

---

# **SPECIAL SECTION A**

## **CODE OF ETHICS**

### **Text**

---

## SECTION I - PREFACE

- Contents.

## SECTION II – APPLICATION MODES

- Article 1: Implementation and updating;
- Article 2: Recipients;
- Article 3: Code of Ethics, Organization and Management Model, Companies of the Group;
- Article 4: Training activities.

## SECTION III – GENERAL PROVISIONS

- Article 5: Values;
- Article 6: Integrity, honesty, fairness and loyalty;
- Article 7: Equity, objectivity and personal safety;
- Article 8: Transparency and confidentiality;
- Article 9: Liability;
- Article 10: Relationship management in case of unintentional violation of the safety standards applicable in the workplace.

## SECTION IV – CODE OF CONDUCT

- Article 11: Relationships with the personnel;
- Article 12: Personnel obligations;
- Article 13: Relationships with political or trade union organizations;
- Article 14: Conduct of Corporate Bodies;
- Article 15: Relationships with customers and suppliers;
- Article 16: Relationships with shareholders;
- Article 17; Relationships with the Public Administration;
- Article 18: Relationships with the media;
- Article 19: Relationships with competitors

## SECTION V – IMPLEMENTATION MODES

Article 20: Supervisory Board and Code of Ethics;

Article 21: Divulcation and Reports;

Article 22: Penalties.

## SECTION I - PREFACE

### CONTENTS

Emilceramica S.r.l. Code of Ethics:

- sets out the rights, duties and liabilities of the Company with respect to each person it establishes a relationship with in order to attain its objectives (customers, suppliers, employees and/or partners, members and bodies); it is therefore a directive whose rules shall be taken into account on a daily basis and which requires, first and foremost, the compliance with the local and/or internal applicable laws and regulations;
- intends to establish the basic ethical standards and rules to comply with during any decision making process and while defining the Company policy;
- requires the Board of Management and all the involved persons to act accordingly and always comply with the Company Code of Ethics, avoiding any violation of the defined standards and rules, whether directly or indirectly;
- aims at the implementation of the corporate policy of the Group, with the awareness of the importance of focusing on the social and environmental issues in order to minimize the company exposure to compliance and reputational risks, while strengthening the sense of belonging among its shareholders.

## **SECTION II – APPLICATION MODES**

### **Article 1: IMPLEMENTATION AND UPDATING**

This Code, approved and adopted by resolution of the Company Board of Directors on May 26<sup>st</sup> 2010, shall not be considered as an unmodifiable document; it is therefore contemplated that the various sections will be amended and supplemented according to changes that may occur inside or outside the Company, and the experience gained by the Company. This would ensure the consistency between the Company main guidelines and rules and the ethical behaviour required by this Code.

Emilceramica S.r.l. Code of Ethics is based on Confindustria Guidelines for the building-up of organizational, management and control models pursuant to Italian Leg. Decree 231 /2001, as amended on March 31, 2008; ANCE (National Building Constructors Association) Guidelines for the building-up of organizational, management and control models pursuant to Italian Leg. Decree 231 /2001, as amended in August 2008; and the Italian Banking Association Guidelines for the approval and implementation of organizational models concerning the administrative liability of banks pursuant to Italian Leg. Decree 231/2001, as amended in February 2004.

### **Article 2: RECIPIENTS**

This Code is binding upon members, Corporate Bodies, Board of Directors, employees, including managers and the personnel, whether internal or external, who directly or indirectly work for the Company.

All the above mentioned Recipients shall comply with and, to the extent of their competence, require that everyone acts according to the rules and provisions set forth in the Code of Ethics. Under no circumstance any claim to be acting in the interest of the Company shall justify behaviours which do not comply with those specified herein.

Moreover, the compliance to the rules of this Code shall be considered as part of the contractual obligations of the employees of the Company pursuant to Art. 2104 and following of Italian Civil Code.

### **Article 3: CODE OF ETHICS, ORGANIZATION AND MANAGEMENT MODEL, COMPANIES OF THE GROUP**

The Company Organization and Management Model shall conform to the provisions set forth in the Code of Ethics, of which it forms an integral part. In this respect, in fact:

- the Code of Ethics is voluntarily adopted by the Company and expresses the conduct values and principles recognized as its own and which all recipients shall comply with; it therefore constitutes the first tool for any crime prevention;
- pursuant to Italian Leg. Decree 231/01 and based on the principles of the Code of Ethics, the Organisation and Management Model responds to specific requirements of the law, in order to prevent the perpetration of particular crimes.

The Company strives for continuous improvement of operational modes and internal procedures, in order to guarantee a more effective and efficient business management. It also encourages, among other things, the use of computer tools to reduce repetitive and purely executive tasks and promote the more professional ones, thus ensuring the promptness in dealing with requests from customers and employees and the strict observance of the rules. In this way, the Company pursues the exclusive corporate interest and the interest of its shareholders.

The Subsidiary shall not take any position or decision which could jeopardize the integrity and reputation of the Group. Although the Parent Company acknowledges the autonomy of the Subsidiary, the latter is required to implement in its Code of Ethics the same values expressed in the Code of Ethics of the Parent Company and conform to them, in accordance with the applicable laws and regulations.

Anyone holding a position within the Company shall carry out the tasks falling within their competence with honesty and fairness, encouraging relationships between the subsidiaries of the Company, soliciting and using intra-group synergies and promoting the achievement of common objectives.

The circulation of information within the Company, in particular for the purposes of preparation of the consolidated statements and other reports, shall be made in accordance with the principles of truthfulness, honesty, fairness, completeness, accuracy, transparency and prudence, while respecting the autonomy of each company and the specific fields of activity.

#### **Article 4: TRAINING ACTIVITIES**

The responsible for Human Resources will include into the annual training plan any activity aiming at promoting the knowledge of the values of the ethical rules contained herein.

For the newly-recruited employees, a training programme based on the Code of Ethics is planned within the business courses.

## **SECTION III – GENERAL PROVISIONS**

### **Article 5: VALUES**

Any action, operation, transaction and in general the behaviour of the Recipients during the execution of their functions and responsibilities, shall be based on the utmost integrity, honesty, fairness, loyalty, transparency and objectivity, as well as the respect for the individual and the responsibility for a proper use of the corporate, environmental and social resources.

These values and behaviours translate into concrete actions.

Everyone, within the responsibilities related to their specific function, shall guarantee the highest level of professionalism in order to properly meet the customers and internal users' needs.

It is necessary that everyone carries out their function with the utmost commitment, in order to effectively contribute to the achievement of corporate objectives and the respect for the values set forth herein.

The development of the sense of belonging to the Company and the improvement of the company reputation are common objectives, constantly guiding the behaviour of everyone.

### **Article 6: INTEGRITY, HONESTY, FAIRNESS AND LOYALTY**

The respect for the values of integrity, honesty, fairness and loyalty implies, inter alia, the Company commitment to:

- promote and require the compliance with the internal regulations and/or any applicable law by the personnel, employees, customers, suppliers and any third party with whom it has a legal relationship;
- strictly comply with the applicable anti-money laundering legislation, in any case refusing to engage in any suspicious transaction in terms of fairness and transparency;
- promote practices aiming at preventing at all levels any corrupting local and transnational event;
- ensure and promote the compliance with the internal organizational rules as well as the organizational rules and regulations of the Management and Organization Model developed for the purposes of preventing any offence pursuant to Leg. Decree 231/01;
- record each transaction only if it supported by the appropriate documentation, in order to proceed at any time with an accurate inspection to confirm the nature and motivations and identify who has authorized, performed, recorded and checked it; therefore, the employees and/or partners shall keep the accounting records in an accurate, timely and complete way,

while strictly conforming to the civil and tax legislation as well as the internal accounting procedures. Every record shall accurately describe the data contained in the supporting documentation, and shall be kept carefully and made available upon request for any possible verification. The reliability of management operations and the proper and timely recording, allowing the post-reconstruction of the overall business situation, are among the main objectives of the Company;

- prevent the formation of groups within the Company consisting of three or more persons, with the specific purpose of engaging any illegal conduct.

#### **Article 7: EQUITY, OBJECTIVITY AND PERSONAL SAFETY**

The absolute value of the Company is the protection of personal safety, freedom and individual personality. It therefore rejects any activity that might prejudice the personal safety, such as the mutilation of female genital organs and any possible form of financing that may favour or encourage these practices, as well as any possible exploitation or subjugation of the person.

In addition, the Company condemns any illegal conduct aimed at encouraging the illegal admittance of a foreign person into the Italian territory or in any other Country of which the person is not a citizen or a permanent resident, for the purposes of making a profit on this, even indirectly.

The Company also attaches primary importance to the protection of minors and the suppression of any behaviours of exploitation towards individuals.

For this purpose, it is therefore forbidden by the Company any improper use of computer tools and, in particular, the use of these tools to put in place or even to encourage any conducts relating to child pornography, even in case of virtual images.

Furthermore, in order to ensure full respect for the individual, the Company is committed to respecting and ensuring respect by its employees, suppliers and partners for the labour protection legislation, with particular attention to child labour.

Any employee who, during their working activity, becomes aware of any act or behaviour that might prejudice the personal safety as specified above, and causes the exploitation or subjugation of the person shall, without prejudice to the legal obligations, immediately notify their superiors and the Supervisory Board.

In addition, for the purposes of encouraging the respect for the values of fairness and objectivity the Company undertakes:

- to avoid any form of discrimination, in particular with respect to race, nationality, sex, age, physical disabilities, sexual orientation, political or trade union opinions, philosophical thoughts or religious beliefs;

- to not tolerate sexual harassment and physical or psychological persecution in any form and context they may occur;
- to listen to the demands of colleagues, customers and suppliers without any preconceived notions or behaviour intended only to defend its position and actions;
- to promote the right to dissent by overcoming any hierarchical and bureaucratic constraint;
- to avoid, in the execution of its duties, to make decisions or carry out activities which are contrary or in conflict with the interests of the Company or not compatible with the fulfilment of its obligations;
- to show sensitivity and respect for others by refraining from any conduct that may be considered offensive;
- to condemn any behaviour intended to promote pornography, including child pornography;
- to condemn any behaviour intended to promote illegal immigration, illicit traffic in drugs and psychotropic substances and tobacco smuggling.

## **Article 8: TRANSPARENCY AND CONFIDENTIALITY**

In order to guarantee the compliance with the principle of transparency and confidentiality the Company undertakes to:

- divulge truthful, complete, transparent and understandable information in order to allow recipients to make reasonable decisions, concerning the relations to be maintained with the Company and in any situation in which the Company is involved;
- update, divulge and enforce the "Policy" issued by the Company in relation to the management, treatment and public disclosure of confidential and inside information, the observance of which falls within the recipients responsibilities;
- protect the confidentiality of data and information available to the employees and/or partners of the Company, particularly if such data and information may influence, in case of disclosure, the price of securities admitted to trading on regulated markets. The members of the administrative and control bodies, the employees and contractors are forbidden to perform trading operations or any other operation, including through third parties, and to encourage the completion of these transactions, using information known by virtue of the activity carried out. More generally, all the recipients of this Code of Ethics shall avoid any behaviour which

may constitute or encourage any kind of "insider trading";

- consider confidentiality as the basis of the corporate activity, which is fundamental to the Company's reputation and its customers' confidence. The employees and/or partners of the Company are required to strictly adhere to this principle, even following the termination of the employment or collaboration contract. It is therefore expressly forbidden to communicate, disclose or make improper use of data, information or confidential information regarding customers or third parties, with whom the Company has or is about to entertain business relations. Personal information may only be disclosed to those who have a real need to know in order to carry out their specific functions. Every person who has dealings with the Company shall avoid undue disclosure or circulation of such data and/or information.

Therefore, it is forbidden to:

- in financial statements, reports or other corporate communications required by law to the shareholders or to the public, expose facts that are untrue and subject to evaluation or omit information the disclosure of which is required by law on the economic, equity, or financial position of the Company (even if the information concerns assets held or administered by the Company on behalf of third parties), in a manner to mislead the recipients of the aforesaid situation, possibly causing a loss to the shareholders or creditors, with the intention of deceiving members or the public and in order to obtain for themselves or others an unfair profit;
- in reports or other communications, with the awareness of the untruthfulness and the intent to deceive the recipients of the notices, make false declarations or conceal information concerning the economic, equity or financial position of the Company, in a manner to mislead the recipients of communications on the above situation, in order to obtain for themselves or others an unfair profit;
- conceal documents or otherwise prevent or hinder the development of monitoring or auditing activities legally attributed to shareholders and/or other corporate bodies;
- distribute profits or advanced payments on profits not actually earned or legally destined to corporate reserve, or rather distribute reserves, including those not made on profits, which can not legally be distributed;
- except when permitted by law, purchase or subscribe shares or stock, causing damage to the

endowment fund or reserves which are not legally distributable;

- reduce the share capital thus causing damage to creditors, in violation of the provisions of law for the protection of creditors;
- either totally or in part, do not form or misleadingly increase the capital of the Company;
- cause damage to creditors in dividing the assets among the shareholders prior to the payment of creditors or the payment of the due sums;
- with simulated or fraudulent acts, determine the majority in the assembly, in order to procure for themselves or others an unfair profit;
- diffuse false information, or rather put in place simulated operations or other mechanisms which may cause a significant alteration in the price of financial instruments.

Recipients who become aware of any omissions, falsifications or negligence in accounting or in the documents on which accounting is based, are required to report the facts to the Supervisory Board.

#### **Article 9: LIABILITY**

In order to guarantee the respect for the value of responsibility, the Company shall act as follows:

- drawing on the principles of sound and prudent management, in order to be a solid, reliable and transparent Company, open to innovations, exponent of the needs of new customers, attentive to the needs of shareholders and members, interested in the development and in a better use of human resources, as well as in a more efficient business organization;
- pursuing business interests in compliance with the applicable laws and regulations and acting in a correct and fair manner, recognizing the competition as a positive stimulus to the continuous improvement of the quality of products and services offered to customers, basing its business relations on the principles of loyalty and fairness;
- protecting the reputation and the assets of the Company;
- ensuring the compatibility between economic and environmental needs, not only in compliance with the current regulations, but also taking into account the most significant experiences in this field;
- encouraging the social and economic development of the territories where the Company is present, also by means of cultural, sporting and supporting projects for disadvantaged groups.

## **Article 10: RELATIONSHIP MANAGEMENT IN CASE OF UNINTENTIONAL VIOLATION OF THE SAFETY STANDARDS APPLICABLE IN THE WORKPLACE**

The Company shall clearly explain and disclose, by means of a formal document, the fundamental principles and criteria under which decisions are made about health and safety at work, at all levels and whatever their nature may be.

These principles and criteria can be identified as follows:

- avoiding risks;
- assessing risks which can not be avoided;
- fighting risks at source;
- adapting the work to the individual, especially as regards the conception of workplaces, the choice of work equipment and methods of work and production, in order to ease monotonous work and reduce the effects of the work on health;
- considering the level of technological evolution;
- replacing what is dangerous with what is safe or less dangerous;
- planning prevention, aiming at a coherent system that integrates technology, work organization, working conditions, social relationships and the influence of the work environment factors;
- giving priority to collective protective measures with respect to individual protective measures;
- giving appropriate instructions to workers.

These principles are enforced by the Company to take the necessary measures to protect the safety and health of workers, including prevention of occupational, information and training risks, as well as provision of the necessary organization systems.

The Company, both at higher and operative levels, shall comply with these principles, in particular when decisions shall be taken or choices made and, later, when these shall be implemented.

## **SECTION IV – CODE OF CONDUCT**

### **Article 11: RELATIONSHIPS WITH THE PERSONNEL**

The Company, recognizing the staff as a fundamental and inalienable factor for business development, believes it is important to establish and maintain relationships with the employees

and partners based on mutual trust.

The Company, therefore, is committed to developing the skills and capabilities of the staff in carrying out their responsibilities, so that the skills and aspirations of the individual are fully met in the achievement of corporate objectives.

These goals should guide the activities of all the units of the Company and in particular the function responsible for the personnel management.

The Company is committed to providing equal employment and career growth opportunities to the employees on the basis of their ability and qualifications, without any discrimination, as well as any form of nepotism or favouritism. Therefore, the Company requires that either the internal and external business relations are based on the respect for the individual, so that no harassment of any kind will occur, such as the creation of a hostile work environment against individuals or groups of individuals, unjustified interference with the work of others or the creation of barriers and impediments to the professional career of others.

In particular, at the time of employment, the assessment of the candidates shall be done on the basis of their correspondence to the profiles required by the Company, while checking the professional and vocational characteristics that can usefully be developed within the organization. Personnel are hired solely on the basis of regular employment contracts, since no form of illegal labour is allowed. The candidate shall be made aware of all the main aspects of the employment contract.

At the establishment of the employment contract, the personnel receive clear and specific information on the regulatory and wage aspects. In addition, for the entire duration of the employment contract, the employees or partners receive the useful directions to enable them to understand the nature of their duties and to work properly, in accordance with their qualification. The communication with the employees is based on the values of listening, precision, transparency and collaboration.

It is the Company's responsibility to oversee the training of the employees, and encourage their participation in training courses and training programs in order to ensure that the skills and legitimate ambitions of individuals are fulfilled in conjunction with the achievement of corporate objectives.

It follows that:

- the Company, through the relevant functions, selects, accepts, pays and manages the personnel based on merit and competence criteria, without any discrimination with regard to political, trade-union, religious, racial, linguistic or sexual orientation, in accordance with all laws, employment contracts, regulations and directives in force;
- the evaluative system business is managed in a transparent and objective. It should take into due consideration the compliance by the personnel of the provisions of this Code, which is a prerequisite for the implementation of incentive systems and career development plans

provided for in the applicable contract law, in order to increase motivation, encourage fair rewards and achieve excellent results.

The protection of moral and physical condition of the employees is required to allow them executing their work. Therefore, the Company endeavours to ensure the protection of the health and safety of employees and partners and is also committed to consolidate and divulge its policy of safety, developing risk awareness and promoting responsible behaviour by all the personnel.

The Company undertakes to respect and requires that its suppliers comply with the regulations concerning labour, with particular attention to child labour and women's work.

#### **Article 12: PERSONNEL OBLIGATIONS**

The professionalism and commitment of the personnel represent an obligation, as essential prerequisites for the achievement of the objectives of the Company. The employees and the partners are not exempted from the observance of the provisions of this Code of Ethics.

In particular, they undertake to comply, with the utmost diligence and loyalty, the following rules of conduct:

- avoid any situation or personal activity that could lead to conflicts of interest, even potential, with the Company or that could interfere with the ability to make impartial decisions in the best interests of the Company;
- it is forbidden to accept, whether directly or indirectly, money, gifts, goods, services, benefits or favours from any third party with which the Company has an existing relationship, in order to influence their decisions and obtain a more favourable treatment or undue services, or for any other purpose;
- any request or offer of money, gifts, favours of any kind the Personnel may receive, as provided for in the previous paragraph, shall be promptly brought to the attention of their superiors and the Supervisory Board;
- any information acquired while performing the assigned tasks shall remain strictly confidential and shall be appropriately protected in accordance with the provisions of Italian Leg. Decree no. 196 dated June 30, 2003, and shall not be used, communicated or disclosed to third parties;
- the personnel shall develop their own skills and expertise, enriching them with the experience and collaboration of the colleagues, thus creating a climate in which all colleagues feel

welcomed and encouraged to achieve their professional goals;

- the activities of every employee and partner of the operating, management or sales network, shall be based on the maximum collaboration in order to achieve customer satisfaction;
- decisions taken shall must be based on principles of reasonable and efficient management, through the careful assessment of the potential risks, with the awareness that any choice contribute to achieving positive business results;
- each individual is required to work diligently to protect the company assets, properly using the resources assigned and avoiding improper use which may be damage or reduce efficiency, or otherwise be contrary to the interest of the Company;
- the drawing up of the budget or other similar documents shall take place in accordance with the principles of maximum collaboration between the designated personnel, completeness and clarity of the information provided and accuracy of the data and processing system;
- it to cooperate with the judicial authority during investigations and any other auditing process it may conduct.

### **Article 13: RELATIONSHIPS WITH POLITICAL OR TRADE UNION ORGANIZATIONS**

The relationships established by the competent business functions with the political organizations and trade unions shall be based on the principles of transparency, independence and integrity. These relationships contribute to a proper communication and should avoid any discrimination or unequal treatment, in order to foster a climate of mutual trust and dialogue in the search for solid solutions of high flexibility.

Relations with the representatives of political and trade-union organizations fall within the responsibilities of the competent functions of the Company.

The participation of the Recipients of this Code of Ethics to political organizations takes place outside regular working hours and without any connection to their role within the Company.

The Company does not support any event or activity having a purely political purpose; it also exempts from any direct or indirect pressure against politicians and does not allow the issuing of grants, whether direct or indirect, in cash, in kind, or in other form to political parties, movements, committees and political or trade-union organizations, nor to any representative or association with which it may be a conflict of interest.

#### **Article 14: CONDUCT OF CORPORATE BODIES**

The Corporate Bodies, which shall be aware of their responsibility, are required to respect the law, the current regulations and articles of association, as well as to comply with the requirements and principles of this Code of Ethics. In particular, their members are required to:

- behave with such an autonomy, independence and fairness with regard to the public institutions, private individuals, business organizations, political parties, as well as any national or international party;
- behave with integrity, loyalty and sense of responsibility;
- ensure a continuous and informed participation in the meetings and activities of the Corporate Bodies;
- assess the situations of conflict of interest or incompatibility of functions, responsibilities or positions inside and outside the Company, while abstaining from taking part in situations of conflict of interest;
- ensure the confidentiality of information of which they are aware in relation to their duties, avoiding to use their position to obtain personal benefits, whether direct or indirect;
- to comply with the requests for information by the Board of Statutory Auditors in relation to the application of specific regulations;
- to submit at the Meeting, in relation to a specific agenda, only true, complete and unaltered papers and documents;
- not to acquire or subscribe for shares or other reserves which are not legally distributable;
- not to execute any reduction of the share capital and/or mergers with other companies or divisions, which could damage the creditors.

#### **Article 15: RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS**

The Company shows a constant sensitivity and attention to the quality of the relationship with customers and its continuous improvement, as this is a prerequisite of the process of creation and distribution of value in the company. In fact, customers are an integral part of the assets of the Company.

In relationships with customers, the Recipients of this Code represent the Company, of which they are an integral part. To this end, the Recipients are required to carry out their activities towards the Customers with professionalism, competence, availability, accuracy, courtesy and transparency. The excellence of our products and services and the guarantee of an immediate and qualified

response to any request, are the distinctive elements of the Company's relationship with its customers.

The behaviours shall always be based on professional respect of the confidentiality of information acquired in the course of business, as well as the current legislation on the protection of personal data.

The business relationship should always be oriented to compliance with all the rules pertaining to proper management of industry and commerce, in particular avoiding that fraudulent or illegal behaviours are put in place as well as any conduct which would constitute a violation of the rules regarding copyright.

In order to protect the image and reputation of the Company, which have been built through the commitment, dedication and professionalism of its divisions, it is necessary that the customer relationships guarantee what follows:

- the full transparency and fairness, in order to create a solid relationship that should allow the customer to understand the features and the value of all the available products and services, whether offered or purchased;
- the maintenance of high standards of quality of its services and optimization of customer satisfaction. Internal procedures and information technology used aim at supporting these objectives, through a continuous monitoring of the customers;
- an accurate identification of the risk profile of customers, which is the fundamental starting point to offer products in line with their needs;
- to promptly respond to complaints, aiming at a substantial resolution of disputes. Complaints are an opportunity for improvement and help to overcoming conflicts and regaining confidence and customer satisfaction;
- the provision of care and attention to each customer or category of customers, without any discrimination on the basis of their nationality, religion or gender;
- the development of a pricing policy in line with the quality of the service offered;
- a commitment to make the centres and services accessible to disabled persons by removing architectural barriers;
- the respect for the law, with particular reference to legislation preventing anti-money laundering, corrupt practices and the use of money, goods or assets of illicit origin;
- the independence from any improper conditioning, both internal and external;
- the regular monitoring of the achievement of goals, such as customer satisfaction and

customer loyalty, which is awarded for the purpose of divulging the importance of building sound relationships with customers. The Society is open to suggestions and proposals from customers about the services and products.

In addition, the launch of commercial relationships with new customers and the management of those already in place requires, while also taking into account the information available, to avoid what follows:

- maintaining contacts, whether direct or indirect, with subjects who are known, or only suspected to be involved in illegal activities, in particular those related to the trafficking of arms and drugs, money laundering and terrorism, and, in any case, with people without the necessary requirements of trade reliability;
- financing activities for the production or marketing of products which are highly polluting or dangerous to the environment and health;
- maintaining financial relationships with those economic activities that, whether directly or indirectly, interfere with human development and contribute to the violation of fundamental human rights (for example by encouraging child labour).

The principles applied to the relationships with customers should characterize the commercial relations of the Company with its suppliers, in order to develop relationships of fairness and transparency. In particular, it is important to ensure what follows:

- standard modes of selection and management of suppliers, while ensuring equal respect and opportunities. While selecting the Suppliers, it is required to take into account objective and transparent assessments of their professionalism and business structure, as well as the quality, price, terms and conditions for the provision of services and delivery. In addition, it is necessary to evaluate their market value, their ability to meet the obligations of confidentiality, as required by the nature of the service, and the criteria of social responsibility and their compatibility and suitability to the size and needs of the Company;
- systems and criteria for the continuous monitoring of the quality of services and goods/services provided;
- fair supply contracts, especially with reference to the terms of payment and the administrative processes.

Adherence to the principles set out above is guaranteed by the adoption and compliance with

internal procedures in terms of purchasing and supplier selection.

The suppliers are required to carry out their activities according to standards of conduct consistent with those specified in this Code. In particular, they shall ensure the utmost reliability of their activities, respecting the rights of their workers, investing in quality and responsibly managing the environmental and social impacts.

### **Article 16: RELATIONSHIPS WITH SHAREHOLDERS**

The main interest of the Company is promoting the value of its shareholders investment, by implementing an industrial policy that ensures them an adequate economic return over time, through the optimization of available resources and the increase of competitiveness and financial strength.

In compliance with its fundamental values, and in order to strengthen long-term and solid relationships, the Company will provide investors with:

- a timely and transparent communication of the implementation of strategies and results of the Company to provide clear, complete and accurate information;
- equality of information, as outlined in the previous paragraph, and the best and constant attention to all members without discrimination and without any preferential treatment;
- the widest possible participation of shareholders at General Meetings, promoting among themselves a conscious exercise of the right to vote.

### **Article 17: RELATIONSHIPS WITH THE PUBLIC ADMINISTRATION**

The Company identifies and defines the channels of communication with the Public Administration partners (including but not limited to, the Ministries, the Italian Competition Authority, the Italian Communications Authority, the Italian Data Protection Authority, the Italian Revenue Agency, etc.) at a local, national and international level.

In particular, the acceptance of commitments with regard to the Public Administration (hereinafter referred to as PA) is the responsibility of the duly appointed and authorized corporate functions, which are required to discharge their duties with integrity, fairness and independence. Business relations are also based on maximum cooperation, should in any case not to hinder the institutional activities, and are carried out by preserving mutual independence and avoiding any action or conduct that could be interpreted as an attempt to improperly influence decisions.

With regard to relations with the PA, Recipients are not allowed to promise or offer to Public Officials, or the employees of the Public Administration, any gift (whether in the form of sums of money or assets), benefit or other utilities to promote or favour the interests of the Company at the time of assumption of obligations and/or management of any kind of relations with the Public

Administration (for example, in the case of the drawing up of contracts, award and management of authorizations, inspections, control or judicial procedures, etc.). In particular, it is prohibited to:

- offer to the above mentioned subjects, even on occasions of festivities, any gift, except for gifts of nominal value directly attributable to normal business relations and, however, that can not give rise, in the other party or any foreign and impartial third party, the impression that they are designed to acquire from the Company or grant the Company an unfair advantage, or which results in the impression of illegality or immorality;
- consider or instrumentally offer employment opportunities in the Public Administration to the employees (or their relatives and the like) and/or any other kind of business opportunities that may unduly benefit them, other than the ordinary customer care;
- make unjustified or non-contractual expenses, for purposes other than mere promotion of the Company image;
- provide or promise to provide, solicit or obtain confidential information and/or any document which could compromise the integrity or reputation of one or both parties;
- in the purchasing process, favour the suppliers and sub-contractors suggested by the employees of the Public Administration as a condition for carrying out the activities required;
- knowingly submit false documents or documents containing false or altered data, omit any document or information so that the Recipients or their customers could benefit from the decisions of the Public Administration;
- keep deceptive conduct which might lead the Public Administration into error in its technical and economic evaluation of products and services offered/provided, or unduly influence the decision of the Public Administration;
- use or make false statements or submit false documents or prove things that are untrue or omit information, in order to achieve improperly grants, loans or other funds of the same type by the State, the European Communities or other public bodies.

Recipients are required to ensure that the public funds, contributions or loans provided to the Company, are used for the performance or implementation of activities for which they were granted; any use other than the one specified herein is expressly prohibited.

In carrying out both periodic and specific communications and reports, the Company guarantees the completeness and integrity of the information provided and the objectivity of evaluations, ensuring the timeliness of execution of its duties.

Anyone who receives explicit or implicit requests or offers of benefits of any kind from Public

Officials shall immediately:

- terminate all relations with them;
- report the incident to their superiors and inform in writing the Supervisory Board.

With regard to the relations established with the Supervisory Authorities, whether on a local, national or international level, and in particular while carrying out both periodic and specific communications and reports, the Company guarantees the completeness and integrity of the information provided and the objectivity of evaluations, ensuring the timeliness of execution of its duties as required by the Public Administration. In addition, relations with the Supervisory Authorities are also based on maximum cooperation and should not in any case hinder the institutional activities.

#### **Article 18: RELATIONSHIPS WITH THE MEDIA**

The Company understands the fundamental role played by mass media information to the public. For this purpose, the Company agrees to fully cooperate with the media, without discrimination, respecting each other's roles. Communications from the Company to any media shall be truthful, clear, transparent, unambiguous or non instrumental; they shall also be consistent, cohesive and accurate, and comply with the corporate policies and programs.

Relations with the press and other media shall be maintained by the duly authorized corporate bodies and functions.

In order to ensure a unique information and support those who come into contact with the media, the statements made on behalf of the Company shall be subject to the prior approval of the competent corporate bodies and functions.

Promotion of the Company's image shall be done in accordance to with the ethical values referred to in this Code, rejecting the use of coarse or offensive messages. The Company undertakes to properly manage the information published on the website, in order to create a complete and effective instrument, in line with market expectations.

#### **Article 19: RELATIONSHIPS WITH COMPETITORS**

It is essential that the market is based on fair competition. Therefore, the Company and its employees shall always conform to the competition and markets law applicable in any jurisdiction.

No employee shall be involved in activities or establish a relation with competitors (e.g. agreements on prices) that may appear as a violation of the competition and markets law.

## **SECTION V – IMPLEMENTATION MODES**

### **Article 20: SUPERVISORY BOARD AND CODE OF ETHICS**

Monitoring, implementation and enforcement of this Code of Ethics is entrusted to the Supervisory Board, which is appointed pursuant to Articles. 6 and 7 of Italian Leg. Decree no. 231/01. In particular, the tasks of the SB, except as provided in the appropriate document entitled "Supervisory Board Regulations", are as follows:

- monitor the compliance with the Code of Ethics, in order to reduce the possibility of perpetration of an offence as specified in Italian Leg. Decree no. 231/01;
- monitor and coordinate the updating of the Code of Ethics, also through its proposed amendments and/or updates;
- promote and monitor activities to foster communication and divulgation of the Code of Ethics to all parties required to comply with the regulations and standards specified herein;
- suggest the ethics training plan as provided in the Organization and Management Model of Emilceramica S.r.l.;
- express its opinion on the alleged violations of the Code of Ethics of which it is aware, notifying the competent corporate bodies of any penalties observed.

### **Article 21: DIVULGATION AND REPORTS**

The Code of Ethics and its amendments are made available to all Recipients (whether internal or external) through appropriate communication and divulgation activities, in order to ensure the acknowledgment and application of the values and principles contained therein and avoid that any individual activity would generate behaviours which are not consistent with the reputational profile pursued by the Company.

The Code of Ethics is published in many languages, including English, on the website accessible to everyone.

A paper copy of the Code is delivered to each director, employee or partner when the appointment, hiring or the establishment of a relationship with the Company take place. The Code of Ethics is subject to specific awareness campaigns to customers or other stakeholders through the press or by mail or in the manner which is deemed to be the most appropriate from time to time.

Recipients of this Code are required to report any instructions received which are in conflict with the law, the employment contracts, the internal regulations and this Code of Ethics.

Failure to comply with the reporting obligation is expressly sanctioned.

In particular, any violation of the principles and provisions contained in this Code of Ethics shall promptly be reported by the Recipients, in writing, even anonymously, to the SB or the Office/Service Manager which, in turn, will report directly to the SB.

The Supervisory Board assesses the existence and the risk of violations observed in relation to the company values and regulations; furthermore, to the extent of its powers and functions, it assesses any possible violation of the Code and the existence of a criminal conduct, in accordance with Italian Leg. Decree no. 231/01.

The Company will not tolerate any kind of retaliation, discrimination and penalization for reports that have been made in good faith, without prejudice to the legal obligations and the protection of the rights of who is accused falsely and/or in bad faith.

Any contact with the SB shall be maintained by any means, that is by ordinary letter or by e-mail addressed to the mail box specially arranged by the SB.

Contact details of the SB are as follows:

- Organismo di vigilanza  
c/o Emilceramica S.r.l.  
Via Ghiarola Nuova, 29  
41042 Fiorano Modenese (MO)
  
- [odv@emilceramicagroup.it](mailto:odv@emilceramicagroup.it)

## **Article 22: PENALTIES**

As for the identification of the possible violations of the provisions and principles of this Code of Ethics, and the applicable sanctions, please refer to the provisions of the Penalty System, specially issued by the Company, which is part of the Organization and Management Model of the Company

The Penalty System, in brief, identifies the following:

- the beneficiaries;
- the type of material breaches;
- the criteria for the identification and imposition of sanctions;
- the type of applicable penalties;
- the proceeding to adopt for the actual imposition of disciplinary measures.

In particular, the Penalty System, within the limits and under the conditions specified herein, is intended for:

- Employees;
- Members of the Corporate Bodies;
- Auditing Company; Consultants (Consulting Firm, Lawyers, etc.); Partners [flexible workers, agents (e.g. promoters, etc.), trainee, etc.]; Suppliers; any Third Party which has established a business relation with Emilceramica S.r.l. (e.g. Outsourcing Company, Temporary employment agencies and commissioned employees, etc.) - hereinafter referred to as Third Parties.

With reference to the Employees, disciplinary sanctions are applied as specified in the respective National Collective Labour Agreement enforced by the Company in accordance with the procedures provided for by Law no. 300/1970 (the Workers' Statute). The disciplinary measures applied are the following:

- written warning;
- fine
- service or payment obligation suspension for a period not exceeding 3 days;
- dismissal for substantial breach of contract obligation of the employee (justified reason);
- dismissal for gross negligence which leads to the immediate termination of the employment contract (just cause).

As for the Directors, the disciplinary applicable measures are the revocation of proxies and the consequent deduction of fees, the only deduction of fees where there is no proxy or, in severe cases, the convocation of the Assembly for the decision on the revocation measure.

With reference to the Auditors, the disciplinary applicable measures are the formal notice to the strict observance of legal provisions and the convocation of the Assembly for the decision on the revocation of Article. 2400 of Italian Civil Code (Withdrawal), which shall then be approved by decree of the court, prior approval of the auditor himself.

With regard to the Third Party Beneficiaries, by virtue of special clauses specified in their contractual relations, any failure to comply with the principles and rules contained in this Code of Ethics, leads to the imposition of sanctions or, in severe cases, to the resolution of the employment contract.

Finally, with regard to the members of the SB, the Board of Directors takes appropriate action in relation to the provisions of the Disciplinary System for the respective category of the different members (employees or self-employed persons) and in accordance with the rules contained in the

Headquarter  
Via Ghiarola Nuova 29  
Fiorano Modenese, 41042 Modena – Italy  
emilgroup.it

T +39 0536 835111  
Italy F +39 0536 835958  
Export F +39 0536 835490  
info@emilceramicagroup.it

Rev.0 of 06/04/2017

#### SB Regulation.

More specifically, in the event of breach of any of the provisions contained in the SB Regulation, the members will be sanctioned, depending on the severity of the infraction, with a formal notice to the strict observance of the provisions, with the deduction of fees or through the convocation of the Board of Directors for the decision on the revocation measure.