



# **AVIO GROUP CODE OF CONDUCT**

Approved by Avio S.p.A. Board of Directors

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## Foreword

Avio is an international Group<sup>1</sup> operating in the sector of space propulsion, committed to continuously improving the excellence of its products and services.

The Group's mission is concentrated upon growth and the creation of value through the supply of innovative products and services for maximum customer satisfaction, with due respect to the legitimate interests of all the categories of "interested parties"<sup>2</sup>, fair employment practices, health and safety in the workplace, and the laws and regulations applicable to the different areas of activities in which the Group operates.

On the basis of these principles, the Avio Group is committed to conducting its business in a fair and impartial manner. All business relations shall be established and maintained with integrity and loyalty, and without any conflict of interest between Company business and personal affairs.

To achieve this goal, the Group requires its employees to comply with the highest standards of business conduct in the performance of their duties as set out in this Code of Conduct.

The Code is a guide and a support for every employee in order to enable him/her to pursue the Group's mission in the most effective way possible.

The Code constitutes a fundamental element of the organisational model of internal control, which the Avio Group is committed to continually reinforcing and developing.

In view of the above, the Group shall:

- ensure timely diffusion of the Code throughout the Group and to all recipients;
- guarantee that all updates and modifications are provided on a timely basis to all recipients of the Code;
- provide appropriate training and information support, relative to any doubts regarding the interpretation of the Code;
- ensure that any employee reporting Code violations shall not be subject to any form of retaliatory measures;
- take equitable measures concerning sanctions appropriate to the type of Code violation, and guarantee to enforce them indiscriminately amongst all the categories of employees subject to the provisions of law, of contract and of internal regulations in force within the jurisdiction in which it operates;
- carry out periodic checks in order to determine compliance with the rules of the Code.

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1 In this Code, "Group" refers to Avio S.p.A. and its subsidiary Companies in accordance with Art. No. 2359 of the Italian Civil Code and Art. No. 93 of Legislative Decree No. 58/1998, as well as other controlled Companies in accordance with Art. No. 26 of Legislative Decree No. 127/1991. The text of these regulations is described in Appendix A.

2 In this Code, "interested parties" is taken to mean an individual, a community or an organisation that influence the operations of one or more Group Companies and suffers the repercussions. The interested parties may be internal (e.g. employees) or external (e.g. customers, suppliers, shareholders or local communities).

The Group welcomes and encourages constructive contributions to the Code's content from both employees and third parties.

The Group shall spare no effort to ensure that the Code's principles are shared by consultants, suppliers and any other party that has stable business relations with the Group.

The Group shall not engage in, nor continue any business relations with, any person(s) who expressly refuses to comply with the Code's principles.

## 1 Guide to use the Code

### What is the Code?

The Code is a document approved by the Board of Directors of Avio S.p.A., that is applicable to the whole Avio Group, which sets out the principles of conduct in business together with the commitments and responsibilities of Group employees.

The Code constitutes the Avio Group programme in order to ensure effective prevention and detection of violations of laws and regulatory directives applicable to its activities.

Where regulations in force, in a particular jurisdiction, are more lenient than those in the Code, those of the Code shall prevail.

### Who is the Code addressed to?

The Code applies to the Board of Directors, Board of Statutory Auditors, External Auditors of Avio S.p.A. and its subsidiaries, to all employees of Companies belonging to the Group, and to all other parties or Companies who act in the name of or on behalf of one or more Companies of the Avio Group.

The Group shall spare no effort to ensure that those parties it deals with in long-term business relations such as suppliers, consultants, professional experts, agents and dealer, regard the Code as a standard of best practice for business conduct.

All recipients of this Code of Conduct shall respect the values set out herein, and attest to such commitment by accepting and signing it, according to the type of relations with the Companies of the Avio Group, in Appendix D, E or other contractual document provided for the purpose.

### Where is the Code applied?

The Code is applied in Italy and all other countries in which the Group operates.

### Where is the Code available from?

The Code may be consulted by all employees in an accessible place, using the most appropriate procedures and in conformity with local rules and regulations, and is available on the Group's Web Site ([www.avio.com](http://www.avio.com)), and on the Company Intranet from where it may be freely downloaded.

It may also be requested to the Personnel Department or Legal Department of own Company or Avio S.p.A.

## **Can the Code be modified?**

The Code is subject to review by the Avio S.p.A. Board of Directors.

Any reviews take into account contributions received from employees and third parties, as well as any developments in legislation or the best international practices, and experience acquired in applying the Code itself.

Any modifications to the Code, introduced as a result of this review, are published and made available in accordance with the aforementioned procedures.

The updating of this Code of Conduct is edited by the Personnel and Legal Departments of Avio S.p.A.

## 2 Business conduct policies

The Group structures and develops its own business activities, requiring all its employees and other recipients of this Code to adapt their behaviour to the Group's values of conduct in business.

All its employees and other recipients shall pursue the Avio Group business activities in compliance with the following policies.

### **Corporate governance**

The Group adopts a corporate governance system inspired by the highest standards of transparency and fairness in management enterprise. The corporate governance system adopted by the Group complies with the provisions of the law and reference regulations and it is also aligned with the principles and criteria set out in the Corporate Governance Code of listed companies and international best practices.

### **Conflict of interest**

All business decisions and choices taken on behalf of the Group shall be made in the best interest of the Group.

Therefore, employees and other recipients shall avoid any possible conflict of interest, with particular regard to personal or family interests (e.g. the existence of a vested financial or commercial interest with suppliers, customers or competitors; inappropriate advantages deriving from the role carried out within the Group; ownership of or trade in shares or securities etc.), which might affect the independence of judgement when deciding what is in the best interest of the Group and the most appropriate way to pursue it.

Any situation that constitutes or gives rise to a possible conflict of interest shall be reported immediately to the person directly in charge. Every employee shall inform, in writing, his or her immediate superior of the existence of any working activities or any relations of a financial, commercial, professional, family or personal nature for any other Company that might influence the impartiality of his or her conduct in dealing with a third party.

### **Abuse and ban of using inside confidential information**

All employees are strictly required to comply with the laws in force under the interested jurisdiction in order to prevent the misuse of inside confidential information.

Treatment of inside confidential information shall always be dealt with strictly and in accordance with the specific procedures and regulations drawn up to that end by the Avio Group. In determining when the inside confidential information should be made public, the Group shall follow the procedures provided for by Avio S.p.A.



All recipients of this Code of Conduct shall not adopt behaviours may give rise to cases of abuse of inside confidential information (insider trading) and market manipulation (market rigging).

## **Classified data**

Access to classified data shall be strictly reserved to authorised persons who shall follow the procedures provided for by laws in force regarding the protection of such data.

Authorisation for access to classified data, given by the competent Authorities, is periodically reviewed.

## **Confidentiality obligation**

Expertise and know-how developed by the Avio Group comprise a fundamental resource that every employee and recipient must protect. In fact, in the event of improper diffusion of such expertise and know-how, the Group could suffer damage to both its assets and image.

Therefore, all employees and other recipients shall not reveal to third parties any information regarding the Group's technical, technological and commercial expertise and know-how, nor any other information relative to that which is not public, except cases in which such revelation is required by law or other regulatory directives, or where it is expressly provided by specific contractual agreements whereby the counter-parties have committed themselves to using such information exclusively for the purposes for which it was transmitted and to maintaining its confidentiality.

Confidentiality obligations, as per the Code, continue even after the termination of employment.

## **Bribery and illicit payments**

The Avio Group, its Directors, managers, employees and the other recipients of the Code are committed to the highest standards of integrity, honesty and fairness in all relations inside and outside the Group.

Under those relationships, nobody shall directly or indirectly (for example through family members) accept, solicit, promise, offer or pay any sums of money or other benefits (including gifts, gratuities or other favours), even if constrictions or unlawful pressure has been exerted.

The Avio Group shall not tolerate any kind of bribery to public officials, or any other party connected with or linked to public officials, both to individuals, in any form or manner whatsoever, in any interested jurisdiction, not even where such activities may be permitted in practice, or may not be legally prosecutable.

As regards the above, it is strictly forbidden to offer commercial give-aways, gifts or other benefits that may be in breach of the law or regulations, or are in contrast with the Code, or that may, if made public, constitute a prejudice against the Group, even in terms of image.

In any case, gifts or other benefits (where permitted by local law) to representatives of public institutions and individuals should be modest and proportionate to the case but, however, may not be interpreted with a purpose of gaining unfair advantage for the Group.

It is likewise forbidden to accept for himself and others any give-aways, gifts or other benefits, which may prejudice own independence and loyalty.

Every employee or recipient shall avoid all situations in which interests of a personal nature may come into conflict with the interests of the Avio Group.

## **Money laundering prevention**

The Avio Group and its employees shall never carry out, nor be involved in, any activities that may implicate the money laundering (i.e. acceptance or handling) of criminal proceeds, in any form or manner whatsoever.

Before establishing any business relations, the Group and its employees shall check, with preventive measures, all available information (including financial information) on business partners and suppliers in order to determine their respectability and the legitimacy of their business activities.

The Group shall always observe the enforcement of laws against money laundering in any competent jurisdiction.

## **Competition**

The Avio Group acknowledges the fundamental importance of a competitive market and be committed to respecting all rules of law in force regarding competition, wherever it operates.

The Group and its employees shall avoid business practices (establishment of cartels, market divisions, limitations to production or sales and tying agreements etc.), which may represent a violation of laws on competition.

Within the framework of fair trade practices, the Avio Group agrees to not knowingly infringe the intellectual property rights of any third party.

## **Embargo and export control laws**

The Avio Group shall ensure that its business activities never violate, in any circumstance whatsoever, international embargo and export control laws in force in the countries where it operates.

## **Privacy**

In the execution of the business operations of the Avio Group, a significant amount of personal data and confidential information is collected, which the Group is committed to handling in compliance with all privacy laws in force in any jurisdiction it operates in, as well as best practice procedures for the protection of privacy.

To that end, the Avio Group shall guarantee the highest level of security in the selection and use of its information technology systems, which process personal data and confidential information.

## 3 Employees

The Avio Group acknowledges that the motivation and professionalism of its employees are an essential factor for maintaining competitiveness, creating shareholders' value and customer satisfaction.

The following principles confirm the importance of respect for the individual, in compliance with the national laws and the fundamental conventions of the I.L.O. (International Labour Organisation), guaranteeing impartiality of treatment and excluding any form of discrimination.

### Commitments

The Code is an integral and substantial part of the contract of employment of each Group employee.

Consequently, the Avio Group expects all its employees to strictly comply with the regulations of the Code. Any violation of these regulations shall be severely dealt with by imposing appropriate sanctions.

Therefore, employees shall:

- learn fully the details of the Code's regulations and policies regarding their own specific job responsibilities, also attend any relevant training courses;
- act and behave in a manner consistent with the Code, and refrain from any conduct that might damage the Group or jeopardise its honesty, impartiality or reputation;
- promptly report any Code violations, following the procedures set out in Appendix B;
- comply with all internal regulations introduced by the Group Companies in order to observe the Code or identify any violations of the same;
- consult the Legal Department and/or Personnel Department, in accordance with Appendix B, in order to obtain explanations about the interpretation of the Code;
- co-operate fully in any investigations regarding Code violations, maintaining the utmost reticence regarding the existence of said investigations, and actively participating, where requested, in audit activities on the operation of the Code.

### Position of responsibility in the Group

Those persons who hold the so-called "Critical Positions", which signifies persons responsible for or, in any case, involved in, "Critical Processes" as defined in the relative "*Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001*" for the Italian Group Companies, or as defined in the "*231 Guidelines for Avio Group foreign Companies*" and, therefore, those who hold top management positions in one or more Companies of the Group,

are required, besides respecting the Code, to rigorously comply with the following requirements in carrying out the roles assigned to them:

- to work with honesty and integrity, avoiding any conflict of interest, even potential, deriving from personal or professional/business relations;
- to promptly provide his/her direct superior and, where his/her position in the Company requires, also the Independent Auditors, the Board of Directors, the Board of Statutory Auditors and the Shareholders, with complete, accurate, objective, and readily interpretable data and information;
- to report, without delay, to the appropriate person or, as the case may be, to the Internal Audit Department, Organismo di Vigilanza 231 or Compliance Officer, or to the Audit & Risk Committee, any violations of the Code of Conduct of which he/her has full knowledge or reliable evidence;
- to act in such a way as to guarantee complete, clear, accurate and understandable information in all the various types of documents that are to be presented to or filed with public authorities, including regulatory supervisory authorities (and in all preliminary documents of such a presentation or filing), as in any other external communication;
- to work in full compliance with the rules and regulations to which the Company is subject;
- to work with the maximum professional objectivity, avoiding that his/her independent judgment is unduly influenced by external circumstances;
- to treat all information not of public domain with the maximum confidentiality, which is obtained by virtue of his/her position held in the Company, avoiding any use of this information for his/her personal advantage or the advantage of third parties;
- to promote behaviour amongst his own collaborators that is motivated by the highest standards of integrity, correctness and professionalism;
- to use Company assets and resources in the most correct and professional way.

The cited provisions constitute an integral and fundamental part of the obligations consequent to the functions held in the Company.

Any person who holds the position of supervisor, head, chief or manager, shall perform his or her duties by setting a good example and providing leadership and guidance in accordance with the business and ethical principles of conduct contained in the Code and, as to his or her behaviour, shall demonstrate to the employees that respecting the Code is an essential aspect of their work, making sure that they are fully aware that business results shall never be separated from the respect for the principles of the Code.

In any case, all supervisors, heads, chiefs or managers:

- shall report any incident of non-compliance with the Code;
- shall be responsible for ensuring the protection of those who, in good faith, report Code violations;
- shall be responsible for proposing to the Personnel Department, after consulting the Internal Audit Department and Legal Department, appropriate sanctions to fit the violation committed, and sufficient enough to constitute a deterrent against any further violations.

## **Equal opportunities**

The Avio Group is committed to providing equal opportunities, as regards the job and professional career advancement, to all its employees.

The head of each department shall ensure that, in all aspects of job relations such as recruitment, training, salary, promotion, assignment of roles, responsibilities and objectives, assessment of performance, transfer and termination of employment, employees shall be treated according to their abilities to meet job requirements, avoiding any form of discrimination and, in particular, discrimination based on race, sex, age, nationality, religion and personal beliefs.

## **Harassment**

Harassment or undesired behaviour of any kind such as that related to race, sex or other personal characteristics, which has the purpose and effect of violating the dignity of the person who is victim of such harassment or behaviour, is totally unacceptable to the Avio Group whether it takes place inside or outside the workplace.

## **Working environment and protection of privacy**

Employees shall spare no effort in maintaining a good working environment in which the dignity of each person is respected.

In particular, Avio Group employees:

- shall not work whilst under the influence of alcohol or drugs;
- shall not smoke in the workplace (excluding the external areas where it is permitted) in order to protect their own health and that of others from the effects of "passive smoking", also in the countries where smoking in the workplace is permitted;
- shall avoid all behaviour that might create an intimidating or offensive climate towards colleagues or subordinates in order to marginalise or discredit them in the workplace.

All Group Companies, in full compliance with current legislation, shall protect the privacy of individuals in relation to information regarding the private life and opinions of each employee and, more in general, of whoever may interact with the Company.

In particular, respect for the dignity of the employee shall also be ensured through the protection of privacy in the correspondence and in the interpersonal relationships between employees, through the prohibition of any interference in conferences or discussions, and through the prohibition of any intrusion or form of control, which may be jeopardise human personality.

A To this end, in each Group Company, all personal data shall be preserved in appropriate data banks, which shall be accessible to specifically authorised persons, as provided for in the Laws in force.

In particular, as regards the Group's Italian Companies, the data described by law as "critical" or "legal", shall be preserved according to the programmatic document relative to data security and shall be accessible to the supervisors and relative persons in charge of these data banks.

## **Company assets**

Employees shall use Company assets and resources to which they have access, or the freedom to use, in an efficient and appropriate manner, so as to protect their value.

It is strictly forbidden, for any reason whatsoever, both professional and not inherent to working relations with the Group Companies, to distribute or assign, even temporarily, the said assets to external persons, unless previously justified and opportunely authorised and documented.

The use of such assets and resources is strictly forbidden if in contrast to the provisions provided for by Law, and this Code, and, therefore, the interests of the Avio Group.

## **Recruitment**

As for the policies of business conduct regarding bribery and illicit payments, even in the field of recruitment and personnel management, no employee of the Avio Group shall accept or demand promises or transfers of money, goods, benefits, inducements or services of any kind that may be designed to promote the recruitment of anyone as an employee, or his or her transfer or promotion.

## **Bonus system**

As regards some categories of employees, where provided for by the contractual system of reference, the gross annual pay is constituted by a variable part (after referred to as "Bonus") linked to the achievement of Company and individual objectives of a quantitative and qualitative nature, whose assessment shall meet the following requirements:

- the definition of the objectives to be established shall be made based upon the general objectives of Company performance and, in particular, always upon at least one Company objective whose achievement is a requisite condition for the allocation of the bonus;
- the objectives established may be both of a qualitative and quantitative nature but, for the allocation of the bonus, at least one of these shall be of a quantitative nature;
- the quantitative objectives shall be in keeping with the role and the responsibility of the employee and shall be defined in such a way as to be objectively attainable;
- for homogeneous classes of employees, comparable objectives shall be defined and assigned;

- the criteria regarding the establishment of the bonus in terms of performance achieved, shall be defined by Company management and promptly communicated to the interested employees;
- the assessment of performance as regards the objectives defined, shall be made by the direct chief/manager of the employee, within the principles of correctness, fairness, consistency and objectivity of judgement and, in any case, without any preference or discrimination whatsoever;
- the remuneration of executive directors and managers with strategic responsibilities is defined in such a way as to align their interests with the pursuit of the primary objective of creating value for shareholders over a medium to long-term horizon;
- the Board of Directors, onto a proposal from the Nomination and Compensation Committee, defines a policy for the remuneration of directors and managers with strategic responsibilities according to the principles and application criteria set out in the Corporate Governance Code of listed companies;
- the final approval of the total bonuses assigned shall, in any case, be subject to the decision by the Company's Top Management, who is also responsible for the initial definition of the general threshold of reference.



## 4 External relations

The Avio Group and its employees are committed to maintaining and developing their own business relations with all categories of interested parties by acting in good faith, with loyalty, fairness, transparency and due respect for the fundamental values of the Group.

### Customers

The Avio Group shall fully meet the expectations of the end customer and deem it essential that its customers are always treated in a correct and honest way and therefore demand of its employees and other recipients of the Code that all relations and contacts with customers be marked by honesty, professional integrity and transparency.

All employees shall follow internal procedures in order to achieve these objectives by developing and maintaining fruitful and lasting business relations with customers, offering security, assistance, quality and value sustained by continuous innovation.

Group Companies, in all their relations with customers, shall avoid any unfair discrimination in dealing with them, and shall refrain from improper use of their bargaining power to the detriment of any customers. In addition, the Group companies must be truthful in advertising communications, commercial or other in relationships with contracted or potential customers.

### Suppliers

The supplier system plays a fundamental role in improving the competitiveness of the Avio Group.

The Group shall select suppliers based on their ability to offer the best in terms of quality, innovation, costs and services in order to guarantee the highest level of customer satisfaction at all times.

Considering it is of primary importance for the Group that its partners share the values of the Code and the stringent respect of the laws in force, employees shall, furthermore, select suppliers according to appropriate and objective methods.

They shall also take into account, besides the quality, innovation, costs and services offered, the subjective requisites of integrity, honourableness, professionalism, and registration on lists/associations of categories, as well as the absence of any suspicion whatsoever, past or present, of involvement in activities of terrorism or subversion of the public order (verification of non-registration on the reference lists for persons linked to international terrorism, namely persons/Companies who have been put on the so-called Black Lists issued by the European Community, the US Treasury Department and the United Nations, supporting prevention activities and opposing money laundering and the financing of international terrorism).

The supplier chosen shall respect the values set out in this Code, and in particularly the specific rules as set out in Appendix C.

No Avio Group employee shall make any cash payments or give other favours whatsoever to suppliers, consultants or partners, which are not adequately justified within the framework of the contractual relationship constituted with them.

Employees shall likewise establish and maintain stable, transparent and cooperative business relations with suppliers.

## **Public institutions**

Only duly delegated departments and employees shall manage relations with public institutions, which shall be transparent and inspired by Group Values.

Any gifts or favours made to representatives of any public institution (where permitted by current regulations) shall be of modest value and proportionate to the case but, however, may not be interpreted with a purpose of gaining unfair advantage for the Group.

The Avio Group shall fully cooperate with regulatory and governmental bodies within the framework of their legitimate area of activities. Should one or more Group Companies be subjected to legitimate inspections by public authorities, the Group shall fully cooperate.

Should a public institution be a customer or supplier of a Group Company, the latter shall act in strict compliance with the laws and regulations that govern the acquisition from or sale to that particular public institution of any goods and/or services.

Any intervention to promote the interests of the Group shall be conducted only where permitted and in strict compliance with laws in force and, in any case, in conformity with the Code and any procedures specifically established by the Group.

## **Supervisory and Control Authorities**

The Group strictly observes the applicable legislation in the areas related to their respective perimeter of activity and the provisions issued by the relevant Supervisory and Control Authorities, complying promptly to any requests and avoiding obstructionist behavior.

## **Trade Unions and political parties**

Any relations between the Avio Group with Trade Unions, or political parties and their representatives or candidates shall be marked by the highest principles of transparency and fairness.

Contributions by the Group shall only be allowed if enforced or expressly permitted by law and, in the latter case, authorised by the relevant corporate bodies of each Group Company.

Any contribution made or activity performed by Group employees shall only be intended as a personal and voluntary contribution.

## **Communities**

The Avio Group and its employees are strongly committed to behaving in a socially responsible manner, respecting the uncompromising values of a clean environment and a healthy and safe workplace, and ensuring that the cultures and traditions of each country in which it operates are observed and respected.

In compliance with the fundamental I.L.O. conventions, the Group shall not employ child labour, namely it does not employ persons younger than the age established for starting work by legislations of the place in which work is carried out and, in any case, younger than fifteen years of age, unless exceptions are expressly provided for by international conventions and any local legislations.

Moreover, the Group shall not establish any business relations with Suppliers that employ child labour, as defined above.

## **Market**

The Avio Group maintains an ongoing dialogue with its shareholders, institutional investors and, generally, with the market as well.

The Group is committed to maintain a constant information activity in order to simplify the dissemination of the Group's decisions, to better understand the objectives and performance achieved by the companies and to ensure that the financial community takes decisions based on reliable and truthful data .

## **Communication and corporate information**

The Group acknowledges the vital role of clear and effective communication in internal and external relations. In fact, communication and external relations influence, directly and indirectly, Company development, as well as accurate knowledge and correct understanding of business strategies by investors.

It is therefore necessary that these activities are organised according to clear, uniform criteria, which take into account both the requirements of the various lines of business activities and the economic and social role of the Group as a whole.

Group employees given the task of imparting information to the public relative to Group Companies, business activities or geographical areas, in the form of speeches, participation at conferences, publications, press releases, surveys or road show to potential investors or any other type of presentation, shall follow the instructions issued by the Group in the field of communication management and handling of inside confidential information and receive, where necessary, the prior authorisation of the duly designated Company department or the person in charge of external communications.

Communication to economic and financial markets, and supervising bodies, shall always be supplied promptly in an accurate, complete, correct, clear and comprehensible manner and, in any case, in compliance with the laws applicable in the relevant jurisdiction.

This form of communication shall only be managed and carried out by those employees specifically given the responsibility for communication to economic and financial markets, and supervising bodies, as defined by the system of delegations and proxies of the company and company procedures.

## **Media relations**

The communication of information to the media plays an important role in the creation of the Avio Group image and, therefore, all information concerning the Group shall be supplied in a true and uniform manner, and only by those employees responsible for communication to the media.

No other employees shall impart any information relative to the Group, which is not public, to media representatives nor have any kind of contact with them to disclose confidential Company information and referring, instead, any media enquiries to the appropriate person or department.

## 5 Health, safety and environment

The Avio Group shall not accept any compromise regarding the health and safety of its employees, as well as environmental protection in the workplace.

No Group employee or interested party authorised in this matter, shall put other employees at unnecessary risk, which may cause damage to their health or physical safety and to the environment in which they operate.

The employers, Directors/managers and all those persons responsible for the matter in question, shall also be guided in their decisions and behaviour by the following fundamental principles:

- avoiding risks;
- assessing risks that may not be avoided;
- fighting risks at source;
- adapting work to the person, especially concerning the planning of the workplace and the choice of machinery and equipment, and working and production methods, in such a way as to mitigate boring and repetitive work and to reduce the effects of such activities on health;
- taking into account the level of technical evolution;
- systematically reducing and, where possible, completely eliminating any elements of risk or danger;
- planning prevention, aiming at a consistent situation that integrates within the same area the technique, work organisation, working conditions, external Company relations and the influence of the factors of the working environment;
- providing promptly to the needs of measures of collective protection, as regards the measures of individual protection;
- giving appropriate instructions to employees.

The Group shall pursue the aim of ensuring an effective management of health, safety and environment, which it considers critical to the success of the Group.

Everyone who works for the Group is responsible for the good management of health, safety and environment.

The Group shall adopt an effective environmental management system that complies with all relevant national and international legislative requirements.

The fundamental principles that the Group follows are:

- never pollute;
- optimise the use of natural resources at all times;
- develop products that are always more environmentally compatible.

Every year, the Group provides information on the implementation of environmental policies in the specific sections of the Annual Report.

## 6 Accounting and Internal Control

The AVIO Group is committed to maximising long-term shareholder and investor's value.

In order to honour this commitment, the Group shall maintain high standards of financial planning and control, and accounting systems consistent with and appropriate to the accounting principles applicable to Group Companies.

To fulfil these procedures, the Group shall operate, with the maximum transparency consistent with best business practices, by:

- ensuring that all operations carried out are duly authorised, verifiable, legitimate and consistent;
- guaranteeing that all operations are appropriately recorded and accounted for in conformity with the best current procedures, and properly documented;
- elaborating, in a timely way, complete, accurate, reliable, clear and comprehensible periodic financial accounts;
- operating in strict compliance with the "Internal Control System and Risks Management Guidelines" adopted by the AVIO S.p.A. Board of Directors;
- making its employees fully aware, by informing them of the existence, aims and importance of internal control;
- analysing and managing, with professional diligence, any risks connected to Group activities;
- establishing rigorous processes in the execution of the activities, which guarantee management decisions (including those relative to investments and disposals) based on sound economic analysis that comprises prudent risk assessments and ensure Company assets are optimally employed;
- ensuring that decisions on finance, tax and accounting issues are taken at an appropriate management level;
- preparing promptly all documentation to be sent to market supervising bodies or diffused to the public, making sure that this documentation is complete, accurate, reliable, clear and comprehensible.

The Group acknowledges the paramount importance of internal controls for a good management and for the success of the Group. To that end, the AVIO S.p.A. Board of Directors adopted the "Internal Control System and Risks Management Guidelines", which can be consulted on the Group's Web Site and Company Intranet.

The Group is committed to implementing processes in order to ensure the necessary training and experience for employees holding responsibilities, so as to create and maintain an efficient and coherent internal control system.

The Group considers transparency in the accounting methods of each single operation carried out to be of the utmost importance for its success.

Therefore, the Group insists on accurate, timely and detailed reports from its employees as regards financial operations. Employees shall keep true and accurate records of all financial operations, together with appropriate supporting documentation.

Irregular bookkeeping is a violation of the Code and is considered illegal in almost all judicial systems. It is therefore forbidden for any employee to behave in such a way, or be responsible for omissions, that may lead to:

- the recording of false operations;
- the recording of operations in a deceptive way or not sufficiently documented;
- the non-recording of commitments, also only guarantees, which may generate liabilities or obligations for Group Companies.

The Internal Audit Department of Avio S.p.A., within the framework of a verification programme, or at the request of the Board of Directors or the Chief Executive Officer of any Group Company, shall check the quality and effectiveness of the Internal Control System and shall report the outcome to the person making the request and other appointed bodies.

Group employees shall assist with the monitoring activities on the quality and effectiveness of the Internal Control System. The Internal Audit Department, Statutory Auditors, Independent Auditors shall have full access to all data, information and documentation necessary to perform their activities, within the limits and full compliance with that provided for by Laws in force, relative to classified data or "critical" in order to safeguard privacy.

Any employee asked to co-operate in preparing and presenting documents destined for supervising bodies or the public shall ensure, as far as their responsibility is concerned, that these documents are complete, accurate, reliable, clear and comprehensible.

## 7 Rules concerning “administrative responsibilities” of the Company or pertinent legal entity

This Code of Conduct represents an independent instrument generally adopted by the Avio Group in order to express the “Company ethics” that the Group recognises as its own and on which it requires the strict observance by all its employees, the Board of Directors, the Board of Statutory Auditors, External Auditors, suppliers, consultants, partners and, in any case, all those people or Companies who act in the name or on behalf of one or more Avio Group Companies.

Considering the improvement of Group Corporate Governance, and the safeguarding of its image, of the expectations of its shareholders and of the work carried out by its employees and partners, the Avio Group, acknowledging that this conforms with its own Company policies and with the general principals of this Code, decided to proceed with the adoption and implementation of specific instruments that are applicable to the single Group Companies which, through well-defined rules and protocols to be applied within the area of the so-called “critical” activities and processes, will allow the limitation of risks and, therefore, prevent in the best possible way the commissioning of types of crimes which, seemingly committed to the advantage of the single Company or the whole Group, may bring about a criminal administrative responsibility based upon the provisions of Legislative Decree 231/2001 in force in the Italian legislation or similar laws that are in force in the foreign countries where the Avio Group operates.

As a non-exhaustive example, Company processes are considered critical in which:

- a) relations take place with Public Authorities, Public Officials or those persons in charge of Public Services;
- b) situations may be identified where it is necessary to make voluntary or mandatory statements to judicial Authorities;
- c) work is carried out concerning Company and balance sheet matters;
- d) operations may be implemented that financially and operationally facilitate the commissioning of bribery crimes between private, organized crime and crimes relative to terrorism or subversion of the democratic order;
- e) damaging behaviour may be implemented concerning the individual personality and paedophilia or pornography;
- f) the employment of foreign citizens with irregular residence permit can be directly or indirectly realized;
- g) transnational operations may be implemented;
- h) situations may be identified where, in the case of an accident, the death or the serious injury of an employee takes place;
- i) situations may be which, incidentally or not, result in harmful consequences to the environment and ecosystem;



- j) situations can occur which allow the violation of industrial property and copyright of others;
- k) computer fraud crimes and unlawful data processing can be realized;
- l) it also may be occurred cases of illegal use of inside confidential information for the purposes of market abuse crimes.

As regards the regulatory provisions contained in the Legislative Decree 231/2001, all Italian Group Companies are provided (or adoption has been planned) with their own Organisation, Management and Control Model, whose rules shall be respected in order to contribute in such a way as to constitute exemption for the Company as regards the administrative responsibility, as defined in the above Decree.

The Group's foreign Companies have adopted (or adoption has been planned) the "231 Guidelines" for foreign controlled or subsidiary Companies (*231 Guidelines for AVIO Group Foreign Companies*), issued by the parent Company, in which the general and specific behaviour is defined that is to be implemented in the management of activities that are considered critical with regard to the risks of commissioning of crimes, in this case referred to local laws similar to Italian Legislative Decree 231/2001 and/or, however, behaviour that is considered a criminal act in accordance with the Company policies of the Group, even if such an act does not constitute a crime within the framework of the reference legislation.

The document cited may be consulted in the section "D.Lgs. 231/2001" on the Company Intranet and on the Group's Web Site ([www.avio.com](http://www.avio.com)).

The observance and implementation of the rules foreseen in the Organisation, Management and Control Model adopted by the Italian Group Companies and in the 231 Guidelines adopted by the foreign Group Companies, by all employees, the Boards of Directors, the Boards of Statutory Auditors, External Auditors, suppliers, consultants and the partners of the Avio Group, is an integral part of the rules of this Code of Conduct.

## 8 Implementation and assurances

The Avio Group is committed to achieving the highest standards of best practice relative to its moral, social and business management responsibilities towards interested parties.

The Code sets out the Group's expectations of its people and the responsibilities, which they shall take upon themselves for a consistent conduct and behaviour.

The managers of the various lines of business activities and Group functions shall be responsible for ensuring that these expectations are understood and put into practice by the employees. They shall also guarantee that the commitments described in the Code are implemented throughout all the levels of the business lines and functions.

The Group encourages employees to speak to the Legal Department and/or Personnel Department at all times as to the most appropriate behaviour to adopt regarding the Code, which they may have doubts about.

A prompt reply shall be given to all requests for explanation, without the risk of any retaliatory measures, also indirectly, against employees.

Any appropriate sanctionable measures for Code violations shall be proposed to the Personnel Department by the people directly in charge after speaking, if necessary, to the Legal Department and Internal Audit Department, and shall be consistent with laws in force and relevant national and Company labour contracts, and anyway proportionate to the particular Code violation.

Any form of retaliatory measures taken against any person who, in good faith, has reported possible Code violations or who has requested explanations regarding Code application procedures, shall be considered a Code violation. The behaviour of anyone who accuses other employees of a Code violation, in the knowledge that such a violation has not been committed, shall also be considered a Code violation.

Code violations may lead to the adoption of disciplinary sanctions and bring about the termination of the fiduciary relationship between the Group and any employee with the consequent sacking of the latter. In any case, as regards all types of violations, the Group Company may take legal action for compensation relative to any damage caused by and/or consequent to said violation.

Any departure from the Code rules, even partial and limited in time and nature, may only be authorised, exclusively for serious and justified motives, by the Board of Directors of the Group Company in which the employee, who has made such a request, works.

The Internal Audit Department shall carry out periodic inspection activities on the functioning of the Code whose results, also suggesting modifications or additions to the same Code, are presented to the Chief Executive Officer and the Board of Directors of Avio S.p.A.

# **APPENDICES**

## Appendix A – Definition of a subsidiary Company as regards Italian legislation

### **Art. 2359 of the Italian Civil Code**

*Subsidiary Companies are considered as follows:*

- 1) *Companies in which another Company possesses a majority of votes that may be exercised at an ordinary shareholders' meeting;*
- 2) *Companies in which another Company possesses enough votes to exercise a dominant influence at an ordinary shareholders' meeting;*
- 3) *Companies that are under the dominant influence of another Company by virtue of special contractual restrictions with it.*

*In order to enforce numbers 1) and 2) in the first paragraph, the voting rights of subsidiary Companies, fiduciary Companies and by proxy, shall also be counted; the voting rights of third parties shall not be counted.*

*Companies in which another Company exercises a marked influence shall be considered subsidiary. This influence is presumed when at least a fifth of the votes can be exercised at a shareholders' meeting, or a tenth, if it is a Company listed on the stock exchange.*

### **Art. 93 of Legislative Decree No. 58 of 24 February 1998**

1. *In this Part, they are considered subsidiaries, in addition to those indicated in numbers 1) and 2) of the first paragraph of Art. 2359 of the Italian Civil Code, including:*

- a) *Italian or foreign Companies in which a party has the right, by virtue of a contract or a statutory clause, to exercise a dominant influence when the effective law permits such contracts or clauses;*
- b) *Italian or foreign Companies in which a shareholder, based on agreements with other shareholders, has sole sufficient votes to exercise a dominant influence in the ordinary shareholders' meeting.*

2. *For the purposes of subsection 1, the rights to subsidiaries or exercised by trustees or interlocutors are also considered; the voting rights of third parties shall not be considered.*

### **Art. 26 of Legislative Decree No. 127 of 9 April 1991**

- 1) *For all legal purposes of Art. 25, Companies shall be considered subsidiary that are indicated in numbers 1) and 2) of the first paragraph of Art. 2359 of the Italian Civil Code.*
- 2) *For the same purposes, those Companies shall, in any case, be considered subsidiary:*
  - a) *in which another Company has the right, by virtue of a contract or a statutory clause, to exercise a dominant influence when the effective law permits such contracts or clauses;*
  - b) *in which another Company, on the basis of agreements with other shareholders, has sole control of the majority of voting rights.*
- 3) *In order to enforce the preceding paragraph, the rights shall also be taken into account of subsidiary Companies, fiduciary Companies, and by proxy; the voting rights of third parties shall not be considered.*

## Appendix B – Interpretation and reporting of violation

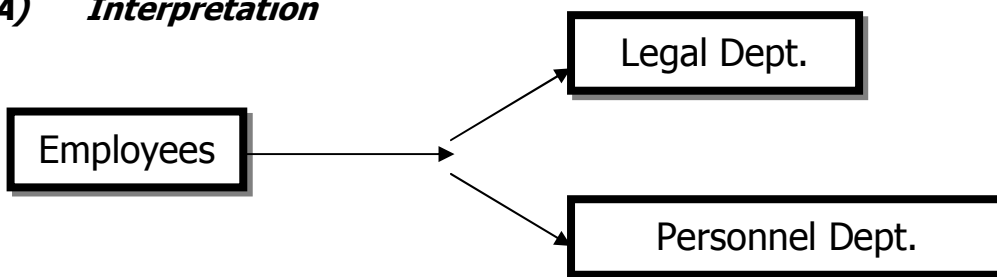
For any queries relative to specific provisions or clarification of the Code, employees are requested to contact the Legal Department and/or the Personnel Department of the relevant Group Company.

If an employee wishes to report a violation (or suspected violation) of the Code of Conduct, he/she shall contact their direct superior. Should any report of a violation remain unanswered, or an employee feels uneasy about reporting a violation to his/her superior, he/she shall report it to the Internal Audit Department.

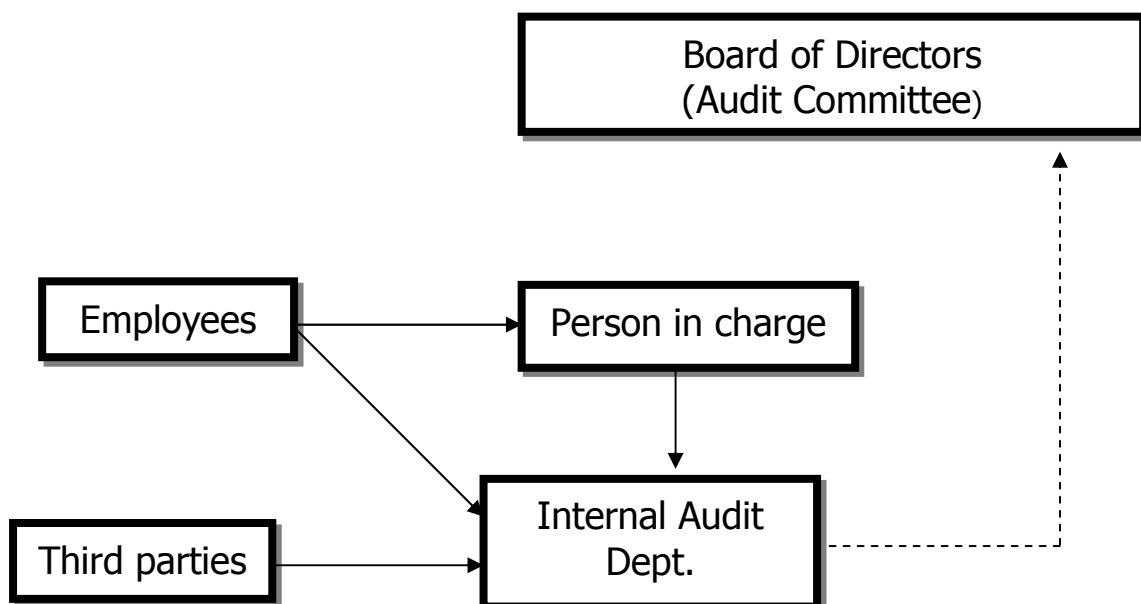
If a third party wishes to report a violation (or suspected violation) of the Code of Conduct, he/she shall contact the Internal Audit Department, or the specific channels that shall be identified by the Group Companies to that end.

### Procedure of interpretation and reporting

#### A) Interpretation



#### B) Reporting



## Appendix C – Specific rules for Avio Group suppliers

### 1. Commercial relations between Avio Group Companies and suppliers

- 1.1 The Avio Group shall select and work with its suppliers according to appropriate and objective methods, taking into consideration besides the quality, innovation, costs and services offered, the subjective requisites of integrity, honourableness, professionalism, and registration on lists /associations of categories, as well as the absence of any suspicion whatsoever, past or present, of involvement in activities of terrorism or subversion of the public order.
- 1.2 The Avio Group shall guarantee to all suppliers equal opportunities and treatment in the negotiations, stipulation and execution of contracts as per the availability of information, the purchasing terms and conditions and the decisional technical criteria.
- 1.3 Decisional technical criteria for assigning suppliers are based upon technical and economical data and on performance indices.

### 2. Avio Group employees and ex-employees

- 2.1 Relations between Avio Group Companies and their suppliers, regarding the hiring of Avio Group employees and ex-employees by the same suppliers, shall be regulated by maximum transparency.  
Suppliers shall not in general, either directly or through third parties, employ employees and ex-employees of Avio Group Companies, and however they shall avoid to solicit in any case the establishment of cooperative relations of any kind with them.
- 2.2 Suppliers shall always inform the Avio Group Companies of its intention to acquire specific skills and expertise that certain people possess who work or have worked in different ways with the Group through working relationships not subordinated.
- 2.3 The supplier shall keep the Avio Group Company informed, every six months, on the number of Avio Group employees, consultants and ex-employees utilised during the course of the previous six months.
- 2.4 In the event of problems and/or of non-compliance with the above guidelines, the supplier shall undertake to cooperate with the Avio Group Company in good faith to resolve any problems and therefore safeguard Avio Group interests.
- 2.5 Failure to comply with the previous paragraphs shall be considered by the Avio Group Company as an act of unfair competition which justifies the immediate termination of the contract or supply relations.

## **3. Gifts**

- 3.1 The supplier shall not give or make promises or rewards of money or goods, of any importance or value, to Avio Group legal representatives, employees, consultants, agents and commercial promoters.
- 3.2 The supplier shall not evade the requirements of the previous paragraph by donations, promises or offers to relatives or any person or Company, associations, institutions, organizations otherwise closely related to the subjects mentioned in the previous paragraph, or resorting to other forms of facilitation or benefits to Companies, associations, or bodies in which Avio Group legal representatives, employees, consultants, agents and commercial promoters have some direct interest.
- 3.3 The supplier shall prepare an appropriate internal procedure in order to prevent and detect possible violations of the rules described in the previous paragraphs, and give evidence of this to the Group Companies with whom they have relationships.
- 3.4 The supplier that have good reason to believe that some violations have occurred in relation to the previous paragraphs, they shall immediately notify the violations to the "Organismo di Vigilanza 231" and to the Purchasing Director of the relevant Avio Group Company.
- 3.5 The supplier shall co-operate with any verification carried out concerning possible violations.
- 3.6 Should the supplier fail to fulfil the requirements described in the previous paragraphs, it could result in its cancellation from the Avio Group Companies' List of suppliers.

## **4. Intellectual property rights and confidential data**

- 4.1 Avio Group Company shall not supply confidential information (as defined in Art. 7), should the supplier not sign a "Non-Disclosure Agreement" aimed at preventing unlawful use of the information.
- 4.2 The "Non-Disclosure Agreement", as described in the above paragraph, shall protect confidential information also given by the supplier to the Avio Group Company in terms of absolute reciprocity.
- 4.3 The regulations of "intellectual property rights" shall be defined in the General Purchase Conditions (GPC) and Long-Term Purchase Agreements (LTPA).

## **5. Agents, representatives, commercial promoters and suppliers**

- 5.1 The Avio Group shall encourage direct contact with suppliers avoiding, where possible, the use of agents, representatives and/or commercial promoters or the like.
- 5.2 Agents, representatives and commercial promoters have the same obligations of suppliers to the effects of this Code of Conduct.
- 5.3 No cash payments may be made to agents, representatives, commercial promoters and suppliers.
- 5.4 No payments shall be recognized in favour of agents, representatives, commercial promoters and suppliers, which are not adequately justified in relation to the type of work to be carried out and the target market.
- 5.5 Agents, representatives, commercial promoters and suppliers that violate the regulations and behaviour as per this Code of Conduct shall be held jointly and severally responsible for any damage caused to the Avio Group Companies.
- 5.6 In the case in which agents, representatives, commercial promoters and suppliers are asked to maintain business relations with Public Authorities ( Italian or foreign), on behalf of Avio Group Companies, upon the appointment of the assignment, the Group Company shall assign the relevant express powers, with special authorisation clearly described in the contract and, where necessary, through recourse to special specific written power of attorney.
- 5.7 In the case of business relations with Public Authorities not authorised on the appointment of the assignment, the agents, representatives, commercial promoters and suppliers shall give immediate and preventive communication to the internal person of the Group Company they report to, pointing out the criticality or conflict of interest that may arise in this area.
- 5.8 Italian agents, representatives, commercial promoters and suppliers shall be always informed of the contents of the 231 Organization, Management and Control Model and the Code of Conduct of the Company, as well as the requirements of the Company, that their behaviour shall be in conformity with the provisions of Legislative Decree No. 231/2001.
- 5.9 Foreign agents, representatives, commercial promoters and suppliers shall be informed of the principles set out in the Avio Group Code of Conduct and in the document "*231 Guidelines for AVIO Group Foreign Companies*", and that their behaviour shall be in conformity with the provisions and/or policies of the Group Companies therein contained, all the more in the management of activities that are considered "critical" also depending on local laws similar to Legislative Decree No. 231/2001.



5.10 Any violations by agents, representatives, commercial promoters and suppliers of the regulations applicable to them as regards the 231 Organisation, Management and Control Model and/or the Avio Group Code of Conduct and/or 231 Guidelines, or commissioning of crimes as per the Legislative Decree No. 231/2001 or similar local laws, are punishable by what is provided for in the specific contractual clauses set out in the relative contracts, except for any claim for compensation should such behaviour bring about tangible damage to Group Companies.

## 6. Advertising and use of the name of Avio Group Companies

- 6.1 Avio Group Companies shall be promptly informed of any eventual intended use of its name and/or logo by the suppliers.
- 6.2 Suppliers shall not use the name, the logo and other symbols of Avio Group Companies, or pictures or movies of products, systems, people and places related to the Group Companies, or make reference, for advertising purposes, to goods and services supplied to Avio Group Companies, without having first obtained formal written authorisation.
- 6.3 Suppliers shall receive formal written authorisation before exhibiting and advertising any products manufactured on Avio Group Companies specifications.

## 7. Particular definitions

With reference to the present Appendix of the Code of Conduct, the expressions here below shall have the following meanings:

**Confidential information:** signifies all documents, materials and information exchanged (including Intellectual Property Rights), in written or verbal form, between the supplier and Avio Group Companies.

**Supplier:** signifies not only the single Company, individual firm, professional/business consultant or the like, in the capacity of owner and/or general or special legal representative, but also its employees, consultants, agents, commercial promoters or the like; means also the service companies, consultants and partners of all kinds.

**Intellectual properties:** signifies patents, patent applications, trademarks, copyrights, know-how or the like.



**Appendix D – Acceptance and signing of the Code of Conduct**  
(Employees of Avio Group Companies)

**The person who receives this Code of Conduct hereby declares that he/she has read and understood in full its contents, thus signing it for full acceptance of the contents and the fact that it constitutes an integral part of his/her employment obligations, integrating to all intents and purposes the Disciplinary Code and the National Collective Labour Contract.**

Name : .....

Company / Position : .....

Date : .....

Signature : .....



**Appendix E – Acceptance and signing of the Code of Conduct**

(Persons, non-employees, in charge of relations with Companies of Avio Group)

**The person who receives this Code of Conduct hereby declares that he/she has read and understood in full its contents, thus signing it for full acceptance of the contents and the fact that it constitutes an integral part of his/her obligations deriving from the relations with Companies of the Avio Group and that the failure to comply may also result in the termination of the existing contract with the same.**

Name : .....

Company / Position : .....

Date : .....

Signature : .....

Avio Group Company : .....