



ETHICAL CODE
of
IPAE-PROGARDEN S.p.A.

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0. Introduction

The present Ethical Code (hereinafter called “Code”) expresses principles and values of IPAE-PROGARDEN S.p.A. (hereinafter called “IPAE” or the “Company”) in the management of company business and activities, which regulate the conduct of the company and of its employees and collaborators. The Code represents an essential and complementary element of the Standard of Organisation, Management and Control adopted by IPAE in compliance with the Ordinance 231/2001.

The Ordinance no. 231/2001 introduced in our legal system the “Regulation of administrative responsibility for legal persons, companies and associations, even if lacking legal status”.

The ordinance provides for a liability administrative regime to be borne by the Companies. This adds to the liability of the person who has materially committed one of the offences contemplated in the Ordinance itself.

However, an exemption from liability is provided for in Art. 6 of the Ordinance in case

- The Company has adopted and effectively implemented an appropriate standard of organization, management and control in order to prevent the offences mentioned above.

- The Company has appointed a Supervisory Body to monitor the operation, the compliance to the standard and its updating.
- The persons who have committed the fact have acted fraudulently circumventing the standard itself and the procedures of the Company intended to prevent the offences.
- The control has been insufficient or omitted by the Supervisory Body.

In order to ensure a more effective compliance from IPAE to the Ordinance, the present Code was adopted as an official company document. It outlines all the rights, duties and responsibilities that the Company itself assumes towards all relevant parties and integrates the organization model by expressing and communicating values and rules of behaviour that are essential for IPAE.

The Company commits itself to ensure an accurate internal and external disclosure of the Ethical Code by

- Distributing it to the members of the Social Organs and to the whole staff;
- Displaying it in a place accessible to anybody in the Company (company notice boards);
- Publishing it on the website in order to make it available to third parties.

Contracts with third parties imply the introduction of clauses and/or the subscription of declarations intended to both formalize the commitment in complying with the Standard and the Ethical Code and regulate contract penalties in case of violation of such commitment.

1. AREA OF APPLICATION AND RECIPIENTS

The present Ethical code applies to

- Representatives of the Social Organs and all the individuals who are in charge of administration or management or supervisory tasks. that is, representative tasks, including parties who operate on behalf of the company as agents or partners; the managers through their conduct, must also serve as a reference model to the staff.
- The employees, who are required to act in compliance to the Code and to report possible violations
- The suppliers of goods and services, agents and distributors, who must be appropriately informed of the rules of conduct set out in the Code and conform their behaviours to it for the whole duration of the contractual relationship to the Company.

The parties required to comply with the Code are hereinafter called “Recipients”.

2. CORPORATE MISSION

IPAE has been present in the market for several years. It is a company specialized in the production and design of plastic items with innovative features in different branches: garden, interior and home design. Almost 70% of its production is destined for export.

The Company employs about 150 people. It manages internally each stage of the production cycle, from the study, design and construction of the moulds to the processing of raw materials and the moulding of the finished product.

The polypropylene used in the production meets the European quality standards. The products are solid, weather resistant and entirely recyclable.

The finished products result from a combination of exclusive design, high technology, proven functionality and competitive prices. They are marketed with the “Progarden” brand and most of them are provided with the ornamental design and/or utility patent.

In pursuing its objectives, IPAE aims to generate constant value for customers, human resources and organizations interfacing with the Company.

More specifically, the Company carries out the following activities:

- Moulding and processing in general of plastic raw materials;
- The construction of moulds and equipment used in the above processes.

3. ETHICAL VIEW

IPAE aims to put in place behaviours always conforming to principles of legality, loyalty and correctness.

All the behaviours adopted by the people working in IPAE must be conform to the company procedural rules and the applicable legal and regulatory provisions.

The present Code was drawn up in order to define clearly the body of principles and values that are the basis of IPAE's activities and all Recipients are called to comply with.

The Recipients are required to preserve through their conduct the respectability and the image of the Company as well as the integrity of its assets.

The disclosure of the ethical code and of the company procedures is provided to all recipients through appropriate means.

IPAE aspires to keep and develop a trusting relationship with its stakeholders, that is, with the categories of individuals, groups or institutions whose support is required to put IPAE's mission into practice or who have an interest in the Company's activities. Stakeholders are those who invest in the Company's activities, so, first of all, the associates and then the employees, collaborators, customers, suppliers and partners. In the broader sense, stakeholders are also those single individuals or groups, as well as the organizations and the institutions they represent, whose interests are influenced by direct and indirect effects of IPAE's activities, such as local and national communities where the company operates.

The aspiration to a correct and transparent relationship with the stakeholders increases, guarantees and protects the reputation of the Company in the social context in which it operates. Therefore, this Code is based on an ideal of cooperation oriented to the preservation of mutual respect and advantage of the parties involved.

4. ETHICAL BEHAVIOURS

The expression ethical behaviour refers to the way of acting that implements the company's system of values as it is set out in the present code. On the contrary, the behaviours of anybody, single individual or organization, trying to appropriate benefits from collaboration offered by others, by taking advantage of a strong position, are not ethical and encourage prejudiced and hostile attitudes towards the Company.

Unethical behaviours in company activities compromise the trusting relationship between IPAE and its stakeholders. Therefore, the Company requires the interested parties that are in relation with it to act according to principles and rules inspired to an ideal of ethical conduct.

5. GENERAL ETHICAL VALUES

The activities conducted by IPAE are founded on the following ethical principles: legality, correctness and honesty, promotion of professional skills, collaboration between colleagues and respect of personal dignity, transparency, loyalty, efficiency, preservation of transparency in business transactions (Anti-Money laundering), anti-corruption, competition, preservation of health and work safety, environmental protection, confidentiality.

The above principles influence the work of all the recipients of the Code.

5.1 LEGALITY

The recipients of the present Code are required to

- Comply with laws and rules in force in the countries where they operate as well as with the internal company rules.
- Diligently acquire the necessary knowledge of the rules of law that apply to the performance of their tasks.
- Each employee is also required to comply with the conduct provisions set out in the applicable CCNL, besides the general principles of diligence and faithfulness as provided for in the art. 2104 and 2105 of the civil code.

5.2 CORRECTNESS AND HONESTY

The principle of correctness and honesty represents an essential value in the organizational management and implies respect of the rights of all the parties involved in the company activities.

Every activity performed by the Recipients must be consistent with the mission and the preservation of the Company in compliance to the national laws, the general principles, the regulations and the internal procedures. In their business relations with third parties, all recipients, regardless of nature and duration of the work contract, are required to keep an ethical conduct which is also in compliance with the rules of law and characterized by maximum transparency, correctness and efficiency.

The recipients must be aware of the ethical value of their actions and must not pursue personal or company advantage in violation of the current laws or the rules of the present Code.

The pursuance of IPAE's interest can never justify any conduct in contrast to the principles of correctness and honesty.

5.3 PROFESSIONAL DEVELOPMENT , COLLABORATION BETWEEN COLLEAGUES AND RESPECT OF PERSONAL DIGNITY

The human resources represent a primary and essential factor for the development and growth of the company activities and with this assumption, the Company promotes and preserves professional growth in order to increase everyone's wealth of expertise.

The behaviours between employees, at any stage and level of responsibility, are constantly and mutually aimed at enabling the best possible performance.

IPAE respects the fundamental rights of the people by preserving their moral integrity and ensuring equal opportunities. Either in external or internal relations no discrimination is tolerated. It does not matter whether it is based on political opinions, religion, race, nationality, age, sex, sexual orientation, state of health or any other intimate characteristic of the human person.

5.4 TRANSPARENCY

The principle of transparency requires and imposes that every company act or communication is characterized by truthfulness, clarity, completeness, uniformity and timeliness.

The compliance to this principle implies a commitment to supply due information both inside and outside the Company clearly and comprehensively by using verbal or written communication systems that can be easily and promptly assimilated.

Transparency means also to ensure the reconstruction through written procedures and acts or documental supports of phases and controls that have led to taking decisions or disclosing information or carrying out operations.

In the information supplied to customers and in drawing up contracts, The Company aims to use a clear, understandable and non-misleading style.

5.5 LOYALTY

In its relations with third parties, the Company commits to act correctly and honestly by not supplying deceptive information nor adopting a conduct meant to take advantage of somebody's weak position or lack of knowledge.

The company, in the effort to maximize its economic performance, is committed to establishing correct business relations with third parties, durable relations with customers and suppliers and appropriately acknowledging contributions from its collaborators.

All relationships must imply maximum loyalty, which means fidelity to the word given and the pacts, responsible acting, avoiding interest conflict, promoting and preserving the company assets, complete good faith in any activity or decision.

5.6 EFFICIENCY

The principle of efficiency requires that any working activity is carried out with the best professional quality according to the most advanced standards in every sector and profile of activity.

The performance and provision of work and services will always involve the commitment to offer a product matching customer requirements and ensure the most advanced standards of cost-efficiency in the management of resources.

5.7 PRESERVATION OF TRANSPARENCY IN BUSINESS TRANSACTIONS (ANTI-MONEY LAUNDERING)

IPAE adopts as principle maximum transparency in business relations and sets up appropriate means to contrast money laundering and fencing.

The compliance to principles of correctness, transparency and good faith in the relations with all contractual counterparties must be ensured.

5.8 ANTI-CORRUPTION

IPAE condemns any corruption practice, illegitimate favour, collusive behaviour, direct and/or indirect requests of personal benefits.

The Company does not allow any form of offer or promise of money or goods or future benefits (e.g. services or favours) of any nature from or to third parties (notably Italian civil servants, their relatives and related individuals) that may be interpreted even if only indirectly as exceeding the normal expression of courtesy accepted in business practice or in any case aiming at the attainment of preferential treatment in the conduction of business.

The only forms of courtesy allowed must fall within the concept of modest value (max. 200.00 €). However, they need authorization from the Company Management and support from proper documentation.

5.9 COMPETITION

IPAE means to develop the value of competition by acting in accordance to principles of correctness, fair competition and transparency towards all the operators present in the market and always ensuring the maintenance of equal conditions.

5.10 PRESERVATION OF HEALTH AND WORK SAFETY

IPAE commits to set up safe and healthy workplaces in compliance with the current accident prevention regulations, as well as to divulgate and reinforce a culture of Safety and Health on work by developing awareness of risks and promoting responsible behaviours from all collaborators. For that purpose, the Company carries out technical and organizational interventions specifically planned to preserve health and safety on work.

All employees, collaborators and third parties are required to comply with all the measures set out in the internal procedures and regulations of the Company as to Health and Safety on work. More specifically, each individual is required to report to his immediate superior observations about malfunctions and possible improvements.

5.11 ENVIRONMENTAL PROTECTION

All IPAE's activities must be carried out in compliance with the regulations in the field of environmental protection.

The collaborators involved in operating processes that may have impact on the environment must do their job conscientiously and in compliance with the current laws and regulations.

5.12 CONFIDENTIALITY

The Recipients ensure maximum confidentiality about the information acquired during activities on behalf of the Company.

The Recipients are required to handle company data and information only within the scope and the purposes of their working activities and in any case not to disclose (communicate, disseminate or publish in any way) any sensitive information without express consent from the people involved or confidential information without authorization from the Company Management, and also to comply with the regulation and the provisions applicable for conformity to the ordinance 196/03 (code regulating the protection of personal data), afterwards amended by the ordinance 101/2018, and EC Regulation 2016/679.

6. RULES OF CONDUCT

6.1 STANDARDS OF CONDUCT IN ACCOUNTING, ADMINISTRATIVE AND FINANCIAL ACTIVITIES

All the parties (employees and/or consultants) who in any capacity, even if only suppliers of data, are involved in drawing up the balance sheet and similar documents, or in any case documents representing the economic and financial situation of the Company, as well as administrators, auditors and anybody who holds a senior position

- are required to ensure maximum collaboration in specific aspects, complete and clear information as well as accuracy in data and processing;
- are forbidden to expose facts that are untrue, even if they are being evaluated. That is, to omit information or conceal data in direct or indirect violation of regulatory principles and internal procedural rules, to mislead the recipients of the above-mentioned documents.

The possible illicit conduct will be regarded as pursued against the company itself.

It is forbidden to prevent or in any case hinder the exercise of control or revision activities legally assigned to associates, Board of Auditors, Supervisory Board and Sole Auditor.

All those who have relations with Public Supervisory Authorities, as well as the administrators, the auditors and anybody holding senior positions are forbidden to hinder the functions of such authorities.

In the communication to the above authorities, it is also forbidden to expose facts that are untrue, even if being evaluated, on the economic and financial situation of the Company, or conceal with other fraudulent means, in full or in part, facts that are not pertaining to the situation itself and that should have been communicated.

The accounting activities of the company conform to the generally accepted principles of truth, accuracy, completeness and transparency of the recorded data. The recipients of the present Code commit to refrain from any behaviour, active or neglectful, that may violate directly or indirectly regulatory principles and/or internal procedural rules that regulate the processing of accounting documents and their publication. The recipients of the present Code are also required to conserve and make available, for any operation or transaction carried out, the appropriate supporting documentation in order to enable:

- accuracy in accounting entries;
- prompt recognition of the underlying specifications and justifications;
- easy formal and chronological reconstruction;
- monitoring of decision, authorization and implementation processes, in terms of legitimacy, consistency and congruity, as well as identification of the different responsibility levels.

The recipients of the present Code who may become aware of omissions, falsifications or neglect in accounting entries or in supporting documentation are required to report about them to their senior, that is, the Supervisory Body and/or the chairman of the Board of Directors.

IPAE promotes training and development in order to inform the recipients about the present Ethical Code as to rules (statutory or regulatory provisions, internal rules, trade association rules) regulating the production and management of accounting documents

6.2 STANDARDS OF CONDUCT IN PREVENTION OF MONEY LAUNDERING

The recipients, in their different relations with the company, will not have in any way and under any circumstance to be involved in facts relating to money laundering from criminal activities and receiving of stolen goods or other utilities of illicit origin. The same are also required to verify preventively the information available on business counterparties, suppliers, partners, collaborators and consultants in order to ascertain their respectability before establishing business relations with them.

IPAE commits to comply with all rules both national and international in combating money laundering.

6.3 STANDARDS OF CONDUCT IN RELATIONS WITH STAFF

The evaluation in the recruitment of staff is made by IPAE based on correspondence of candidate profiles to those expected and required by the Company, respecting the principle of equal opportunities for all the individuals involved.

The information required when selecting and recruiting staff strictly refers to the verification of aspects included in the professional and psycho-attitudinal profiles, respecting the candidate's privacy and opinions. In selecting and recruiting staff the company official in charge, based on the available information, adopts the conduct required to avoid favouritism, nepotism or forms of cronyism.

IPAE rejects any form of discrimination towards its employees.

The staff is recruited with regular employment contract. No form of illegal employment is tolerated.

The staff from third countries must be provided with valid residence permit in order to work in IPAE.

6.4 GENERAL RELATIONS WITH PUBLIC AUTHORITIES

“Public authorities” refers not only to any public institution, but also to any independent administrative agency, person, both natural and legal, acting as public official or in charge of a public service. The definition of public authorities also includes those private entities who for prominent political-economic reasons fulfil a public function to ensure the preservation of general interests, like entities managing regulated markets, as well as foreign public authorities.

Any relationship with Public Authorities must be managed by company officials who have been expressly delegated and authorized and must be conducted in full compliance with the applicable rules.

6.5 RULES OF CONDUCT IN RELATION TO RISKS OF CORRUPTION AND CONCUSSION

It is not allowed, either directly or indirectly, or through an intermediary, to offer money, gifts or remunerations, in any form, and not even to exert pressure, promise any object, service, performance or favour to managers, officials or employees of public authorities., that is, individuals in charge of public service and to their relatives and partners in order to obtain more favourable treatments for the Company in relation to the kind of relationship conducted with the Public Authorities themselves.

Anybody receiving explicit or implicit requests of benefits of any kind from entities of Public Authorities as indicated above will have to interrupt immediately any relation with them, inform in writing his company superior and the Supervisory Body.

The above prescriptions must not be evaded by resorting to different forms of help or contribution, which concealed as promise of employment, appointments, advices, advertisement or anything else, have the same purpose as the forbidden behaviours.

6.6 CORRECTNESS IN BUSINESS RELATIONS WITH PUBLIC AUTHORITIES

In case of business relations with Public Authorities it is always necessary to operate in compliance with laws and correct business practice. More specifically, none of the following actions can be undertaken, either directly or indirectly:

- to propose or take into consideration employment or business opportunities that may personally benefit employees of PA;
- to offer or supply homages which are not of modest value (max. 200.00 €) in accordance to business practices;
- to obtain or use confidential information that may compromise integrity or reputation of the parties.

6.7 CONDUCT IN DECLARATIONS AND ATTESTATIONS TO PUBLIC AUTHORITIES

It is not allowed to use or present false declarations or documents attesting untrue facts, or omit information in order to obtain contributions, funds or any other kind of disbursement granted by the State, by a Public Institution or by the European Union for the benefit or in the interest of the Company.

It is forbidden to mislead anybody through deceptions or circumventions in order to procure the Company unfair profits to the detriment of others. The violation of this ban is even more serious if the State or a public institution has been misled.

6.7 USE OF PUBLIC CONTRIBUTIONS OR FINANCING

It is forbidden to use contributions, funds or any other kind of disbursement, if granted to IPAE by the State, by a public institution or by the European Union, for purposes that are different from those they had been granted for.

6.8 CORRUPTION BETWEEN PRIVATE INDIVIDUALS

It is forbidden to offer, promise or give unduly – even through an intermediary – money or other utilities to senior managers, to their subordinates, to auditors or to official receivers of companies or private institutions in order to induce them to perform or omit an act in violation of their duties of loyalty, that is, duties pertaining to their tasks.

6.9 INCITEMENT TO CORRUPTION BETWEEN PRIVATE INDIVIDUALS

It is forbidden to offer or promise money or other utilities unduly to senior managers, to auditors or receivers, of companies or private institutions, to induce them to perform or omit an act in violation of their duties of loyalty, that is, duties pertaining to their tasks, in case they do not accept the offer or the promise.

6.10 HOMAGES, GIFTS AND OTHER FORMS OF BENEFITS

It is not allowed to offer/receive directly or indirectly money, gifts or benefits of any kind in a personal capacity to/from managers, officials or employees of customers/suppliers belonging to institutions of public authority, public institutions or other organizations in order to obtain undue advantages, that is, to influence the autonomy of judgment of the beneficiary.

It is not allowed to make or permit donations or promises of money goods or other utilities of any kind with representatives or employees of other companies, including customers or suppliers. To the end of obtaining undue favours or any benefit in violation of legal provisions.

It is also forbidden to adopt indirect forms of corruption towards persons close to the individual who is targeted in corruption, as it is in no way allowed to evade the principles of the Standard through behaviours looking legitimate at first sight while concealing illicit purposes.

Acts of courtesy, like homages and forms of hospitality are allowed, provided they are of modest value and cannot be considered usual practice in terms of recurrence, not compromising for integrity and reputation and they do not influence the beneficiary's autonomy of judgment. In any case, such expenses must not exceed the limit of 200.00 € and must always be authorized in accordance to specific procedural rules of the Company and supported by proper documentation.

6.11 CHARITY AND SPONSORSHIP

IPAE can offer contributions only to institutions or associations that are overtly non-profit and provided with regular rules and articles of association, have a high cultural and social value besides important charitable purposes.

Possible sponsorship activities that may concern social, environmental, sports, entertainment and art themes can only be destined to events ensuring high quality levels.

In any case, when selecting the proposals to share, the company is particularly concerned in avoiding any possible conflict of interest, both at personal and enterprise level.

6.12 STANDARDS OF CONDUCT IN RESPECT FOR HEALTH AND SAFETY ON WORK AND ENVIRONMENTAL PROVISIONS

The themes of health and safety on work and preservation of the environment are imperative principles in IPAE's activities and guide company decisions and individual behaviours of all employees. As far as Safety is concerned, the Company adopts the following fundamental principles and standards in respect of which decisions are taken:

- a) to avoid risks;
- b) to assess risks that cannot be avoided;
- c) to tackle risks at source;
- d) to adapt the work to the individual, especially based on the notion of work places, selection of work equipment, work and production methods, mainly in order to mitigate monotonous and repetitive work and reduce the effects of such work on health;
- e) to consider the level of evolution in technique;
- f) to replace what is dangerous with what is not dangerous or less dangerous;
- g) to program prevention, by aiming to obtain a consistent system of rules which can integrate technique, work organization, working conditions, social relations and influence of work place factors;
- h) to give appropriate instructions to its employees.

With regard to environment, IPAE promotes:

- the use of processes, technologies and materials allowing a reduced consumption of natural resources and lower impact on the environment, always in compliance with contractual provisions;
- awareness of associates, employees and collaborators about environmental issues through information and training campaigns.

All IPAE's activities must be carried out in conformity to environment and work safety regulations. The recipients of the present Code are required to participate with their own work to the accomplishment of environmental and safety purposes that the Company aims to achieve every year.

6.13 COMPUTER DATA AND SYSTEMS

It is forbidden to alter in any way the operation of a computer or telematics system or to act illegally with any method on data, information, programs contained in it or pertaining to it in order to obtain an unfair profit to the detriment of others.

The prohibition becomes stricter in case the State or a public institution has been damaged.

7. DUTIES OF THE EMPLOYEES

7.1 CONFLICT OF INTEREST

All IPAE's employees are required to avoid any situation from which a conflict of interest may arise and refrain from taking any personal advantage from business opportunities they have become aware of while carrying out their tasks.

In case even the simple appearance of a conflict of interest emerges, the employee is required to notify this at once to his immediate superior who will have to inform the Company Management in order to ascertain the effective presence of a conflict.

7.2 PRESERVATION OF COMPANY ASSETS

Every employee is required to operate diligently in order to preserve the company assets entrusted to him, as well as prevent the fraudulent or improper use of the assets through responsible behaviours and in line with the purposes and the operational rules established in order to regulate the use of such assets by documenting accurately their handling.

The use of company tools by employees and /or consultants of the company must be functional and limited to the performance of working activities or to purposes authorized by company officials in charge.

As far as computer applications are concerned, each collaborator is required to:

- Strictly adhere to the rules set out in the company safety policies in order to prevent system operation and protection from being compromised;
- Take note and accept what is provided for in the regulations for management of company computer data;
- Avoid surfing the Internet sites with unseemly, offensive contents that in any way do not interest the company activities.

7.3 INFORMATION MANAGEMENT

The employee must know and put into practice what is set out in the company policies and regulations as to safety of information in order to preserve its integrity, confidentiality and availability. The information acquired in performing the assigned tasks must remain strictly confidential and appropriately protected and cannot be used, communicated or disclosed, either inside or outside the Company, if not in compliance with current regulations and company procedures. This obligation will have to persist even in case of termination of the working relationship for any reason.

7.4 REPORTING OBLIGATIONS

The employees are required to inform appropriately each third party they contact during their working activity about the existence of the Ethical Code, the commitments and the obligations it imposes to external parties.

8. EXTERNAL RELATIONS

8.1 STANDARDS OF CONDUCT IN CUSTOMER RELATIONS

8.1.1 ACTIVATION AND MAINTENANCE OF BUSINESS RELATIONS

In activating business relations with new customers and managing those already existing based on information made public and/or available in compliance to current regulations, it is forbidden to establish and keep relations as follows:

- With parties involved in illicit activities, especially if connected to crimes as contemplated in the ordinance no. 231/2001 and in any case with parties lacking the necessary requirements of seriousness and business reliability;
- With parties that, even if indirectly, hinder human development and contribute to not respecting human dignity and individual personality and/or violate fundamental rights of the person (e.g. by exploiting child labour, promoting migrant smuggling or sex tourism, etc.);
- With parties who do not commit formally with the company, e.g. in contractual matters, to comply with the current legal regulations relating to work, with a focus on health and safety of the workers, as well as in general all the principles contemplated in the present Ethical Code.

8.1.2 CUSTOMER RELATIONS

Professionalism, competence, availability, correctness, good faith and compliance with the commitments made represent guide principles and the way of acting to pursue in customer relations.

The business policies must be compliant with the regulations in force in the different countries and must be implemented based on documents proving the rights of the parties involved.

In order to preserve image and reputation of the company it is essential that customer relations, including advertisements, imply:

- Full transparency and correctness;
- Respect for the law

8.1.3 CONTRACTS, AGREEMENTS AND CUSTOMER COMMUNICATIONS

Contracts, agreements and communications to customers must be:

- Clear and simple, formulated in a language as close as possible to the language normally used by the interlocutors;
- Compliant to current regulations, without resorting to elusive practices that in any case are unfair;
- Compliant to the Company's business policies and the standards defined in them;
- Complete, in order to avoid disregarding any element that may be important in customer decisions.

Purposes and recipients of the communications must establish each time the contact channels that may be more appropriate to transmit contents, committing to avoid deceptive and untruthful advertising tools.

8.1.4 STANDARDS OF CONDUCT IN SUPPLIER RELATIONS

The processes of sourcing goods and services imply pursuing the maximum competitive advantage for the company and allowing equal opportunities to each supplier. They are also based on pre-contractual and contractual behaviours adopted with a view to an indispensable mutual loyalty, transparency and collaboration. Specifically, IPAE's employees assigned to such processes are required to:

- give anybody in possession of the necessary requirements the chance to compete in entering an agreement, by adopting objective and documentable criteria in making a shortlist of candidates ;
- ensure the supplier is selected based on sufficient competition implying an appropriate shortlist.

Possible exceptions must be authorized and documented.

It is forbidden to all employees to take advantages for themselves or others as a direct or indirect consequence of supplier relations.

In case a supplier adopts behaviours not compliant with the principles of the present Code, IPAE will be entitled to respond appropriately, as far as to prevent any further opportunity of collaboration.

The violation of principles set out in the Ethical Code actually imply sanction mechanisms. In this respect, the single contracts include special clauses aimed at ensuring compliance with the Ethical Code and the Organization Standard with regard to supplies.

8.1.5 STANDARDS OF CONDUCT TOWARDS AGENTS, SALES REPRESENTATIVES, DISTRIBUTORS AND PARTNERS

The processes of selection and choice of agents, sales representatives, distributors and partners are aligned to principles of legality, correctness and transparency. In this respect, instructions and communications are given in order to avoid unfair business practices. The contracts include as far as possible special anticorruption clauses and the obligation to comply with IPAE's Ethical Code and Standard of Organization, Management and Control.

It is forbidden to agents, sales representatives, distributors and partners to practice any form of donation, benefit or utility or promise of such advantages aimed at obtaining preferential treatments in conducting activities connected to IPAE.

9. IMPLEMENTATION AND CONTROL ON COMPLIANCE WITH THE ETHICAL CODE

IPAE's Board of Directors approved the present Ethical Code on 21/06/2023.

Any changes and/or updates will need approval from the same corporate body and to be immediately notified to the interested parties.

9.1 SUPERVISORY BODY

IPAE has appointed a Supervisory Body (hereinafter also called S.B.) which is among other things in charge of the following tasks:

- To control the compliance with the Organization Standard and the Ethical Code with a view to reduce the danger of crimes as indicated in the ordinance 231/2001);
- To provide the interested parties all the necessary explanations and elucidations, including those relating to legitimacy of concrete behaviours or conduct, that is, the correct interpretation of the rules provided for in the Standard or in the Ethical Code;
- To monitor and coordinate the updates of the Standard and the Ethical Code also through personal proposals;
- To promote and monitor the implementation by the Company of communication and training activities referred to the Standard and especially the Ethical Code;
- To report to competent corporate bodies the detection of violations of the Standard or the Ethical Code by proposing the penalty to impose and checking the actual application of penalties that may have been imposed.

9.2 REPORTING OF VIOLATIONS

The reporters (see art. 3, paragraph 3, ordinance 24/2023) who become aware of a fact and/or a circumstance that may integrate a violation according to art. 3, paragraph 2, letter b) of the ordinance 24/2023 are required to report it promptly to the external members of the Supervisory Body.

IPAE PROGARDEN has set up special reporting channels that ensure, even by resorting to encryption tools, secrecy about the reporting person's identity, the person involved and, in any case, the person mentioned in the report and the content and documentation of the latter (art. 4, ordinance 24/2023) .

The information relating to reporting channels is shown and easily visible in the work places and appears in the Internet site of the Company (art. 5, letter e), ordinance 24/2023).

In case the conditions set out in art. 6 of ordinance 24/2023 are met, the reporting person can make an external report through the channel activated by ANAC. Besides, the reporting person can make a public disclosure in case the conditions set out in art. 15 of ordinance 24/2023 are met.

Any form of retaliation against institutions or persons as indicated in art. 3 of ordinance 24/2023 is forbidden according to art. 17 of ordinance 24/2023: such forms of retaliation are invalid according to art. 19, paragraph 3 of ordinance 24/2023. The institutions and persons who have suffered a form of retaliation can notify ANAC the retaliations they think they have suffered. ANAC will have to inform the National Labour Inspectorate, about the measures it has taken in its competence.

In case of non-compliance with the regulation, ANAC imposes on the offender the penalties provided for in art. 21 of ordinance 24/2023.

9.3 MEASURES

Any violation of the present Code may imply the enforcement of a disciplinary measure that has to be determined based on the seriousness of the violation itself, as specified in the Organization Standard.

In the most important cases, the Board of Directors will decide the actions to undertake against possible violations.

Such actions will have to be responsibly aimed at discouraging transgressions and promoting responsibility and compliance with this Code. In order to decide the actions to undertake in every single case, the Board of Directors will have to consider the whole information available, including nature and seriousness of the violation, whether it represents an isolated episode or it has been reiterated in time, whether the violation appears intentional or unintentional, whether the party has been previously informed of the correct attitude to keep or the same party has committed other violations in the past.

9.4 KNOWLEDGE AND PROVISION OF INFORMATION

The Ethical Code is brought to the attention of the interested parties, both internal and external, through special activities of communication and dissemination. More specifically, it is distributed to all employees and is available to third parties through the Internet site.

The appropriate knowledge and understanding of the Ethical Code from the whole staff is ensured through programs of information and training set up by the Company.

It is up to each employee to consult his own line manager for any explanation relating to the interpretation or the enforcement of the rules of conduct contained in the present Code.

