

Guidelines G0001

Lafert Code of Ethics

Ver.	Date	Amendment description
00	18.11.2016	First issue
01	30.01.2017	Incorporation of requirements, Leg. Decree 231, chapters 4 and 13
02	05.03.2018	Implementation of Law 179/2017 on whistleblowing, chapters 2, 5, 7, 13 and 14

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1. SCOPE

This document determines the obligations of loyalty, fairness and diligence to be adopted by all individuals who have employment relations of any nature with Lafert, and must inspire the conduct and attitude of all persons operating and/or coming into contact with our company, whether internal or external to the company organisation.

2. MAIN REFERENCES

Italian Legislative Decree no. 231 of 8 June 2001, "*Regulations on the administrative liability of legal entities, companies and associations with or without legal liability ...*", which incorporates international agreements, introducing to Italian law a regime of administrative liability of companies that have gained an interest or benefit from the commission of an offence, in addition to the criminal or civil liability of the natural person that committed the offence.

Italian Law 179/2017, "*Regulations on the protection of persons reporting offences or irregularities of which they have become aware in the course of public or private employment relations...*", which governs whistleblowing, i.e. reports submitted by company personnel in relation to unlawful activities that have come to their knowledge for work reasons.

3. GENERAL INFORMATION

The Lafert Group is a leader in the design, manufacture, sale and support of asynchronous and brushless electric motors of high technological content.

Our mission is to become the ideal partner in the Electric Motors and Drives industry, satisfying the specific requirements of our customers, in compliance with laws and regulations in force.

We know how to create solutions that offer a real competitive advantage and we are aware that in our operating environment we can enthusiastically express our creativity, capability and technical expertise in a collaborative climate with shared values and objectives.

So why have a code of ethics? Because we firmly believe that satisfying our customers, employees, collaborators, shareholders and all those who interact with the company, and likewise our company's success, are to be pursued with loyalty, fairness and diligence, all in accordance with ethically sound principles.

4. GENERAL DECLARATIONS

- a) Lafert actions abide by the principle of lawfulness, conducting its activities in full compliance with laws and regulations. The principle of lawfulness is binding upon all persons and entities carrying out activities within the company as line managers or their staff, and upon those interacting with Lafert from outside the company as customers or suppliers, public administration, banks or other bodies.
- b) Lafert rejects any form of discrimination based on gender, religion, race, politics, social status or any other basis that could harm the dignity and morals of individuals and/or inhibit the respect of the individual.
- c) any customer, supplier, consultant, employee or collaborator specifically stating their non-agreement with this principle, or with other requirements contained in this code, cannot have any relationship with our company.

Warning: where necessary, an appointed officer or employee can also be subject to disciplinary action as envisaged in regulations in force, with a view to protecting the integrity of the company.

- d) every person is obliged to work with loyalty, diligence and fairness, accepting responsibility for their actions, also in compliance with regulations in force, and abstaining from conduct in conflict with this code.
- e) it is the duty of executives and officers, also through their own conduct, to ensure that the importance of compliance with the provisions of this code is understood, verifying compliance and encouraging the systematic reporting of violations.
- f) every person is responsible for the material, equipment and work areas made available by the company, and for their correct use and maintenance of their good working order.
- g) every person is personally liable for conduct that could give rise to any issue that could cause damage to Lafert or to third parties, and is aware that this could immediately trigger all possible action, both legal and employment contract-related, to compensate such damage.
- h) every executive, officer, employee and collaborator must be committed to complying with the laws and regulations of the country in which he or she works on behalf of Lafert.

5. CODE OF CONDUCT

Every executive, officer, employee and collaborator must:

- a) avoid the use for personal reasons of company information, assets and/or equipment made available for the normal course of their duties.
- b) refrain from activities that could jeopardise the image, financial soundness or moral and legal integrity of the company, for example promising favours and/or preferential treatment or offering gifts or money (except for gifts for commercial use and of modest value) with a view to gaining undue advantage for Lafert.
- c) avoid carrying out activities that could be in competition or conflict of interest with Lafert business activities, also through third parties.
- d) refuse to accept money or gifts (except for gifts for commercial use and of modest value; >€20.00) or accept favours and/or preferential treatment, either personally or to gain third party advantage against Lafert.
- e) immediately inform their line managers or the Supervisory Body (organismo.vigilanza231@lafert.com, see Chapter 14 below) if they should become aware of events and/or circumstances that conflict with this code.

6. CONFIDENTIALITY OF DATA AND INFORMATION

Lafert is committed to not knowingly violating the rights and intellectual property of third parties. Consequently, every executive, officer, employee and collaborator:

- a) must maintain absolute secrecy in relation to technical, technological and contractual information, customer and supplier lists, procedures and all else making up assets intrinsic to the company and which, if disclosed, could cause damage to the assets or image of Lafert.
- b) must handle personal data, sensitive data and confidential information of the company or of third parties in compliance with confidentiality and privacy laws in force, avoiding any improper use.

Warning: the transfer of sensitive data and/or confidential information to third parties (e.g. customers, suppliers, public and private entities, etc.) must always be authorised in advance by the appointed company officers. For example, the data processing controller (privacy), a manager (drawings, lists, procedures, etc.) or a director (corporate data, technological data), etc. For further details, see Guidelines G0501 "Management and control of communications and information" of the Lafert Group.

7. HEALTH, SAFETY AND THE ENVIRONMENT

Amongst other objectives, Lafert pursues that of safeguarding the environment and the health, safety and moral integrity of the parties involved. For this purpose:

- a) Lafert is committed to making the necessary human, instrumental and economic resources available to pursue occupational health and safety improvement objectives, as an integral part of its business activities and as a strategic commitment to the more general aims of the company.
- b) Lafert is committed to adopting all environmental protection measures, complying with all legal and regulatory aspects in force for avoiding pollution and, where possible, selecting suitable products and materials.
- c) Every executive, officer, employee and collaborator must act in full compliance with regulations in force on occupational health and safety and on environmental protection.
- d) Lafert is committed to ensuring maximum respect for human rights, reserving to all its collaborators due personal and professional consideration, fair pay according to envisaged terms, correct payment of taxes, as well as confidentiality of any reports of violation of the law or of situations in conflict with this code (see Chapter 14 below).
- e) No form of molesting or unwanted behaviour is acceptable, whether sexual or based on social or race discrimination, or in any manner damaging to the dignity of an individual, inside or outside the workplace.
- f) Executives and officers must manage their staff in a manner suited to their capabilities and without any form of discrimination. They must also communicate and discuss with them clearly and effectively.
- g) Every executive, officer, employee and collaborator must refrain from:
 - working under the influence of alcohol or narcotics
 - swearing or using vulgar language
 - conduct that could have the effect of intimidating colleagues
 - adopting conduct towards colleagues that is offensive or designed to discredit their work or professionalism
 - conduct that could cause harm to the health and safety of others
- h) Lafert is committed to not using child labour in any form, in compliance with declarations in International Labour Organization (ILO) Agreements.

8. TRADE RELATIONS

The company's prime objective is customer satisfaction. This objective must be pursued in compliance with business needs and with the following principles:

- a) the arm's length principle helps to improve trade capacity. Cartels or arrangements which inhibit cost optimisation for customers must therefore be excluded.
- b) all business relations undertaken must be managed transparently and in a standardised manner in accordance with the provisions of company procedures.
- c) all products sold must be manufactured, identified and marked in full compliance with applicable laws and directives.
- d) sales must not be carried out below cost or with such a minimal profit margin as to jeopardise the company's financial soundness.
- e) everyone must be committed to the satisfaction and long-term maintenance of conditions promised at the time of offer and/or in confirmed orders.
- f) sales must not be made to trade counterparties that notoriously conduct activities that are risky or unlawful.
- g) in commercial activity management, it is forbidden to adopt an approach or to make proposals that could be considered similar to attempted bribery of a third party.

9. RELATIONS WITH PUBLIC BODIES AND INSTITUTIONS

In relations with public, local, national and international institutions, with Public Administration and with state, regional, provincial and municipal public bodies:

- a) every executive, officer, employee and collaborator must comply with laws and regulations in force and must act on the basis of maximum loyalty and fairness.
- b) Lafert is committed to only providing truthful information about itself, its legal representatives or their appointed delegates, and all else useful to best defining its actions.
- c) Lafert is committed to not requesting confidential information that could compromise the integrity, morals and reputation of its stakeholders.

Note: if necessary, for any public tenders or similar circumstances, Lafert is committed to never being represented by individuals that could give rise to conflicts of interest.

10. RELATIONS WITH SUPPLIERS

Supplier selection and determination of the purchase terms for goods and services must be based on objective assessment of the level of quality, price and service, as well as on guarantees of support that the supplier is able to provide.

All suppliers offering goods and services of interest to the company and which meet the aforementioned requirements must be given the opportunity to compete in acquiring orders from Lafert.

Only suppliers that can guarantee respect for human rights and do not use child labour, in compliance with International Labour Organization (ILO) agreements, and which demonstrate the ability to operate in accordance with the principles of this code, can be used.

Warning: suppliers using unlawful practices, such as attempted bribery of Lafert or of end customers, or which do not comply with this code, must be excluded from all tenders and/or eliminated from the pool of suppliers of Lafert.

11. ACCOUNTING MANAGEMENT

All executives, officers, employees and collaborators involved in accounting management tasks must comply with the provisions of laws and regulations in force, ensuring the accuracy of accounting records and transactions, and informing line managers of any anomalies found.

Accounting records must be suitably managed, ensuring that, for every operating process, all steps and the related parties responsible are easily traceable.

Every operation and transaction must be correctly recorded, authorised, verifiable, lawful and fair.

12. MONEY LAUNDERING

Lafert executives, officers, employees and collaborators must never accept any means of implication that could represent money laundering as a result of any form of unlawful activity.

13. PENALTIES

Compliance with this Code of Ethics must be considered an essential part of employees' contractual obligations pursuant to art. 2104 of the Italian Civil Code. Violation of the code can be deemed failure to comply with primary employment contract obligations or a disciplinary offence, in accordance with the National Pay Agreement, with all legal consequences (also as regards maintaining employment relations), and can require compensation for damages suffered by the company.

Compliance with this code must be considered an essential part of the contractual obligations undertaken by collaborators and/or parties with business relations with the company. Violation of the code can be deemed failure to comply with contractual obligations, with all legal consequences (also as regards immediate termination of contract and/or assignment), and can require compensation for damages suffered by the company.

For any violation of this code, specific penalties are envisaged pursuant to Title II, Chapter III, General Section of the Organisational Model adopted by Lafert in accordance with Italian Legislative Decree 231/2001.

Note: on adoption of Italian Law 179/2017 by the Supervisory Body and the GEC, the existing disciplinary system was supplemented, envisaging: a) penalties for any retaliation or discrimination against the report author for reasons associated, directly or indirectly, with the report and b) penalties for any person who maliciously or with gross negligence submits reports that prove to be unfounded.

14. REPORTS

All activities subject to Italian Legislative Decree 231/2001 are managed and monitored by a specific Supervisory Body (SB), which by law must operate autonomously and independently from Lafert. The various duties of the Supervisory Body include the examination of any report concerning failure to comply with the provisions of this code and, in more general terms, with the 231 Model.

Any correspondence send to the e-mail address organismo.vigilanza231@lafert.com will be forwarded automatically to the SB manager who, operating outside the company, will treat the information received with maximum objectivity and confidentiality and carry out independent verification of the case.

Warning: all persons submitting reports to the Supervisory Body (SB) are protected by law from any retaliatory or discriminatory act, direct or indirect, provided the reports do not prove to be malicious, negligent or completely without grounds (see Chapters 7 and 13 above).

15. RESPONSIBILITIES AND DISSEMINATION

The contents of this document, reviewed and approved by the General Executive Committee (GEC) of the Lafert Group, must be disseminated, distributed and/or communicated to all shareholders, executives, officers, employees, collaborators, agents, consultants, suppliers, etc. who by various means and/or title have relations, even only occasional, with the Lafert Group.

Note: this Code of Ethics can only be amended by the General Executive Committee. However, any suggestions designed to clarify or improve the principles it contains will always be welcome.