



Code of Ethics

Rev. 2 dated 09.07.2021

TABLE OF CONTENTS

1. PREMISE	3
2. PALAZZOLI'S OBJECTIVES.....	3
3. PALAZZOLI'S VALUES	3
4. RECIPIENTS OF THE CODE	4
5. RELATIONS WITH EMPLOYEES AND COLLABORATORS	4
5.1 Employees	4
5.2 Personnel selection.....	5
5.3 Establishment of the employment relationship.....	5
5.4 Personnel Management	5
5.5 Training.....	5
5.6 Health and safety	5
5.7 Protection of privacy.....	6
5.8 Duties of the employee.....	6
5.9 Conflict of interest.....	6
5.10 Use of company assets and IT systems	7
5.11 Protection of the image.....	7
5.12 Reporting and documentation.....	7
5.13 Complimentary items, gifts, and other benefits	7
5.14 Duties of the external collaborator	8
6. RELATIONS WITH CUSTOMERS.....	8
7. RELATIONS WITH SUPPLIERS.....	8
8. RELATIONS WITH THE PUBLIC ADMINISTRATION.....	8
9. RELATIONS WITH AUDIT FIRMS AND OTHER CORPORATE BODIES.....	9
10. RELATIONS WITH THE SUPERVISORY AUTHORITIES.....	9
11. RELATIONS WITH THIRD PARTIES	9
11.1 Competing companies	9
11.2 Press and mass media.....	9
11.3 Contributions and sponsorships.....	10
11.4 Community	10
12. IMPLEMENTATION OF THE CODE OF ETHICS.....	10
12.1 Duties of the Supervisory Body	10
12.2 Communication and training	10
12.3 Reporting from stakeholders.....	10
12.4 Consequences of breaching the code of ethics for employees	10
12.5 Consequences of breaching the code of ethics for Executives, Directors and Board of Statutory Auditors.....	11
12.6 Consequences of breaching the code of ethics for collaborators, consultants and third parties	11

1. PREMISE

This Code of Ethics (hereinafter the "Code") identifies and collects the ethical principles and values of PALAZZOLI (hereinafter the "Company") which must necessarily inspire, beyond and regardless of the provisions of the law, the conduct and behaviour of those who operate in the interest of the Company, both inside and outside the company organisation.

The Code is an essential element of the organisation, management and control model adopted by the Company pursuant to and for the purposes of L. Decree no. 231/2001 as it integrates this in terms of expressing and communicating the values and rules of conduct considered crucial by the Company.

The task of supervising compliance with the Code of Ethics, of disseminating its ethical principles and values and of clarifying any interpretative doubts, is delegated to the Supervisory Body set up by the Company pursuant to L. Decree no. 231/2001.

2. PALAZZOLI'S OBJECTIVES

PALAZZOLI is one of the oldest and most prestigious existing electrical component factories and is a leader in the sector in which it operates. In business in Italy since the early 1900s, today PALAZZOLI is a successful company which operates on the international market. The competitive strength of the Company is based on the extraordinary tradition of excellence of its products, on its technological and research capacity and on the special quality and professional expertise of its employees and collaborators.

The Company's mission is to constantly improve profitability whilst maximising customer satisfaction, in order to maintain and increase the corporate value.

The stated objectives are pursued through the adoption of logics of efficiency and openness towards the market, within the context of fair competition with other operators, and by giving high priority to the continuous improvement of the quality of the products and services offered.

With the awareness that a company is evaluated not only for the economic results it achieves and for the quality of its production, but also based on its ability to produce value and to create well-being for the community, through this Code PALAZZOLI intends to:

- define and make clear the values and principles that inspire our business and the relations with employees, collaborators, commercial partners, shareholders, institutions and in general with any other stakeholder;
- detail the principles of conduct which the recipients of this Code are required to comply with;
- raise awareness that those who operate in PALAZZOLI's sphere of action must comply with these principles, setting up a specific sanctioning system that ensures the effectiveness and efficacy of this Code.

PALAZZOLI hopes that the Code, strongly desired by company management, expresses - regardless of any corporate drive and/or directive - the general feeling of its community and responds to the need to disseminate the values of the Company, including externally.

The Company undertakes to adopt all prevention and control measures deemed appropriate in order to ensure, in the context of its operations, full compliance with current laws and regulations, supervisory regulations, sector self-regulation rules, internal rules and regulations in every geographical context and at all decision-making and executive levels.

The recipients, who are already required to comply with the legislation, provisions and regulations in force, are required to adapt their actions and conduct to the principles, objectives and commitments set out in this Code.

This Code constitutes application of the provisions referred to in Article 6 of L. Decree no. 231 of 8 June 2001, integrating the regulatory framework to which the Company is subject.

By resolution of the Board of Directors, the Code may be amended and supplemented, including on the basis of suggestions and indications from the Supervisory Body. For changes of an exclusively formal nature, the Supervisory Body may make the changes deemed appropriate directly.

3. PALAZZOLI'S VALUES

PALAZZOLI and all those who are involved, in whatever capacity, in the company's business activity, are called upon to respect the following values and operating principles:

- Legality: the scrupulous observance of all laws, regulations, administrative provisions and in general of all regulatory provisions, both directly applicable to the Company's business activity, and of more general application;
- Tradition and bond with the territory: the conviction that our entrepreneurial history, in its constant interaction with the territory, in the mark left by the founding personalities and by those who followed, constitutes a precious heritage to be kept alive and relevant through a vision that is innovative and open to change;
- Economic efficiency: the efficacy and cost-effectiveness of the management systems to constantly increase the levels of profitability and competitiveness of the company;
- Enhancement of human resources: through respect for the physical and cultural integrity of the person and his/her involvement in professional development pathways and participation in company objectives;
- Research and development: the constant commitment to research in all areas of intervention in order to promote and obtain – whilst pursuing a

strategic design - the highest degree of innovation of the products and industrial processes, including by means of technological development opportunities for purposes of cost containment and quality improvement;

- Respect and protection of the environment: the awareness of the decisive importance of minimising the environmental impact of the production activity and of guaranteeing a healthy and safe workplace for its employees and collaborators;

- Correctness and transparency: the adoption of management systems that comply with the regulations and conventions in force, with regard to the internal and external components of the company;

- Sense of responsibility: based on the correctness of actions, the transparency of responsibilities and the continuity of relationships with all stakeholders (customers, shareholders, employees and the community in general), ensured by the necessary attention to the rules and to how we operate, as well as to dialogue and clarity which constitute the bedrock for long-lasting relationships;

- Fairness and integrity of relations with the Public Administration: fairness of treatment and integrity of conduct must be guaranteed when managing any relationship or contact with representatives of the Public Administration, fully respecting the institutional functions. PALAZZOLI rejects any pressure, favouritism, "special" treatment aimed at obtaining undue or free benefits in the personal interest of those who operate, of the public body and/or of PALAZZOLI itself;

- Impartiality: in its relations with all the subjects with whom it operates, the Company avoids any discrimination based on age, gender, state of health, nationality, race, sexual orientation, religious faith and political convictions.

4. RECIPIENTS OF THE CODE

This Code of Ethics concerns the conduct of the members of the corporate bodies, employees and collaborators as well as of all those who operate to achieve the Company's objectives. The recipients are required to protect the respectability and image of PALAZZOLI and of the corporate assets through their conduct.

The Provisions of the Code must permeate all company processes, with particular reference to:

- selection, choice and management of Employees and Collaborators;
- managing relations with Customers;
- managing relations with the Public Administration;
- selection, choice and management of Suppliers of goods and services;
- managing relations with Competitors;
- managing relations with Trade Unions;

- managing relations with the News Media;
- managing relations with Institutions in general.

It is primarily the responsibility of the governing bodies to provide substance to the values and principles contained in the Code, taking on responsibilities both internally and externally and strengthening trust, cohesion and team spirit.

The principles contained in this Code integrate the rules of conduct that every recipient is required to observe, both in compliance with the general obligations of diligence, correctness and loyalty which must always characterise the work performance pursuant to the provisions of articles 2104 and 2105 of the Italian Civil Code and to the collective bargaining or company regulations, and with reference to any additional codes adopted by the Company to regulate particular aspects or to adhere to rules of conduct of the industry.

The Code is brought to the attention of all recipients through adequate communication tools. In particular, each employee is required to know the Code, to actively contribute to its implementation and to report any shortcomings.

All those who enter into any collaboration relationship with the Company are required to totally respect the rules and principles set out in this Code.

Under no circumstances does the claim to act in the interest of the Company justify adopting a conduct in contrast with those set forth in the PALAZZOLI Code of Ethics.

The Code also applies to the activities carried out by the Company abroad, albeit whilst taking into account the existing differences from a regulatory, social, economic and cultural point of view.

Breaching the rules of this Code damages the relationship of trust established with the Company and can lead to disciplinary actions and to compensation for damages, without prejudice, for employees, to compliance with the procedures referred to in Article 7 of Law 300/1970, with the collective labour agreements and with the disciplinary codes adopted by the Company.

5. RELATIONS WITH EMPLOYEES AND COLLABORATORS

5.1 Employees

Human resources are considered a fundamental element for the Company.

The dedication and professionalism of employees are decisive values and conditions for achieving PALAZZOLI's objectives.

The Company therefore undertakes to develop the skills and expertise of every employee so that the energy and creativity of each individual may be fully expressed to achieve his/her full potential.

In this context, it offers all employees the same opportunities for professional growth, ensuring that everyone can enjoy a fair treatment, based on merit

criteria, without any discrimination based on gender, age, disability, religion, nationality or racial origin and political and/or trade union opinions.

Correspondingly, the Company expects its employees, at all levels, to collaborate in maintaining a climate of mutual respect of the dignity, honour and reputation of every person in the company.

Whilst carrying out their activities in favour of the Company, anyone who believes that they have been the object of harassment or that they have been discriminated against for any reason whatsoever, or who is a witness to this, can report the incident to the Supervisory Body.

Any act of retaliation against an employee who rebuts, files a complaint or reports such facts is prohibited.

5.2 Personnel selection

PALAZZOLI offers the same job opportunities and/or professional growth without any discrimination.

The assessment of the candidates who take part in the selection focuses on verifying the fulfilment of the professional and psycho-aptitude requirements set out for the required position, respecting the dignity, personality, privacy and opinions of the candidate. No favouritism or forms of patronage are allowed.

5.3 Establishment of the employment relationship

Hiring takes place with a regular employment contract which fully complies with the relevant laws and the National Collective Labour Agreements applied, favouring the inclusion of young people in the workplace. The worker is required to sign the relevant contract and the commitment to comply with the contents of the Code of Ethics.

PALAZZOLI undertakes to inform its Employees fully and comprehensively at the time they are hired in relation to the following aspects:

- features of the duties and activities to be performed;
- constituent elements of the employment contract;
- regulations and procedures in force in the company, with particular attention to health risks if envisaged by the work activity;
- code of ethics and conduct;
- system of incentives and possible disciplinary measures.

5.4 Personnel Management

The definition of the roles and tasks assigned to employees, as well as the remuneration paid, responds to the degree of professionalism achieved and aims to ensure a competitive salary structure in line with the reference markets in which PALAZZOLI operates.

The remuneration is updated in compliance with the ethical principles and with the regulations in force and

is determined through clear and fair tools and methodologies, brought to the attention of the interested parties.

Based on the role held, the annual remuneration can be supplemented by company benefits according to the results achieved in order to maintain an adequate level of competitiveness with respect to the market.

5.5 Training

PALAZZOLI undertakes to create the conditions to ensure that the skills and expertise of each worker can progressively increase through the following actions:

- create the conditions for a work environment which can enhance and increase the skills of individuals and the expression of their potential;
- recognise professional growth through an adequate system of rewards and incentives;
- guarantee specific professional refresher course with a defined periodicity.

Employees are required to nurture the acquisition of new skills and abilities, also through solicitation by managers and department managers.

5.6 Health and safety

PALAZZOLI requires that internal and external working relationships should be guided by respect for the sensitivity of others and not give rise to harassment. By way of example, by harassment we mean acts or behaviour that:

- create a hostile, intimidating and isolating work environment towards an individual or a group of workers;
- operate an unjustified interference in the performance of operational tasks;
- hinder individual job prospects for reasons of personal competitiveness;
- offend the physical and moral integrity of the person (sexual harassment, violence, etc.).

PALAZZOLI is committed to disseminating and consolidating a culture of safety by developing risk awareness and promoting responsible behaviour by all employees and collaborators; it also works to preserve, especially by means of preventive actions, the health and safety of all workers.

PALAZZOLI's objective is to protect the Company's human, capital and financial resources, constantly seeking the necessary synergies not only internally but also with the suppliers, companies and customers involved in company activities, fully complying with the current legislation on prevention and protection. For this purpose, all personnel at any level, on any occasion and for any reason:

1. Must refrain from intimidating and offensive behaviour towards any person present in the company, whether an employee or not.
2. Must keep the working environment free from discrimination related to race, gender, age, religion, orientation and personal opinions.

3. Are responsible for observing the safety rules that are adopted on a case-by-case basis by the Management. Failure to comply will be considered a serious breach as it may endanger personal safety and that of other Employees.

4. Are responsible, as part of their duties, for observing the procedures and executive provisions identified to ensure the quality of the product. Failure to comply with this rule constitutes an act of negligence whilst executing the work entrusted.

5. Are responsible for the safekeeping of the equipment entrusted and must keep it in good repair and condition.

6. Can enter the laboratories and offices only if previously authorised.

7. Must prevent any type of external collaborator or visitor from accessing the departments and laboratories or using equipment of any kind without the Management's prior written authorisation. It is the responsibility of everyone and in particular of the persons in charge of each department that this should be carried out and in any case to promptly report the circumstance to Management. Indeed, it is essential that the safety of external personnel should be safeguarded as much and even more than that of internal personnel. Furthermore, since external personnel and visitors are not necessarily aware of the safety provisions, their unauthorised intervention could endanger the safety of other people.

8. Must bring to the attention of Management all facts which constitute alleged or potential breaches of the legislation in force by other employees or towards other employees.

9. As part of their duties and professionalism, must report to their manager any advice and information which could improve the quality of the product and of the production process.

5.7 Protection of privacy

PALAZZOLI complies with the applicable legal requirements regarding the processing of personal data. With particular regard to the processing of personal data of workers, PALAZZOLI sets up specific precautions aimed at informing each employee of the nature of the personal data processed by the Company, of the methods of processing, of the areas of communication and in general of any other data related to the employee.

The personal data processed by the appointed Collaborators must be:

- processed lawfully and fairly, with prior authorisation from the data subject;
- collected and recorded for specific, explicit and legitimate purposes;
- accurate and updated;
- relevant, complete and not excessive in relation to the purposes for which they were collected and subsequently processed;

- stored in a form that allows the identification of the data subject for a period of time not exceeding that required for the purposes for which they were collected and subsequently processed.

Employees in charge of the processing of personal data must take all appropriate measures to avoid the risk of destruction or loss, even accidental, of said personal data, of unauthorised access to these or of unlawful processing or of processing that does not comply with the purposes of the collection, which will be identified and periodically updated within PALAZZOLI.

5.8 Duties of the employee

Every employee must act loyally and in good faith, observing the obligations signed in the employment contract and providing the required services, and must know and comply with the ethical rules contained in this Code, basing his/her conduct on mutual respect, cooperation and mutual collaboration.

All actions, operations and negotiations and, in general, all conduct when performing the work activity, must be based on the principles of honesty, correctness, integrity, transparency, legitimacy, clarity and mutual respect, as well as be open to checks and controls according to current regulations and internal procedures.

All activities must be carried out with dedication and professional precision.

Everyone must provide a professional contribution that is appropriate to the responsibilities assigned and must act in such a way as to protect the prestige of the Company.

PALAZZOLI's personnel, regardless of the position and/or of the level of responsibility, must know and implement the provisions of the Company in relation to environmental protection, security and protection of privacy.

5.9 Conflict of interest

PALAZZOLI employees must refrain from carrying out activities which are potentially in conflict with the interests of PALAZZOLI.

Taking advantage, whether personally or through a third party, of business opportunities that they have become aware of whilst carrying out their duties within the Company is forbidden.

Before accepting a consultancy, management, administration assignment or any other assignment in favour of another person or should the employee find him/herself in a situation of real or potential conflict of interest, he/she is required to give prior notice to his/her superior who will inform the Supervisory Body in accordance with the established procedures.

5.10 Use of company assets and IT systems

The employee uses and carefully safeguards the assets in his/her possession for work or office reasons.

The out-of-line use of the assets and resources owned by the Company is not allowed.

Every employee is directly and personally responsible for safeguarding and legitimately using the assets and resources entrusted to him/her for carrying out his/her duties.

In accordance with the laws in force, the Company adopts the necessary measures to prevent any misuse. With respect to the use of IT systems, every employee is responsible for the security of the systems used and is subject to the regulatory provisions in force and to the conditions of the licence agreements.

Except as provided for by civil and criminal law, the use of connecting to the network for purposes other than those inherent to the employment relationship or to send offensive messages or messages that may damage the company's image is part of the improper use of company assets and resources.

Every employee is also required to take all possible action in order to prevent any offence being committed through the use of IT tools.

5.11 Protection of the image

The good reputation and/or image of PALAZZOLI represents an essential intangible resource.

PALAZZOLI employees undertake to act in accordance with the principles laid down by this Code in relations between colleagues, customers, suppliers and third parties in general, maintaining a dignified demeanour in compliance with the standards common to companies of the size and importance of PALAZZOLI.

5.12 Reporting and documentation

Every operation and/or transaction, understood in the broadest sense of the term, must be legitimate, authorised, consistent, congruous, documented, recorded and verifiable at any time. To this end, specific protocols are established, distinct for each department and inspired by the Code of Ethics, aimed at preventing acts being committed which could have a negative impact on the company's situation.

The procedures that regulate operations must be adopted according to the terms and in the manner laid down, in such a way as to allow the possibility of carrying out checks on the characteristics of the operations, on the reasons that allowed their execution, on the authorisations to carry these out and on the execution of the operation itself.

The individual operations must be carried out by different individuals in the various phases in which they are divided, in order to ensure compliance with the principle of allocation of duties. This meets the objective

of clearly defining tasks and roles and of avoiding excessive power being attributed to single individuals.

Any person belonging to the Group who carries out operations and/or transactions involving sums of money, goods or other economically measurable benefits must act on specific authorisation and file all valid evidence which may allow verification at any time. Directors and Employees are responsible for the truthfulness, authenticity and origin of the documentation and of the information provided whilst carrying out their activity.

Those entrusted with the task of keeping accounting records are required to make every entry accurately, completely, truthfully and transparently and to allow any checks by persons, including external ones, in charge of these checks.

Accounting records must be based on accurate and verifiable information and must fully comply with internal accounting procedures.

Every employee is required to collaborate in order to ensure the correct reporting of each management act and to keep the supporting documentation for the activity carried out, according to criteria suitable to ensure its easy availability.

The foregoing is intended to preserve the reliability of the Company's communications in order to protect the correct and truthful representation of the economic, equity and financial situation and assets of PALAZZOLI and to guarantee that the set of activities carried out is consistent with the organisational structure and the internal delegation system, as well as compliant with the laws, regulations and supervisory rules.

5.13 Complimentary items, gifts, and other benefits

No employee or collaborator may request or accept complimentary items, gifts and other benefits for him/herself or for others from anyone who may benefit or has benefited from the activity of PALAZZOLI or who intends to come into contact with PALAZZOLI.

Complimentary items, gifts and other benefits of modest value, in accordance with trade and social customs and practices, are an exception to this rule.

The complimentary items, gifts and other benefits that exceed a modest value offered to the employee and the collaborator must be reported by the same to his/her Manager and by the latter, having assessed the circumstances, to the Supervisory Body.

No employee or collaborator may offer or propose complimentary items, gifts and other benefits to any person from whom favourable treatment can be obtained for carrying out any activity ascribable to PALAZZOLI.

Illicit advantages cannot be offered or bestowed to public or private customers and suppliers.

5.14 Duties of the external collaborator

PALAZZOLI requires that all Collaborators behave correctly and transparently whilst performing their duty, respecting the principles set out in this Code of Ethics to favour communication and cooperation as much as possible.

Specifically, this conduct must be expressed in relation to any request made by shareholders, top management, the Board of Statutory Auditors, the other Corporate Bodies responsible for the statutory audits and for the internal control, as well as the auditing company when carrying out their respective institutional duties.

Broadly speaking, compliance by the Collaborator with this Code, as well as with the regulations in force, including in relation to managing relations with the Public Administration, is a necessary condition for beginning and continuing the contractual relationship. Each Collaborator is responsible for the truthfulness, authenticity and origin of the documentation and information provided whilst carrying out their activity. Each Collaborator is required to maintain total confidentiality on all information that he/she may become aware of whilst carrying out his/her collaboration with PALAZZOLI. In particular, Collaborators who acquire personal data whilst carrying out their duties, are required to fully comply with current legislation on the protection of personal data security.

6. RELATIONS WITH CUSTOMERS

In relations with customers, PALAZZOLI aligns its conduct to the principles of transparency, reliability, responsibility and quality.

Therefore, employees and collaborators of PALAZZOLI must:

- scrupulously observe the provisions of this Code and the internal procedures relating to managing relationships with customers;
- ensure the quality and reliability of the products or of any services offered, monitoring that the services provided by third parties - suppliers in general - fully comply with the PALAZZOLI quality standards;
- provide the customer with all information on the contractual terms and conditions relating to the sale of company products, so that the customer is fully aware of these when the agreement is finalised;
- abide by the truth in advertising communications, avoiding any misleading practice;
- adopt a conduct based on availability, respect, courtesy, in line with the PALAZZOLI standards, characterised by the highest professionalism;
- pay particular attention to customer satisfaction activities, with a view to continually improving the quality of the products offered, politely collecting any suggestions or complaints from

customers and making use, for this purpose, of suitable and timely communication systems.

7. RELATIONS WITH SUPPLIERS

The purchasing processes are based on the search for the maximum competitive advantage, operating with criteria of loyalty, correctness and impartiality towards potential suppliers in such a way as not to preclude the possibility of competing in the stipulation of contracts to all those who possess the required requisites..

The selection of suppliers and the decision of the purchase conditions is based on objective and documentable criteria which take into account the price and the ability to promptly provide and guarantee services of an appropriate level.

PALAZZOLI requires its suppliers to respect the ethical principles of reference described in this document. Corporate departments that purchase goods and/or services, including external consultancies, must comply with the internal procedures relating to the management of relations with suppliers.

In particular, anyone operating for the purchase of goods or services is required to observe the following principles of conduct:

- formalise and document the reasons behind the choices and the financial figures;
- adopt the principle of separation of roles, where possible;
- observe and enforce the provisions of the law and the envisaged contractual conditions;
- always act in compliance with the principles of correctness, cost-effectiveness and quality.

Every commercial agreement must be in writing and clearly state at least the services or products supplied, the timing of the supply, the applicable price or remuneration as well as the terms and conditions of payment.

8. RELATIONS WITH THE PUBLIC ADMINISTRATION

PALAZZOLI's relations with the Public Administration, or those which concern relationships of a public nature in general, must be inspired by the most rigorous observance of the applicable legal and regulatory provisions and may not compromise the integrity and reputation of PALAZZOLI in any way.

Entering into commitments and managing relations of any kind with the Public Administration and/or relations of a public nature is reserved exclusively for the company departments responsible for this and that have been duly authorised.

In relations with the Public Administration, PALAZZOLI must not try to improperly influence the decisions of the authority concerned.

In any case, during a business negotiation or a relationship, including a commercial one, with the Palazzoli – Code of Ethics – EN – Rev. 2 dated 09.07.2021

Public Administration, in Italy or abroad, as well as in the event of checks/inspections/audits by the Authorities in charge on each occasion, PALAZZOLI undertakes:

- not to offer job and/or commercial opportunities to Public Administration personnel involved in the negotiation, relationship or in the controls/inspections/audits, or to their families;
- not to offer, directly or indirectly, complimentary items, gifts or any other benefit to Public Administration personnel or their families, except in the case of a commercial courtesy of modest value and in any case which complies with the value limits set by the specific procedure;
- to follow a conduct based on ethical principles and the values adopted with this Code;
- not to solicit or obtain confidential information that could compromise the integrity or reputation of either party.

In relations with the Public Administration, in Italy or abroad, the representatives and/or employees of PALAZZOLI are not allowed to pay or offer, directly or through third parties, sums of money or gifts of any kind and size, whether to public officials or persons in charge of a public service, government representatives, public employees and private citizens, both Italian and from other countries, with whom PALAZZOLI has commercial relations, to reward or repay them for an official action or for any action performed in conflict with their official duties.

Acts of commercial courtesy, such as gifts or forms of hospitality or any other form of benefit (including in the form of donations) are permitted only if of modest value, within the limits set by the specific procedure (which may also list the categories of goods which can be gifted) and such as not to compromise the integrity and reputation of the parties as well as to conform to customary practices.

Such acts must always be authorised and adequately documented.

9. RELATIONS WITH AUDIT FIRMS AND OTHER CORPORATE BODIES

Company employees are required to ensure maximum collaboration and transparency in the relationships they may be called upon to have with the audit firm and the shareholders, in relation to the control activities these carry out.

In particular, Company employees must refrain from any conduct, whether committed or omitted, that could deny the auditors or shareholders or that takes the form of an action aimed at hindering the search or diverting the attention of auditors or shareholders whilst carrying out their respective control activities.

10. RELATIONS WITH THE SUPERVISORY AUTHORITIES

PALAZZOLI undertakes to fully and scrupulously observe the rules laid down by the national, European union and international supervisory authorities for compliance with current legislation which apply to the Company, providing the utmost collaboration and transparency.

The Company does not deny, hide or delay any information that may be requested by the supervisory authorities during their inspection activities and actively collaborates during the course of preliminary investigations.

In order to ensure the utmost transparency, PALAZZOLI undertakes not to be in conflict of interest with employees, their families and with any supervisory authority.

The Company recognises that, at times, doubts may arise concerning the correct interpretation of rules and regulations: in this case, employees and collaborators must request the opinion of the head of the legal department of PALAZZOLI through the appropriate channels.

11. RELATIONS WITH THIRD PARTIES

11.1 Competing companies

PALAZZOLI strictly complies with the provisions of the law on competition and refrains from engaging in deceptive, collusive behaviour and, more generally, in any conduct that could be construed as constituting unfair competition.

11.2 Press and mass media

PALAZZOLI addresses the press and mass media only through the corporate bodies delegated to do so, with an attitude of maximum correctness, availability and transparency, in compliance with the communication policy defined by the Company itself. PALAZZOLI's employees therefore may not provide information of any kind to representatives of the press and of the mass media in general, nor have any type of contact with them which aims to disseminate company news without the authorisation of the competent corporate bodies. Should they participate in conferences, congresses, seminars and other events in general, as well as when preparing articles, essays and publications, the information provided relating to the activities, results, positions and strategies of the Company may be disclosed only if already made public or authorised by the person directly responsible for the text of any document which is the subject of the presentation.

11.3 Contributions and sponsorships

PALAZZOLI can accept requests for contributions limited to proposals from non-profit organisations and associations or those with a high cultural or charitable value.

Sponsorship activities may relate to social issues, the environment, sport, entertainment or the arts.

In any case, when choosing the proposals, PALAZZOLI pays particular attention to any possible conflict of interest.

11.4 Community

PALAZZOLI intends to contribute to the moral growth and well-being of the communities in which it operates. In line with such objectives and compatibly with its own, PALAZZOLI provides support to social, cultural and educational initiatives aimed at the growth of the person and the improvement of his or her quality of life. PALAZZOLI undertakes to maintain relations with the local, national and supranational Public Authorities inspired by full collaboration and transparency and in compliance with the reciprocal autonomy and the values expressed in this Code. In compliance with these principles, PALAZZOLI does not make contributions or provide other forms of benefits to organisations such as political parties, trade unions, etc., and/or to their representatives or candidates.

12. IMPLEMENTATION OF THE CODE OF ETHICS

This Code of Ethics was approved by the Board of Directors of PALAZZOLI in the session of 27/03/2009 and will come into force on 1 April 2009. The Board of Directors has the right to review the Code at any time and to make changes or additions, in particular when proposed by PALAZZOLI's Supervisory Body.

12.1 Duties of the Supervisory Body

The Supervisory Body is responsible for the following duties regarding the implementation and control of the Code:

- cooperating in decisions regarding breaches of the Code (ascertained by the Supervisory Body itself on its own spontaneous initiative or reported to it by other company bodies), in agreement - as regards the imposition of sanctions - with the human resources manager and with the hierarchical superior of the perpetrator of the conduct to be punished;
- expressing opinions on the review of relevant company policies and procedures, in order to verify and ensure their consistency with the Code;
- verifying the application and compliance with the Code through ethical auditing, which consists in ascertaining and promoting the continuous

improvement of ethics through an analysis and an assessment of the ethical risk control processes;

- monitoring the initiatives for disseminating knowledge and understanding of the Code of Ethics and, in particular, ensuring the development of ethical communication and training activities;
- suggesting to the Board of Directors the possible review of the corporate policy and procedures with significant impact on corporate ethics;
- ensuring the constant updating of the Code, in relation to its concrete effectiveness and to changes in company needs and to the legislation in force.

12.2 Communication and training

The Code of Ethics is brought to the attention of internal and external stakeholders through specific communications.

In order to ensure the proper understanding of the Code of Ethics for all PALAZZOLI employees and collaborators, the Supervisory Body prepares and submits to the Board of Directors the training plan aimed at promoting knowledge of the ethical principles and rules.

Training initiatives are differentiated according to the role and responsibility of employees or collaborators. For new hires, a specific training program is envisaged that illustrates the contents of the Code with which compliance is required.

12.3 Reporting from stakeholders

All PALAZZOLI stakeholders can report, in writing and in non-anonymous form, any breach or suspected breach of the Code to the Supervisory Body of PALAZZOLI, which analyses the report, possibly interviewing the author and the person responsible for the alleged breach.

Reports can be sent in the following way:

- by email: odv@palazzoli.it
- by letter to the address:

Supervisory Body of PALAZZOLI S.p.A.

Via Federico Palazzoli no. 31

25128 BRESCIA (BS).

- whistleblowing: <https://wb.palazzoli.it>

The Supervisory Body acts in such a way as to protect the whistle-blowers against any type of retaliation, understood as an act which could give rise to even just a suspicion of discrimination or penalisation.

The information and reports acquired by the Supervisory Body and by the structures it uses are considered confidential and cannot be disclosed, except where required by law.

12.4 Consequences of breaching the code of ethics for employees

Failure to comply with and/or violating the rules of conduct imposed by the Code of Ethics and with the company procedures by employees of the Company

constitutes a breach of the obligations deriving from the employment relationship pursuant to article 2104 of the Italian Civil Code (diligence of the employee) and is a disciplinary offence.

With reference to the sanctions that can be imposed, it is hereby specified that they will be applied in compliance with the provisions of the current National Collective Labour Agreements applicable to the various professional categories of the Company and that their adoption must take place in full compliance with the provisions of the aforementioned National Collective Labour Agreements and with article 7 of law no. 300/1970 (Workers' Statute).

These sanctions will be applied on the basis of the importance of the individual cases considered and will be proportionate to their seriousness.

The ascertainment of the aforementioned breaches, the management of disciplinary measures and the imposition of sanctions remain the responsibility of the company managers in charge and delegated to do so.

12.5 Consequences of breaching the code of ethics for Executives, Directors and Board of Statutory Auditors

In the event of a breach of the internal procedures and of the Code of Ethics by managers, the Company will

assess the facts and the conduct and will take appropriate measures against the managers, bearing in mind that such violations constitute a breach of the obligations deriving from the employment relationship pursuant to article 2104 of the Italian Civil Code.

In the event of a breach of the Code of Ethics by the Directors and the Board of Statutory Auditors, the Supervisory Body will immediately inform the entire Board of Directors and the Board of Statutory Auditors of PALAZZOLI, who will take the appropriate initiatives in accordance with the law.

12.6 Consequences of breaching the code of ethics for collaborators, consultants and third parties

Any behaviour put in place by collaborators, consultants or other third parties connected to the Company by a non-employment contractual relationship which violates the provisions of the Code of Ethics, may determine, according to the provisions of the specific clauses included in the letters of appointment, the termination of the contractual relationship, without prejudice to any request for compensation, if any damages derive to the Company from such behaviour, including independently from the termination of the contractual relationship.