favours

Employees and external workers are prohibited to:

- grant benefits and gifts to customers, suppliers, consultants, agents or others, both directly or indirectly, as well as acts of kindness or hospitality, except in cases in which the value, nature or purpose of the gift is considered legal and ethically correct and not to compromise the Group's image and the value and nature of the gift cannot be interpreted as a means for the Company to obtain favourable treatment.
- accept, from clients, suppliers, consultants, agents or others, gifts that can be perceived as a way to influence impartiality and integrity of employee's or external workers' decisions.

The employee and or external worker who receive a gift falling outside that which is considered normal business practice must communicate it to their manager and to the Supervisory Board.

Management of intellectual and industrial property

The Cembre Group adopts adequate measures and initiatives to protect their intellectual property and to not violate that of others. In particular, the Company commits itself to:

- use only creative ideas or processes (including, but not limited to, texts, illustrations, drawings, etc.) of which it has exclusive ownership under the terms of compensation and/or refunds agreed with third parties by contractual documents;
- use trademarks being exclusive property of the Company and/or trademarks whose use is available to the Company through legitimate right of use.

Furthermore, the Company requires suppliers to ensure that goods and their use do not infringe upon industrial property rights of third parties (trademarks and patents).

Within such relationships, the company adopts proper measures to be held not accountable from any claims, legal action and requests for compensation from third parties due to acts of unfair competition, violation of patents or patent applications, trademarks or registered designs and industrial and intellectual property rights with regard to raw materials, semi-finished products, finished products or services acquired from third parties.

In no case is it allowed:

- to counterfeit or alter foreign or domestic patents, trademarks and distinctive marks of industrial products of other parties;

- use, in any way or form, trademarks, patents, names and other distinctive marks which are not exclusive property of the Company or for which it does not hold legitimate rights of use;
- Market original products or industrial products having patents, trademarks or distinctive marks intended to mislead the buyer on the product origin, provenance or quality.

3. | RELATIONSHIP WITH EMPLOYEES, EXTERNAL WORKERS, SUPPLIERS AND OTHER PERSONS

Relationship with employees

The Group considers its employees to be an important asset to maintain and develop through policies based on respect, trust and appreciation, through:

- training activities to support the skills and knowledge of each employee;
- respect of their merits and capabilities with regard to the company's demands, avoiding favouritism and benefits.

Each employee shall fully respect the roles and responsibilities that they are assigned.

Selection and recruitment policies

To contribute to the development of the company's objectives and to ensure that these are pursued in accordance with the ethical principles and values which Cembre encourages, the company policy aims at selecting each employee, consultant and external worker in various capacities according to the values expressed in this Code.

Cembre operates in a way so that the staff recruited correspond to the necessary profiles within the company, avoiding favouritism, nepotism, forms of patronage of any nature and incentives of any kind: all discrimination of race, gender, religion, country, language, trade union membership, political views and any kind of favouritism, are prohibited in the processes of recruitment, payment of salaries and remuneration and dismissal.

Staff recruitment is based on regular work contracts and any employment contract that does not comply with or evades the laws in force is not acceptable.

Furthermore, those involved in the process of selection and recruitment of personnel must ensure the possibility of employment in the company, on open-ended or fixed term contracts, of foreign subjects with valid permits of stay, monitoring the effective renewal of such permits in accordance with law.

Working environment and protection of privacy

Within the working environment, Recipients shall conduct themselves in a serious, orderly and proper way.

The Group is committed to implementing strategies, policies and operational plans designed to prevent and overcome any negligent or malicious behaviour that could cause damage either directly or indirectly to the staff of the Group and/or material and immaterial resources of the Group.

In this regard, in respect of the legislation in force, the Company will undertake to protect the privacy of information concerning the private lives and opinions of its employees and, more generally, of those who interact with the company.

Respect of the worker's dignity in particular shall be ensured through the respect of privacy in correspondence and interpersonal relationships

between employees by prohibiting interference in conferences or discussions and prohibiting interference or forms of checks that could adversely affect a member of staff.

All Cembre Group staff are required to actively contribute to upholding the optimal standards of company security and safety, refraining from unlawful or dangerous conduct and reporting any third party activity that could damage assets or staff to their superiors or body to which they belong.

It is mandatory in any case that everyone pays particular attention to their own personal safety, to stringently follow the Company directives on the matter and to refrain from conduct that could endanger their own safety or that of others, promptly reporting any situation threatening the security and safety of themselves or others to their superior.

Public Institutions and other collective representatives

Those who have relations with Supervisory Authorities and Public Institutions (Italian or of other countries), also with reference to the management of business, European or international public institutions, trade union organisations and other group or collective representatives shall not only maintain strict compliance with the law but also base their work on the principles of fairness and transparency. The aforesaid relations are maintained by the Company Senior Management, namely, the persons delegated by it.

In any case, it is prohibited to:

- promise or carry out liberalisation, sponsorship or cash donations in order to receive favourable treatment,
- promise or give gifts, of a non modest value, i.e. that goes beyond the normal practices of courtesy or business or that are promised or given for the purpose of receiving favourable treatment;
- promise of give advantages of any kind in order to influence the autonomy of judge-

- omit or modify information in order to lead the Public Administration to grant incentives or advantages of any kind to Cembre or any other company of the Group;
- allocate contributions, aids and public funding for purposes other than those for which they were obtained.
- grant requests or yield to pressure by Public Officials and/or Employees of Public Services.

With regard to possible requests of any nature from the Judicial Authorities and generally in each and all contacts with them, Cembre undertakes to collaborate to the maximum extent possible in order that truthful statements are made that are representative of the facts, and that conduct which could cause obstruction is avoided, in strict compliance with the law and in accordance with the principles of loyalty, fairness and transparency.

Relationship with suppliers

Selection of suppliers must conform to the laws in force and to the internal procedures set out by Cembre.

The choice of a supplier and the purchase of goods and services of any kind must take place in compliance with the principles of competition and equality of the conditions for suppliers who submit their bids and be based on the objective assessment of the supply competitiveness, quality, use and price.

In the selection phase, Cembre shall adopt objective and transparent criteria without excluding any supplier company that in possession of the requested requirements has the possibility to compete to win a contract.

In managing the relationships with suppliers, Recipients are required to:

- establish efficient, transparent and cooperative relationships, in line with the best business practices;
- properly officialise all the supplies and document the reasons for the choices made;
- gain the cooperation of suppliers by constantly ensuring the best ratio between quality, cost and delivery time;
- not pursue personal gain by accepting advantages or particular expediency in supply operations;
- ensure the strict application of the contractual conditions laid out.

Relationship with external workers, consultants and agents

Cembre and its associated and subsidiary companies select external workers, consultants and agents in complete impartiality, autonomy and independence, taking competence and professionalism into account as the only deciding factors.

Cembre expects its external workers, consultants and agents to conduct themselves in a way that complies with the principles contained in this Code of conduct, which they have been informed about by the Company. Any other behaviour shall be considered a serious breach of the obligations of fairness and good faith in the performance of the contract, source of harm to the relationship of trust and cause for the termination of the contract.

Within the framework of relations with external workers, consultants and agents, Recipients are required to:

- attentively assess the opportunity to use external workers and select counterparts of equal professional qualifications and reputation;
- gain the cooperation of professionals, consultants and agents by constantly ensuring the best ratio between work quality and cost;
- request the strict application of the conditions set out in the contract.

Participation in calls for bids and relationships with customers

By participating in procedures of „competitive comparison“, Cembre attentively assesses the adequacy and feasibility of the services required, with particular reference to regulatory, technical and economic conditions, promptly indicating, where possible, any anomalies.

In formal and informal relationships undertaken with customers, Cembre ensures diligent and professional behaviour, providing clear, accurate and truthful information in business negotiations, accepting contractual obligations as well as fulfilling them faithfully and with diligence.

In the marketing of products, the Group guarantees their origin and source as well as the specifications of the product components present in these products.

Communication methods: responsibility and fairness

External communication must follow the guiding principles of truthfulness, fairness and transparency and must encourage the knowledge of the values, policies, programmes and projects of the individual companies, and in any case the knowledge of the principles of confidentiality and professional secrecy. In particular:

- relations with the press and the communication media shall only be carried out by those who are
- expressly in charge of such task;
- news, information regarding the internal activity of Cembre and other Companies with which it has relations must be managed with great attention and caution;
- relations with the communication media must be carried out in compliance with the rules that have already been illustrated for relations with public institutions.

The Company ensures a level of communication that is professional, truthful, punctual and complete. The company undertakes to inform the organisation and the market in a transparent and active way.

All external workers are made aware of any news at the same time or following its disclosure to the public, without prejudice to the legal obligations on the disclosure of confidential, privileged and/or price sensitive information.

Information regarding relations with clients, competitors, consultants, agents or current issues concerning individual external workers is not divulged. Rumours are not paid any attention

nor are they commented upon. Only expressly authorised company representatives can take an official position before the media. In case of public expression of their personal opinion, external workers shall not make reference to their position within the company.

4. | COMPANY INFORMATION

The completeness and clarity of accounting information, reports and financial statements constitute a fundamental value:

- in relations with shareholders who must be able to easily access transparent and reliable company information;
- in relations with the Supervisory Authorities;
- in relations with the market in general.

In order for this value to be respected, basic information needs to be complete, truthful and accurate. For each operation, adequate documentation must be kept which facilitates accounting recording such that operations can be reconstructed and any possible responsibility identified.

Regarding non public information that is not in the public domain and is learnt during the performance of working activities, the right to confidentiality must be strictly observed both in relations with those external to negotiations, and with the press.

Cembre prohibits any direct or indirect use of the abovementioned information.

Other obligations concerning Management

The assets of Cembre and those of other companies within the Group are managed in an honest and correct way; all individuals are therefore required to comply with this Code and to contribute towards protecting its integrity so that the shareholders, creditors and investors, etc. are all protected by the Code.

The Directors (namely anyone who carries out these functions) must not prevent or stand in the way of audit activities carried out by auditors, shareholders or auditing firms.

In light of the above:

- company assets, possessions, credit and shares must be correctly assessed, not assigning them higher or lower values than they have;
- operations affecting the share capital or any other kind of operation using non-distributable profits or reserves required by law are not allowed;
- the share capital cannot be reduced except in the case of losses or devaluation;
- Directors cannot purchase or subscribe shares or participations except through their own resources;
- the objectives set out in the articles of association must be pursued;
- management of the share capital must be consistent with the nature of the Company, which operates in compliance with the principles of transparency and morality;

- shareholders cannot be released from the obligation to pay contributions.

The same principles must be adopted in the assessments and any other extraordinary operations (mergers, splitting up of company, etc.).

It is forbidden for anyone to influence the proper conduct and decisions of the shareholders' meetings by deceiving or misleading the shareholders.

Relations with Internal and External Auditors

Cembre conducts its relations with Internal and External Auditors with the strictest diligence, professionalism, transparency, cooperation, availability and in full respect of their institutional role, promptly carrying out any prescription and action required.

The Internal and External Auditors in particular must have free access to the data, documents and information necessary to carry out their work. It is forbidden to prevent or stand in the way of the audit activities that have been assigned to the auditing firm or other institutional bodies according to the law, i.e. to influence independent judgement of these subjects in order to alter representation of the assets or financial and economic situation of the company.

5. | SAFETY AND THE ENVIRONMENT

Safeguarding health and safety at the work place

Cembre performs all its activities with special attention to the work environment and to the safety of personnel and third parties, with the ongoing objective of constant improvements to performance in this area and ensuring prompt compliance with current laws and regulations on safety at the work place.

For this purpose, action is implemented to:

- Identify, evaluate and manage risks to health and safety;
- Train and inform all personnel exposed to the above risks;
- Check and improve procedures and working conditions.

The responsibility of each Recipient with respect to all collaborators and colleagues implies the utmost care for the prevention of risks of accidents. Each Recipient must therefore pay special attention in performing the assigned duties, in strict observance of all established safety and prevention measures, to avoid all possible risks to themselves, colleagues and any third parties present.

More specifically, Recipients are obliged to observe all instructions and directives imparted by all parties assigned by the Company to ensure fulfilment of obligations in terms of health and safety at the work place.

Protecting the environment

In performing their tasks, all Recipients undertake to observe current laws and regulations on environmental safeguarding and protection, all legal provisions and environmental aspects

related to the tasks, products and services of the Group, taking into account the needs for correct use of natural resources.

The Group, through implementation of the Environmental Management System, acknowledges environmental management as one of its main priorities, attributing clear roles and responsibilities and maintaining constant communication between the interested parties, both internally and externally.

The Group also endeavours to raise awareness of all employees, collaborators and others operating the name of and on behalf of the Group with regard to the respect and safeguarding of the environment, in order to avoid or minimise all possible negative impact on the latter.

In particular the Group undertakes to identify and implement adequate measures for the protection of habitats and safeguarding of protected plant and animal species as envisaged by current standards, and to respect all legislation regarding authorisations related to land management during the design of new systems, works or products within protected environments.

The Group defines provisions aimed at ensuring the correct management of waste water, the adequate characterisation of waste and procedures for dealing with potential environmental emergencies.

Finally, the Group identifies regulations to ensure the correct operation of systems that generate emissions into the atmosphere and maintenance of the said systems, paying special attention to the management of any substances harmful to the Ozone layer.

6. | APPLICATION OF THE CODE OF ETHICS

The Directors and Managers of Cembre and of the subsidiary / associated companies have primary responsibility in relation to the Code. To this end, they shall:

- conduct themselves in compliance with the values and principles of the Code, in a way as to provide an example for their collaborators;
- help workers in order to observe the Code as an essential part in the quality of their work;
- encourage workers to apply and interpret the Code.

If an employee or worker is not sure how to act in compliance with the measures set out in this Code, they should promptly consult their superiors.

In order to ensure the Code's circulation and application, Cembre lays down rules on the ways by which those who are aware of any breach of the Code should communicate this to the senior management or to the Supervisory Board.

Failure to comply with the rules illustrated herein shall constitute a breach of the obligations arising from the employment contract and shall give grounds for disciplinary sanctions.

Investigation of offences and the management of disciplinary procedures fall under the responsibility of the company functionaries in charge.

Breach of Code of Ethics

Compliance with the provisions contained in this Code shall be considered an essential part of the contractual requirements provided for employees of Cembre and subsidiary and associated companies, for suppliers, external workers, consultants, partners and agents of business initiatives.

Failure to comply with the rules of conduct indicated in this Code shall constitute a breach of the obligations arising from the employment contract and shall give grounds for the application of disciplinary sanctions.

The Company, through the bodies and functions especially responsible, sets out to investigate infringements and to impose sanctions in a consistent, fair and uniform way that is proportional to the respective breach of the Code and that conforms to the applicable measures as regards the employment contract.

