



AVIO GROUP ANTI-CORRUPTION CODE

Adopted by the Board of Directors of Avio S.p.A. on March 14, 2019



Contents

1	PREMISE.....	3
1.1	Purpose, scope of application and recipients of the document.....	3
1.2	Management of the document.....	3
2	REFERENCE REGULATIONS.....	4
3	DEFINITIONS.....	5
4	GENERAL PRINCIPLES OF CONDUCT.....	5
5	PRINCIPLES OF CONDUCT IN MAIN RISK & INSTRUMENTAL AREAS.....	6
5.1	Financing.....	6
5.2	M&A Transactions.....	6
5.3	Sponsorships and contributions to associations.....	7
5.4	Selection and hiring of personnel.....	7
5.5	Appointments for professional services.....	8
5.6	Bookkeeping and control of accounting records.....	8
5.7	Relations with third parties.....	8
6	PERSONNEL TRAINING & DISSEMINATION OF THE CODE.....	9
7	REPORTING.....	10
8	SANCTIONS & CONTRACTUAL CLAUSES.....	10
8.1	Directors and Statutory Auditors.....	10
8.2	Executives.....	11
8.3	Employees and Managers.....	11
8.4	Sanctions in Group companies subject to non-Italian Law.....	11
8.5	Collaborators, auditors, consultants, partners, counterparties and other external parties.....	11



1 PREMISE

1.1 Purpose, scope of application and recipients of the document

Avio S.p.A. (“**Avio**”) is an international group (the “**Group**”) operating in the space propulsion sector and committed to the continuous pursuit of excellence in its services and products.

The Group’s mission is focused on growth and value creation through the supply of innovative products and services to achieve maximum customer satisfaction, with due respect for the legitimate interests of all categories of stakeholders, for the principles of equality and fairness in the management of employment relationships, for worker safety standards and for the laws and regulatory provisions applicable to its various business activities.

On the basis of such principles, the Avio Group is committed to combating corruption and preventing risks of illicit practices, at every work level and in every geographical area, through the dissemination and promotion of ethical values and principles, through the effective establishment of rules of conduct and through the implementation of control processes, in compliance with the requirements of applicable regulations and in line with international best practices.

In particular, in order to prevent any conduct prohibited by law, Avio has decided to adopt a specific Anti-Corruption Code of Conduct (hereinafter also the “**Code**”), which is integrated within the broader regulatory compliance programme that the company is committed to developing and maintaining over time.

In this context, on March 14, 2019, the Board of Directors approved the Code in order to strengthen action to prevent and oppose possible corrupt practices.

The Code aims to:

- i. Express Avio’s articulated commitment to fighting corruption and complying with applicable anti-corruption provisions;
- ii. Define principles for identifying and preventing potential episodes of corruption, in order to protect the integrity and reputation of the Group;
- iii. Clearly communicate the anti-corruption principles to both internal and external stakeholders.

This Code applies to all Group employees, and, more generally, to all those Avio comes into contact with during its business activities.

1.2 Management of the document

The revision of this Code is approved by the Avio Board of Directors.

The Code is revised at least annually, in order to ensure it is up-to-date with amendments and developments in applicable legislation, the market situation and best practices.



2 REFERENCE REGULATIONS

External regulations

The Avio approach to combating corruption is inspired by the founding principles of agreements on the matter, as well as international best practices. In this contest, the following references assume particular importance:

- Organization for Economic Cooperation and Development (OECD) “Convention on Combating Bribery of Foreign Public Officials in International Business Transactions”, 1997;
- United Nations (hereinafter also or “UN”) “Convention Against Corruption”, adopted by resolution 58/4 of October 31, 2003;
- Council of Europe “Criminal Law Convention on Corruption” and “Civil Law Convention on Corruption”, 1999;
- Council of the European Union “Council Decision 2003/568/JHA of 22 July 2003 on the fight against corruption in the private sector”, 2003;
- The Wolfsberg Group “Wolfsberg-Anti Corruption Guidance”, 2011;
- International Chamber of Commerce “ICC Rules on Combating Corruption”, 2011;
- Transparency International “Business Principles for Countering Bribery, a Multi-Stakeholder Initiative led by Transparency International”, 2013;
- G-20 “2015-16 G20 Anti-Corruption Implementation Plan”, 2014.

The adopted approach also takes into consideration specific national legislation, including in particular:

- Law No. 190 of November 6, 2012;
- Penal Code Articles No. 318, “Corruption in the exercise of a role”, 319, “Corruption in an act contrary to official duties”, 319-ter, “Corruption in judicial acts”, 322, “Incitement to corruption”;
- Civil Code Article No. 2635 “Corruption between private individuals”;
- Legislative Decree No. 231 of June 8, 2001;
- Law No. 179 of November 30, 2017;
- Law No. 3 of January 9, 2019.

Internal regulations

Furthermore, this Code is part of Avio’s broader regulatory framework, including the following related regulations:

- The Code of Conduct;
- Avio’s Organization, Management and Control Model (as per Legislative Decree 231/2001, as amended), approved by the Avio Board of Directors on November 8, 2018;
- The Group Guidelines, approved by the Avio Board of Directors on November 8, 2018.



3 DEFINITIONS

In addition to terms defined in other articles of this Code, the following terms and definitions have the meanings indicated below. The terms defined in the singular have the same meanings in the plural and vice versa.

- **BoD or the Board:** indicates the Board of Directors of Avio S.p.A.;
- **BoSA or the Statutory Auditors:** indicates the Board of Statutory Auditors of Avio S.p.A.;
- **Corruption:** indicates the crime of corruption committed by those who, by directly or indirectly carrying out activities on behalf or in the interests of Avio or of the Group Companies, unduly promise, receive benefits or compensate third parties, directly or indirectly, for personal advantage or for the advantage of Avio, of the Group Companies or of third parties.
- **Recipients:** indicates the members of the Board of Directors and of the Board of Statutory Auditors, employees and collaborators of whatever nature of Avio and of the Group Companies, and those who have contractual or free relations with Avio or the Group Companies;
- **Avio Group or the Group:** indicates jointly Avio and the Group Companies of which Avio has control;
- **Corporate Bodies:** indicates jointly the Board of Directors and the Board of Statutory Auditors of Avio S.p.A.;
- **Auditor(s):** indicates (a/the) member(s) of the Board of Statutory Auditors of Avio S.p.A.

4 GENERAL PRINCIPLES OF CONDUCT

Avio carries out its activities in conformity with the principles of professionalism, diligence, honesty, fairness and responsibility. In line with such principles and consistent with the values and restrictions indicated in the Code of Conduct, the Organization, Management and Control Model, adopted as per Legislative Decree 231/2001, and the Group Guidelines, Avio:

- Shall not tolerate any corruption, in any form, manner or jurisdiction in which it manifests itself, not even where such activities might be admitted, tolerated or not pursued under applicable laws in the countries where Avio operates;
- Shall not tolerate any conduct concerning the offer or acceptance of money or other benefits, directly or indirectly, with the aim of inducing or rewarding the exercise of a role or activity or its omission.

In main risk and instrumental areas, the following general principles must be observed, in addition to the specific principles indicated in the following paragraphs:

- i. **Clarity and simplicity:** the tasks and responsibilities of all parties involved in corporate processes, as well as in all activities and related controls, must be clearly defined and easily applied through specific mechanisms;



- ii. **Impartiality and the absence of conflicts of interest:** Recipients of the Code must operate with professionalism, impartiality and in compliance with anti-corruption legislation. They therefore have the obligation to avoid any and all situations from which a conflict of interest may arise, such as to affect, even potentially, their ability to act in the interests of the Group and in compliance with the aforementioned legislation;
- iii. **Traceability and archiving:** all activities and related controls must be, where possible, traced and verifiable ex post, also through the use of adequate documentary or IT media; all the documentation produced must also be properly archived.

5 PRINCIPLES OF CONDUCT IN MAIN RISK & INSTRUMENTAL AREAS

With reference to the activities of the Avio Group, the following areas have been identified as areas in which the risk of corruption is greatest.

5.1 Financing

In the management of financing, the following principles must be respected:

- i. The traceability of relations maintained with lenders and institutions;
- ii. The completeness, accuracy and truthfulness of documentation concerning the various phases of requesting and managing financing;
- iii. Compliance with powers of attorney in relation to the signing of requests for financing and of the reporting documentation to be transmitted to lender institutions or financing parties;
- iv. Monitoring of the regular execution of the financed project and verification of the consistency of the accounting process in step with the physical one;
- v. Adequate accounting records.

5.2 M&A Transactions

All M&A transactions must envisage due diligence on the counterparty in order to verify:

- i. The identity, repute, good standing and integrity of the shareholders and directors of the company involved in the M&A transaction;
- ii. The possible areas at risk of corruption of the company involved in the M&A transaction;
- iii. The existence of anti-corruption policies in the company involved in the M&A transaction;
- iv. The existence of any proceedings, sanctions or convictions for violations of anti-corruption law against the company involved in the M&A transaction.

Furthermore, following the M&A transaction, the companies involved in the merger, acquisition or transfer must comply with the provisions of this Code.



5.3 Sponsorships and contributions to associations

Any sponsorship or contribution to an association or organization must envisage prior due diligence and subsequent checks, in order to verify:

- i. The nature, importance or notoriety of the event, project or activity;
- ii. The identity, repute, good standing and integrity of recipients of the sponsorship or contribution;
- iii. That the initiative is permitted by law;
- iv. That the event, project or supporting activities are carried out in line with the expectations of Avio or of the company of the Group involved.

5.4 Selection and hiring of personnel

The selection and hiring of personnel are based on the principles of fairness, impartiality and respect for the professionalism and skills of workers.

In the selection and hiring of personnel, Avio Group operates so as to ensure that human resources correspond to the profiles effectively demanded by business needs, avoiding favouritism and facilitations of any kind, and basing selections exclusively on the criteria of professionalism and competence.

In the pursuit of corporate objectives, the worker must operate in the knowledge that conduct shall not be tolerated which, while appearing abstractly aimed at favouring Avio or the Group, is in conflict with this Code or with anti-corruption legislation.

In particular, in order to avoid even potential situations of conflict of interest, Avio Group requires its personnel, from the time of hiring, to declare the existence of any conditions of conflict of interest between the individual and the company.

In the selection and hiring of personnel, the following principles must be respected:

- i. Segregation of the roles of those who:
 - Manifest the need to hire personnel,
 - Approve the budget to hire the personnel,
 - Select and recruit candidates;
- ii. The definition, as a rule, of a shortlist of candidates based on the criteria of professionalism, qualifications and aptitude relevant to the role for which the hiring is performed;
- iii. Comparative assessment of the candidates based on the criteria of professionalism, qualifications and aptitude relevant to the role for which the hiring is performed.



5.5 Appointment for professional services

The selection process for the appointment of professionals must take place in compliance with the criteria of fair competition, transparency, competence, cost-effectiveness, efficacy, timeliness and propriety.

The selection of professionals shall require:

- i. Justification of the need for the appointment and, ordinarily, selection of the professional from at least two candidates with characteristics that are potentially suitable for carrying out the activity in question;
- ii. Justification of the need to contact a specific professional, without initiating the selection process, if necessary, in relation to the purpose of the appointment, according to the principle of *intuitus personae*;
- iii. Ascertainment that the professional possesses the adequate requisites of integrity and professionalism necessary for the performance of the appointment, and that there are no related conditions of incompatibility or conflict of interest;
- iv. Verification that the country in which the professional resides or has office is not included in the list of countries considered as having a privileged tax regime, if such country is different from the one in which the services are to be performed.

The services rendered by the professional must be monitored, also by means of suitable reports, in order to verify their compliance with the terms and conditions of the appointment.

The activities carried out for the purposes of awarding appointments for professional services must be adequately documented and traceable.

5.6 Bookkeeping and control of accounting records

Regarding the keeping of accounting records (including general accounting, financial statements and other corporate communications), Avio and the Group Companies have established an internal control system and carry out adequate and sufficient accounting controls in order to provide reasonable guarantees concerning the reliability of the disclosure and preparation of financial statements, in accordance with generally accepted accounting principles, and, in any case, with the legislation in force in the Italian legal system and in the legal system in which the Group Companies have their registered office or regular operating presence.

The internal control system envisages specific controls at different organizational levels, with adequate implementation methods.

5.7 Relations with third parties

Avio establishes relationships with third parties - self-employed workers, quasi-subordinate workers, professionals, consultants, agents, suppliers, business partners or other subjects who collaborate in carrying out its business activities - based on professionalism, competence, fair competition and integrity, and imprints such relationships with propriety, adopting procedures aimed at avoiding any potentially corrupt conduct.

When dealing with such third parties, the following principles must be respected:

- i. Suppliers of goods and services or professionals are to be selected on the basis of criteria identified by internal regulations, by formal tender or, in any case, by consideration of various



offers; internal regulations identify any cases that may derogate such principle for specific needs and with justified reasons.

- ii. Authorizations for the payment of invoices or fees are under the exclusive responsibility of those having the related expenditure rights, and must be supported by an attestation of the quality of the supply or service performance in relation to contractual terms and of the consequent congruity of the requested amount or fee; in any case, it is not permitted to make payments not adequately justified in the context of the contractual relationship;
- iii. Guarantees must be provided to ensure the traceability of the activity, particularly in reference to the justification of the selection of suppliers of goods or services or of professionals and to the relevance and congruity of the expenditure, as well as to ensure the archival, also by telematic or electronic means, of all documentation inherent to fulfilled requirements under the procurement process of goods, services and professional services, so as to allow the reconstruction of the reasons for choices made and related responsibilities.

6 PERSONNEL TRAINING & DISSEMINATION OF THE CODE

The Human Resources department of Avio promotes the awareness of the Code to all Group personnel, who are required to observe and contribute to its implementation.

The Human Resources department defines the annual planning of training activities in compliance with the provisions of the Code, and manages, with the operational support of the Human Resources department of each of the Group Companies, the training of personnel on the contents of the Code.

In this context, communicative actions include:

- i. Inclusion of the Code on the website and corporate intranet of Avio and of each of the Group Companies;
- ii. Guaranteeing the availability of the Code to all personnel and its distribution to new employees at the time of their incorporation, signed to certify their receipt and commitment to be aware and to comply with the related provisions.

Avio and each of the Group Companies promotes awareness and observance of the Code to commercial and financial partners, professionals, commercial promoters, collaborators in various capacities and suppliers. In this regard, a declaration is required in which, in addition to confirming receipt of the Code, each party undertakes to comply with its principles, as well as to enforce such compliance among its own collaborators.

Disclosure of the Code, for the above listed parties, also takes place through the dissemination of a formal notice of the existence of the Code, with an invitation to consult its provisions on the website of the relevant Group company.



7 REPORTING

The Avio Group collects and examines reports concerning possible violations of the Code and of anti-corruption legislation, including any anonymous reports. In order to protect and safeguard the authors of such reports, the Avio Group guarantees discretion and confidentiality throughout the entire process of managing reports, from their reception through to investigatory and conclusive phases.

In this regard, Avio has adopted a so-called “whistleblowing” procedure aimed at regulating the management of the process of receiving, analyzing and processing reports relating to possible legal offences, unlawful conduct, and, in general, any conduct that may be considered irregular or contrary to corporate procedures.

The adequate management of the reporting is considered essential for dealing with the reported issues, disclosing situations of risk or damage, and contributing to prevent, oppose and adequately respond to any illicit acts.

The following transmission channels are made available for communications regarding Avio:

- **Communication by ordinary post addressed to: “Whistleblowing Manager, Avio S.p.A., Via Latina snc (SP 600 Ariana Km 5,2) 00034 Colleferro (RM), Italy”, with the wording “Confidential” indicated on the envelope;**
- Exclusively for Recipients internal to Avio, using the **online platform at <https://www.mygovernance.it/token-avio>**, accessible only to the Whistleblowing Manager.

For reports regarding the Group Companies, the dedicated information channels established by each company shall also remain valid.

8 SANCTIONS & CONTRACTUAL CLAUSES

Any violations of the principles of conduct enshrined in the Code shall result in an internal reaction, on behalf of the Group Companies, through the applications of disciplinary sanctions, and an external reaction, through maximum cooperation with competent public authorities. Violations will be dealt with promptly and immediately, through adequate and proportionate disciplinary measures, taking into account the criminal relevance of such violations and the establishment of criminal proceedings.

8.1 Directors and Statutory Auditors

In the event of any violation of the principles of conduct enshrined in the Code or of anti-corruption legislation by one or more of the Directors or Statutory Auditors of the Group Companies, the Board of Directors and the Board of Statutory Auditors concerned must be informed, whose members, on the basis of their respective competences, will proceed to take one of the following actions, in consideration of the seriousness of the violation and in accordance with the provisions of law and the corporate by-laws:

- i. A declaration recorded in board meeting minutes;



- ii. Formal warning;
- iii. Revocation of office and powers;
- iv. Request to call or the calling of the Shareholders' Meeting with inclusion in the agenda of appropriate measures concerning the parties responsible for the violation, including the exercise of legal actions aimed at recognizing the liability of such parties in relation to Avio or the Group Companies, and at compensating for damages suffered.

8.2 Executives

In the event of any violation of the principles of conduct enshrined in the Code or of anti-corruption legislation by one or more Executives, the most appropriate measures will be applied to the responsible parties.

In particular:

- i. In case the violation is of such gravity as to damage the relationship of trust and not allow even the temporary continuation of the employment relationship, the Executive shall be dismissed without notice;
- ii. In case the violation is minor but still of such gravity as to irrevocably damage the relationship of trust, the Executive shall be dismissed with given justification and notice.

8.3 Employees and Managers

Any violation of the principles of conduct enshrined in the Code or of anti-corruption legislation by employees is considered a disciplinary offence.

The imposable sanctions fall within those provided for by the corporate disciplinary regulation, in compliance with the procedure set forth by Article 7 of the Workers' Charter and by applicable collective labour legislation. In this regard, the Code also refers to the disciplinary apparatus contemplated by collective bargaining.

8.4 Sanctions in Group companies subject to non-Italian Law

Regarding the Group Companies subject to non-Italian Law, in the event of any violation of the principles of conduct enshrined in the Code or of anti-corruption legislation, the aforementioned companies will apply the measures provided for by applicable legislation to the members of the Corporate Boards and to their personnel.

8.5 Collaborators, auditors, consultants, partners, counterparties and other external parties

Any conduct by parties other than Avio Group personnel in violation with the Code or with anti-corruption legislation will be investigated in order to assess the possible adoption of measures, such as unilateral withdrawal from related contracts, subject to specific contractual clauses.