

ETHIC CODE

according to Legislative Decree no. 231/2001



Indice revisioni

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Preamble

The administrative liability of public corporations has been introduced in our legal system since Legislative Decree (D. Lgs.) No. 231/2001 became effective, and it is addressed to those crimes committed by the corporation leaders or their subordinates, in the interest or for the benefit of the corporation. Nevertheless, according to the rule, a corporation that can prove the existence of a precondition foregoing the perpetration of the crime, can be released from the administrative liability; one of such conditions is the adoption of an Ethic Code related to the specific crimes provided by the Decree.

Moreover, starting from November, 30th 2006, MER MEC S.p.A. has adopted the following Code in order to benefit by the release from administrative liability according to Legislative Decree (D. Lgs.) n. 231/2001, with the aim of:

- **promoting a joint approach towards stakeholders;**
- **preventing lack of ethicality in business;**
- **increasing the company good standing and image.**

This Ethic Code shall apply to MER MEC S.p.A. and to any company which is controlled by and/or connected to MER MEC S.p.A. (hereinafter all referred to as “*Mermec*” or the “Company”).

According to the mentioned targets, *Mermec* Ethic Code was **divided into seven chapters**:

- **two chapters about “general principles” and “ethical principles and values”,** indicate the general principles of conduct Employees, Bodies of the Association, Agents, Consultants, Freelances and *Mermec* Partners shall comply with;
- **three chapters (“Rules of conduct in the relation with collaborators”, “Rules of conduct in the relation with customers”, “Rules of conduct in the relation with suppliers”)** are about the specific conduct required by Employees, Bodies of the Association, Agents, Consultants, Freelances and *Mermec* Partners, to refrain from committing the penal offences provided for by the Legislative Decree (D. Lgs.) No. 231/2001;
- **two chapters are about the implementation of the Code.**

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1.

GENERAL PRINCIPLES

1.1 The mission

This Code (hereinafter referred to as the “Ethic Code” or “the Code”) expresses the commitments and ethical responsibilities in the conduct of business and company activities undertaken by any collaborators of *Mermec*, whether employees, consultants of any type or directors or members of bodies of the association.

Mermec operates in the railway and industrial sectors of research and industrialization, it deals with high technology sectors and products pursuing the mission of:

- gaining TECHNOLOGICAL and MARKET leadership in each business sector;
- creating and diffusing “culture & practices” that aim to the creation of an excellent social and work environment

1.2 *Mermec* values

Mermec objectives are pursued by all those who work for the Company through fairness, integrity, honesty, competence and transparency, according with all applicable laws and regulations, and having as a target the full compliance with the following company values:

- **COMMITMENT TO THE CUSTOMER**
Mermec success depends on its perception of the market needs, taking the Customer's aspirations and targets on. *Mermec* establishes long term relations with its Customer by working side by side with them and gaining their trust in time.
- **SOCIAL COMMITMENT**
By acting with social commitment, *Mermec* means to take into high consideration the effect of its behaviour on the environment and in the relations with the Human Resources, the Community, the trading Partners, the Customers and the Institutions. *Mermec* reputation is founded on the ability of standing by promises, taking responsibility of its own actions. *Mermec* strives to have all of its choices and decisions ruled by the highest ethical principles upon which its reputation is founded.

- TEAM WORK

Mermec can realize great goals by working in a team with shared targets. The Company recognizes and appreciates all ideas, aware that everyone has an important role in the group. It encourages open comparison and the commitment to achieve unanimity of intentions. *Mermec* strength is in its people; human resources passion, talent and commitment are the secret of the company's success. *Mermec* has created an environment based on dignity and respect, placing the centrality of human resources among the company strategic priorities and giving it the utmost importance.

- SENSE OF CHALLENGE

Creativity and continuous search for innovation make the difference. *Mermec* is able to compete with honesty and professionalism. It can seize the opportunities that challenges can offer, without giving in to hidden setbacks. *Mermec* is proud to work on the technology frontier, learning by everybody, meekly and strongly everyday, all life long, pursuing the way of excellence.

1.3 The Ethic Code and its implementation

The Code applies to MER MEC S.p.A. and to its subsidiaries and affiliates and it is binding on the conduct of all collaborators (hereinafter all referred to as "*Mermec*"). Furthermore, *Mermec* requires a business conduct in line with the principles of the Code of all associated and affiliate companies and of its major suppliers. The Code is effective both in Italy and abroad, despite the cultural, social, economical differences among the various countries where it operates.

Mermec governing body deemed it appropriate and necessary to adopt and issue a Code which expresses the values to which all its directors, employees and collaborators of any kind shall conform, by accepting responsibilities, structures, roles and rules for whose violation, they are personally liable inside and outside the Company even if no third party liability of the Company is implied. Knowledge and observance of the Code by all those who work for *Mermec* are, therefore, the main conditions for maintaining transparency and the reputation of the Company. Furthermore, the Code will be continuously reported to the employees through internal training courses.

Within the internal control system, the Code represents the basis and the reference point, both of the preventive model of management and control organisation and of the disciplinary system for the contravention of the rules established by the Code, which have been adopted by *Mermec* in compliance with articles 6 and 7 of Legislative Decree (D. Lgs.) No. 231 of 2001 and on the basis of the Code drawn up by Confindustria (the Italian Manufacturer's Federation) in compliance with articles 6 (paragraph 3) of the said Decree.

Supervision of the enforcement of the Code and its implementation is the task of the directors and employees of *Mermec* who shall report any non-compliance or failure to perform to the

special body called "Supervision Body" appointed by the Board of Directors of *Mermec*.

The control over the enforcement of the Code and its implementation is the task of the Board of Directors of *Mermec* and of the Company management (division leaders, managers, company executive), who may also put forward proposals for integration or amendment of its provisions.

It is also the task of the Board of Directors of *Mermec* to bring the Code up to date in order to adjust it to any new important regulation and to the development of civic awareness. As regards the offences provided for by Legislative Decree (D. Lgs.) No. 231/01 and amendments thereof, a Supervision Body on the Ethic Code has been established to verify the operation and the effectiveness of the "Model of Organisation and Management" adopted by *Mermec* for the prevention of the aforesaid offences (hereinafter referred to as "the Model").

2.

ETHICAL PRINCIPLES

Non ethical behaviour in business compromises the trustful relation with third parties. Therefore *Mermec* choices and models of conduct draw inspiration from the rules expressed in the following chapters of this Code, in order to compete effectively and fairly in the market, to improve customer satisfaction, give added value to its Stockholders, develop the competence and allow the professional growth of its human resources.

2.1 Fairness

Mermec unavoidable principle is the strict compliance with the laws and the rules in force in all the countries where it operates.

Therefore, in order to carry out the business and achieve the company targets, safeguarding fair competition and refraining from collusion, the directors and the employees of *Mermec*, together with all those who for any reason work with *Mermec*, are required, within the limits of their own competence, to be familiar with and observe the laws and regulations in force in all the countries where *Mermec* operates, together with the Code and the internal rules. Relations between all those who work for *Mermec* and the Authorities shall be marked by extreme fairness, transparency and collaboration, in full observance of all applicable laws and regulations, respecting institutional roles. On no account the attainment of *Mermec* interests can justify a dishonest conduct.

2.2 Fairness in case of conflicts of interest

All the situations where the subjects involved may even just appear in conflict of interest must be avoided in the performance of all activities. From this view point, members of the management team, auditors, employees and any type whatsoever of collaborator of *Mermec* shall avoid any situation and any action which could contrast a personal interest to the interest of the Company or that could interfere or hamper the ability to take objective and impartial decisions in the interest of the company. Should any conflicts of interest arise, besides being in contrast with applicable laws and the principles set out in the Code, it would also prove to be detrimental to the Company's image and integrity. Executives, auditors, employees and collaborators shall therefore rule out any possibility of overlapping or interlocking the

economic activities and the offices they hold within the Company, by taking advantage of their job functions, on the basis of a logic of personal and/or family interest.

2.3 Confidentiality

Mermec acts in the full observance of privacy, maintaining the confidentiality of all the information acquired, refraining from searching reserved data, unless when expressly authorized and in compliance with the rules in force. *Mermec* collaborators shall use all the reserved information acquired for no other purpose than performing their business activity, as in the case of insider trading.

2.4 Human resources value

Mermec collaborators are a fundamental element for the company's success. To this extent *Mermec* safeguards and promotes the value of human resources with the aim of improving each collaborator's skills, wealth and competitiveness.

2.5 Authority equity

Hierarchic relations inferring from agreements – especially with collaborators – shall be safeguarded by *Mermec* in order to have an impartial and correct practise of authority, avoiding any abuse. In particular *Mermec* shall guarantee that no authority becomes harmful to the collaborators' dignity and autonomy and that the choices concerning work organization safeguard the collaborators' value.

2.6 Individuals integrity

Mermec guarantees the moral and physical integrity of its collaborators, working conditions that safeguard individual dignity and safe and healthy working places. Therefore *Mermec* shall not tolerate any request or threaten aimed to persuade people to act against law or against the Code, nor any behaviour that might harm personal and moral opinions and preferences. Any employee or freelance who feels object of harassment or any kind of threaten, can report it to the President of the Board of Directors of *Mermec* and to the Supervision Body that shall evaluate the actual breach of the Code. *Mermec* guarantees to all its employees the same opportunities and expressly forbids whatsoever expression of authority and cooperation abuse. Breach refers to any behaviour that consists of requiring, or inducing or offering, performances or personal favour or other utilities which could damage other people's dignity, professionalism and autonomy.

For this purpose, any act aimed to psychological violence, attitudes and behaviour which are discriminatory and that injury the person and his convictions, beliefs or preferences are strictly forbidden.

It is condemned whatsoever form of sexual harassment, therein included, as an example:

- The subordination of important decision related to the recipient's career or working life at the acceptance of sexual favours;
- The propose of interpersonal private relationships carried out notwithstanding the expressed, or reasonably possible, absence of receipt's liking, which – in relation to the specificity of the situation – is able to upset the serenity of that person, with objective involvements to his working condition:
- Sexual behaviours and speech that could upset sensitivity and sense of modesty.

The recipients of the Code, as stated by national and international rules, have to abstain from carry out unlawful behaviours, such as offences against individual personality, persons trade, child pornography. In particular:

- reduction or maintenance in slavery or in servitude;
- child prostitution;
- child pornography;
- detention of pornographic material;
- tourist initiatives to exploit child prostitution;
- person trade;
- purchase or sale of slaves.

Mermec carries out its activities in concordance with any national and international rule in force, in protection of working conditions, in respect of human dignity and of the person's dignity, favouring the consolidation of employees' culture and safety within the working site, through the diffusion of a suitable informative that develops risk consciousness, making responsible of individual behaviours.

All the *Mermec* employees and collaborators have to operate in accordance with professionalism, transparency, correctness and honesty, following, in conjunction with their colleagues, superiors and coworkers, corporation purposes, in accordance of the rules stated in this Code.

In accordance with laws in force, *Mermec* expects that its collaborators, during the development of their duties, do not act or have behaviours that could facilitate a commitment of offences with the main aim of terrorism and subversion of the democratic order.

Mermec and its employees and collaborators engage themselves to respect all laws and rules, both national and international, in point of anti-money laundering

2.7 Products and services quality

Mermec activity is oriented towards the customers satisfaction and the fulfilment of those

requests that can increase products and services quality. For this reason *Mermec* addresses its research, development and trading activities to high quality standard services and products.

2.8 Conservation of the environment

The conservation of the environment is essential to *Mermec*. For this purpose the company schedules its activities balancing business with unavoidable environmental needs, in consideration of the new generations rights. *Mermec* is then committed to improve its activities ecological impact, preventing any risk for people and environment not only in compliance with the rules in force, but considering the development of scientific research and the past experience in the field.

2.9 Gifts, giveaways, benefits

Mermec prohibits all forms of gifts that go beyond the normal business courtesy practice or aimed at getting preferential treatment in any kind of activity connected to *Mermec*.

This rule includes both promised or offered and received gifts and it applies without exception even in those countries where giving presents to business partners is a custom; a gift is any kind of benefit (attending a convention out of charge, the promise of a job offer, etc.). At any rate in its relation with companies or institutions, *Mermec* waives all those practices, business customs, codes of conduct – if known – that are against the law.

Mermec giveaways are aimed at promoting the brand image. All the presents offered – except when insubstantial – must be properly reported in order to enable controls and to be authorized by the person in charge.

2.10 External communications

The communication of *Mermec* with mass-media is founded on the respect of the right to information; no dissemination of false or biased news or remarks shall be allowed. All communications shall comply with the law, the rules and the professional conduct practices and they shall follow the principles of truthfulness, fairness and timeliness, safeguarding the company information and industrial secrets. All press releases are available at the internet site www.mermecgroup.com.

2.11 Administration and account management

Mermec abides to laws and, in general, to every regulation which is applicable to the draft of the balance and whatsoever compulsory administrative and account documentation. Every action and operation must be properly registered, authorized, verifiable, legitimate, coherent and fair.

Every *Mermec* action and operation must be duly recorded and the decision, authorization and

development process must be readily verifiable. Each operation must be accompanied by a proper documentation in order to be able, at any time, to achieve the implementation of controls indicating the characteristics and motivations and to identify which person did authorize record and verify such operation. Information, economic data which are included in periodic reports and /or in general or analytical accounting, should follow the principles of transparency, fairness, accuracy and completeness.

All recipients are required to give full cooperation in order to management facts shall be properly and timely managed in a corporate accounting.

2.12 Control activities

Mermec promotes and requires, at every level, the full respect of internal control processes, as a tool for improvement of business efficiency and for the compliance with current laws and the principles of this Code. Internal control is the sum of all the processes and tools adopted by Receipts in order to direct, manage and verify business activities, with the main aim of ensuring compliance with laws and with company procedures, of protecting corporate assets, of effectively managing and providing accurate and complete accounting data.

3.

RULES OF CONDUCT IN THE RELATIONS WITH COLLABORATORS

3.1 Personnel selection

Employees will be hired according to their profiles correspondence to the positions actually needed in the Company, with equal employment opportunities and without any discrimination. All the information required is strictly reserved and used only to test the applicant's professional profile and capacity, in full respect of the applicant's private life and opinions.

3.2 Employment relationship

Employees are hired under regular employment agreement; no irregular form of work is allowed. Before the employment relationship starts, each employee is properly informed about:

- characteristics of his function and tasks;
- company organization;
- regulatory and salary elements as ruled by the collective national agreement for workers of small-scale and medium sized engineering industries (CONFAPI);
- rules and procedures to adopt in order to avoid any possible safety risk connected to the work activity and training thereof.

This information is provided to the collaborators for their full knowledge before accepting the job.

3.3 Human resources management

Mermec avoids any kind of discrimination towards its collaborators.

All decisions taken in the personnel management and development processes, as well as in the selection phase, are based on the correspondence between company needs and collaborators profiles (eg. in case of promotion or transfer) and/or on merit considerations (eg. incentives awarded according to results achieved).

Roles and tasks are established taking into consideration competence and skill: maternity and children care will be supported with work organization and flexibility, if this doesn't affect the general efficiency.

3.4 Health and safety

Mermec is committed to diffusing and consolidating a safety culture, developing risks awareness and promoting a responsible behaviour for all collaborators; moreover workers health and safety are preserved through prevention and training.

3.5 Privacy

The privacy of collaborators is protected by the use of a standard that specifies the information obtained by collaborators together with the treatment and retention of such information.

Any investigation on ideas, preferences, personal tastes and private life of collaborators is prohibited.

3.6 Individuals integrity and protection

Mermec is committed to protecting its collaborators moral integrity providing a workplace that guarantees conditions respectful of personal dignity. For this reason workers are safeguarded from psychological violence and all discriminating or harmful behaviours against individuals, their ideas and preferences (eg. insults, threats, isolation or excessive intrusiveness, professional limitations) will be fought by the company.

Harassment is not allowed and any disturbing behaviour or talk (eg. exhibition of pictures with explicit sexual allusions, continuous and insistent hints) is to be avoided. Any case of harassment, discrimination for age, sex, race, state of health, nationality, political opinions, religious beliefs, etc. can be reported to the company that will verify the actual breach of the Code. Nevertheless disparities will not be considered as discriminatory if they can be justified on the base of objective criteria.

3.7 Collaborators' duties

Collaborators must comply with the obligations under the work contract and the Ethic Code, acting faithfully and granting the performance required; they shall report any non-compliance or failure to perform the conduct rules set out in the internal procedures.

Collaborators must be aware and comply with company policies about privacy, to safeguard the company integrity, confidentiality and availability. They shall draw up their documents with a clear, objective and exhaustive language, allowing any possible check from colleagues, people in charge or external auditors authorized thereto.

Mermec collaborators shall avoid all situations that can give rise to conflicts of interest, refraining from taking personal advantage from business opportunities they became acquainted with in the performance of their tasks.

The following are some of the cases that, by way of example, can give rise to conflicts of interest:

- developing relations with providers, working for them or having family members working for them;
- accepting money or favours from people or companies that have dealings with *Mermec* or that mean to start a business relation with *Mermec*.

Collaborators shall promptly inform the person in charge of any situation of a real or potential conflict of interest they may encounter. Such situations will then be reported to the Supervision Body for proper survey. Collaborators shall report any activity performed outside the working time if such can give rise to conflict of interest with *Mermec*.

Collaborators shall safeguard company goods acting responsibly and using them with due diligence, in line with the relevant operation procedures, providing an accurate report of their use. In particular, every collaborator shall:

- take great care of and use with parsimony the goods he is entrusted with;
- avoid any improper use of the company goods that can harm or reduce the efficiency of the company interests or anyway go against them.

For what concerns the computer network, collaborators shall:

- strictly comply with the company safety measures in order to prevent any damage to computers functionality and protection;
- refrain from sending threatening and offending e-mail messages, using low-level language, making remarks that can offend people and/or harm the company image;
- refrain from surfing the net on undignified and insulting sites.

4.

RULES OF CONDUCT IN THE RELATIONS WITH CUSTOMERS

4.1 Conduct of collaborators

Mermec behaviour with customers is based on availability, respect and politeness in view of a highly professional cooperation.

4.2 Commitment to customers

Mermec is committed to acknowledging its customers advice and claims, by using proper and fast communication systems.

5.

RULES OF CONDUCT IN THE RELATIONS WITH SUPPLIERS

5.1 Choice of the supplier

Purchase processes are based on the research of the maximum competitive advantage for Mermec, granting equal opportunities to each provider; moreover they are ruled by pre-contractual and contractual behaviours in view of an essential fair and transparent cooperation.

In case a provider, in the pursuance of his activity for *Mermec*, acts against the general principles of this Code, *Mermec* is allowed to take proper measures to an extent that any further cooperation might be precluded.

5.2 Safeguard of ethical aspects in supplies

In view of complying with the ethical principles adopted, *Mermec* is committed to introducing social requirements for particular kinds of supplies (eg. use of low energy content products).

5.3 Conduct criteria in the relations with the community environmental policy

Mermec guarantees the achievement of targets in line with the environmental strategic goals. In order to spoil all possible synergies, the environment policy and its application is managed globally and coherently; such management:

- settles environmental and sustainable industrial development policies;
- works out environmental policy implementation guide lines;
- pinpoints indicators and guarantees monitoring and survey of the company activity in terms of impact on the environment;
- follows the development of the national and European legislation about the environment, and draws up implementation line guides;
- maintains good relations with institutions, institutes and agencies that work in the field of environment, promoting, carrying out and coordinating agreements and programmes in synergy.

Mermec avails itself of experts and/or operative structures to deal with each specific task and problem.

5.4 Environmental policy strategies and instruments

Mermec reckons that the environment can be a competitive advantage in a wide market that is more and more demanding in the field of quality and behaviours.

Mermec strategy is characterized by investments and activities in line with the principles of sustainable development; in detail *Mermec*:

- earmarks a remarkable share of investments for the production of energy from renewable sources;
- promotes actions and behaviours that consider the strategic value of the environment variable, in national and international organizations and programmes.

Mermec promotes the following environmental policy instruments:

- voluntary agreements with institutions, conservation groups and trade associations;
- environmental management systems, certified in compliance with the international standard ISO 14001 that aim to a continuous increase of the performances and of the environmental organization;
- system of periodic internal and external audits that guarantees a survey of the several industrial activities performance;
- activities aimed to train and make the collaborators aware of the environmental topics, in order to increase their competence and professionalism.

5.5 Environmental communication

The yearly disclosure of *Mermec* environmental report, relates about the implementation of the environmental policy and of the match between targets and results achieved.

The report specifies:

- the most significant environmental events (such as: environmental management systems certifications);
- the main results achieved concerning the environment (energetic efficiency, development of the renewable sources, use of water, emission reduction, waste disposal, etc.);
- the environmental balance (data yearly collection concerning energy and mass flow) and indicators (eg. water and energy consumption analysis, etc.).

Mermec agrees to allow access to the environmental information, in accordance with the industrial secrecy requirements.

Relations with association of interest: Mermec considers the relations with associations strategic for the correct development of business.

To this extent Mermec is committed to consider all remarks coming from associations, private parties and institutions.

5.6 Antitrust and regulating organs

Mermec strictly complies with antitrust rules, refraining from denying, hiding, handling or delaying any information required from antitrust authority and other regulating organs in the pursuance of their auditing duties and it cooperates actively in the preliminary inquiries.

5.7 Gifts to customers, suppliers and consultants

Within business relationship with suppliers and consultants any offer, benefit (both direct and indirect), gift, act of kindness and hospitality are strictly forbidden, unless, due to their nature and value, do not compromise *Mermec's* image or cannot be interpreted as aimed at getting a favourable treatment, which is not determined by market rules.

5.8 Supplies and sponsorships

Mermec may agree to requests for contributions or sponsorships on events affecting the areas of social, environmental, sport and art which offer guarantees of quality and reliability.

5.9 Relations with the government and public institutions

Mermec relations with Governments, Institutions, Supervisors, Public Officials or People in charge of a Public Service must comply with the observance of the applicable laws and regulations and they could not compromise the integrity or reputation of the consortium. The assumption of undertakings and the management of whatsoever relations, with the Public Administration, Public Officials or Persons in charge of a Public Service, are exclusively reserved for the business functions and to the authorized personnel. In any case, such persons shall diligently keep all documentation relating to the occasions when *Mermec* came in contact with the Public Administration.

Recipients are required to refrain from:

- offering, even through nominees, money or other benefit, which may consists, also, employment or commercial opportunities to the Public Official involved, to his family or anyone in any way connected;
- unlawfully searching or establishing personal favour, influence, interference relationships able to affect, directly or indirectly, the outcome of the report.

The recipients must promptly comply with all requests arising from the abovementioned

Institutions or Authorities, giving full cooperation and avoiding obstructive behaviours.

Mermec cannot make the most from relationships with Governments, National or International Organizations, unless through the lawful award of contractual relationships, through measures lawfully obtained, or through whatsoever providences supplies lawfully obtained and directed at purposes which are granted to.

It is forbidden to alter the performance of the Public Administration computer or electronic system, national and international Public bodies, or adulterate data therein contained to obtain an unfair advantage.

During a business negotiation, business request or relationship with the Public Administration should not be undertaken (directly or indirectly) the following actions:

- examine or propose employment or commercial opportunities which could advantage Public Administration employees;
- offer or, in anyway, provide gifts;
- solicit or obtain confidential information that could compromise both parties' integrity or reputation.

It is forbidden to hire, as *Mermec* employees, people who employed in Public Administration (or their relatives) and who personally and actively participated in business negotiations with *Mermec*, or endorse the claims made by *Mermec* to the Public Administration.

Any violation (actual or potential) committed by the body or third parties should be promptly reported to the competent internal functions.

5.10 Protection of occupational safety and environment

Mermec is engaged to apply every compulsory preventive and control measure required by D.Lgs 81/2008, as amended and integrated, to protect health and safety at work.

In particular, regarding to unintentional crimes under article 25 septies D.Lgs 231/2001, *Mermec* exposes hereinafter fundamental principles and criteria which every kind of decision must be taken on, with regard to work health and safety.

These principles and criteria are hereinafter stated:

- a) avoiding all risks;
- b) evaluating all the risks that cannot be avoided;
- c) fighting all risks at the source;
- d) adjusting the work to humans, particularly as regards the conception of jobs and the choice of work equipment and methods of work and production, in particular to attenuate monotonous work and repetitive work and to reduce the effects of such works on health;
- e) considering the technical progress;

- f) replacing the dangerous with un-dangerous, or less dangerous;
- g) programming the prevention, aiming at a coherent whole that integrates into the same technology, work organization, working conditions, social relationships and the influence of work-environment factors;
- h) giving the priority to collective measures of protection compared to individual measures;
- i) giving proper instructions to employees.

These principles are used by *Mermec* to take the necessary measures to protect the workers' safety and health, including the prevention of risks regarding occupation, information and training, as well as provision of an organization of necessary means.

The entire company, both in charged at apical position to operational ones, must comply with these principles, particularly when decisions and choices should be taken and, subsequently, when the same should carry out.

Mermec is engaged to contributing to the development and welfare of the environment which it operates in, constantly pursuing the preservation of the health of employees, collaborators and the communities affected by *Mermec* activities.

The operational management of the activities shall refer to, in accordance with active local regulations concerning the environmental prevention, the most advanced environmental preservation criteria, in order to reduce their environmental impact.

6.

THE ETHIC CODE AND ITS IMPLEMENTATION: INSPECTION BODY**6.1 Powers and characteristics**

The task of supervising the functioning and the observance of the Model is assigned to the Supervision Body, endowed with autonomous powers of initiative and control and whose functions are performed by the Supervision Body on the Code, according to point 1.3 above.

The Supervision Body acts with impartiality, authority, continuity, professionalism, autonomy and has free access to all sources of information; it has the right to inspect all documents and examine all data; it suggests updatings of the Code and internal memoranda, also on the basis of recommendations from the employees; it may control, even at regular intervals, the operation and observance of the Model. It has a proper availability of human and material resources that enable fast and efficient operation.

The Supervision Body also operates with wide discretionary powers and – when it is a structure separate from the Company management – with the support of the top management, with which it collaborates in a totally independent way.

6.2 Reporting breaches to the supervision body

In order to guarantee the effective implementation of the Model through specific memoranda, *Mermec*, in full compliance with all applicable privacy and data protection laws, has established a system for reporting any known breaches or any suspected misconduct of Company policy within the Company, in a free, direct and anonymous way to the Supervision Body. The Supervision Body is responsible of accurately and carefully examining the reported breaches in order to submit the case in issue to the Company officers that are in charge of initiating disciplinary actions or the procedures for the termination of the employment contract.

7.

THE ETHIC CODE AND ITS IMPLEMENTATION: BREACHES OF THE ETHIC CODE – PENALTY SYSTEM

7.1 Reporting breaches

With regard to the report of a committed, attempted or requested breach of the rules of the Code and the attached memoranda, the Company shall ensure that nobody, in the workplace, may be subject to any retaliation, illegal conditioning, hardship and discriminating treatment of any kind, for having reported a breach of the Code and the internal memoranda to the Supervision Body on the Ethic Code also in its function of Inspection Body ex Legislative Decree (D.Lgs.) No. 231/01. As a consequence of the said report, the Company shall promptly arrange all the necessary controls and take adequate disciplinary measures.

7.2 Penalty system line guides

Any breaches of the principles set out in the Code and in the procedures provided for in internal memoranda is a prejudice to the trusting relation between *Mermec* and its directors, employees, consultants, collaborators of any kind, customers, suppliers, trade and financial partners. Breaches shall be immediately and seriously followed up by the Company, through adequate and proportional disciplinary measures, regardless of whether such conduct is an indictable offence or whether any criminal proceeding has been instituted in the cases of indictable offences.

The consequences of the breaches of the Code and internal memoranda shall be taken into serious consideration by all those who have any kind of contact with *Mermec*. For that purpose *Mermec* shall circulate the Code and internal memoranda, keeping everybody well informed about the disciplinary measures provided for in case of breaches, and about the methods and procedures for inflicting penalties. To safeguard its image and its company resources, *Mermec* shall not have any kind of contacts with parties who do not intend to operate in strict observance of all applicable laws and regulations, and/or refuse to conform to the values and principles set out in the Code and to adhere to the procedures and regulations set forth in the attached memoranda.



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PROVISIONS ON HUMAN RIGHTS AND FUNDAMENTAL LABOUR RIGHTS

INTRODUCTION

Mermec SpA operates in an international global market that is generating new challenges. The Company intends to use this addendum to the Code of Business Ethics to strengthen dialogue on human rights and fundamental labour rights, in particular the freedom of association, in order to support the sustainable growth of Mermec SpA activities and satisfactory working conditions for its employees.

1. SCOPE OF THIS ADDENDUM.

This addendum applies to subsidiaries and associated Companies within the operating scope of Mermec SpA, taking into account the local legal framework of each Country in which they operate.

This addendum has the nature of a "framework addendum" and does not intend to replace National legislation and/or National or corporate collective agreements currently in force or which could be negotiated in the future, if their provisions are more favourable.

The provisions of this addendum of Mermec SpA may, in some cases be more favourable than National legislation. In such cases, Mermec SpA shall try to promote the most favourable provisions recognised by this addendum.

Mermec SpA prepares and transmits this addendum in its role as parent Company of Angel Group - in line with the group managerial coordination system - in the interest of Mermec SpA and the Angel Group, with the aim of disseminating and implementing all its principles in Companies, directly and indirectly connected.

2. COMMITMENT TO HUMAN RIGHTS

In accordance with the commitments set out in the Mermec SpA Code of Ethics, we reaffirm our commitment to respect the United Nations guidelines on entrepreneurial activity and human rights, to avoid violating human rights and to strive to remedy the harmful effects in conducting its human rights activities. It shall take reasonable steps to fight and mitigate any violations and remedy them where appropriate.

Mermec SpA reaffirms its commitment to respect the provisions of the International Labour Organisation Declaration on Fundamental Principles and Rights at Work (1), including the freedom of association and, in particular, the right of all employees to organise, adhere to a union and conduct collective bargaining. Mermec SpA reaffirms its support for the OECD guidelines for Multinational Companies and for the Tripartite Declaration of ILO principles concerning Multinational Companies and social policy (MNE Declaration - 5th edition 2017).

Mermec SpA declares to comply with all National labour laws, collective agreements and health and safety regulations, as well as internationally recognised legislation and human rights in all the markets in which Mermec SpA carries out its activities.

Mermec SpA reaffirms its commitment to guaranteeing correct working conditions throughout the Group, taking into account local laws and labour standards and the National collective agreements in force.

Mermec SpA reaffirms its commitment to eliminate discrimination in labour relations and, in particular, to hire women and men on the basis of their specific skills, treat every person with dignity, not discriminate on the basis of age, social origin, family situation, gender, sexual orientation, disability, political, trade union or religious opinions, or the real or presumed membership of an ethnic group or Nation in accordance with the ILO Convention 111.

(1) The fundamental ILO Conventions are:

- Convention 87 - Freedom of Association and Protection of the Right to Organise, 1948;
- Convention 98 - the Right to Organise and Collective Bargaining, 1949;
- Convention 29 - Forced Labour, 1930;
- Convention 105 - the Abolition of Forced Labour, 1957;
- Convention 138 - Minimum Age, 1973;
- Convention 182 - the Worst Forms of Child Labour, 1999;
- Convention 100 - Equal Remuneration, 1951;
- Convention 111 - Discrimination (Employment and Occupation), 1958

3. TRADE UNION RIGHTS

In order to allow employees to exercise their freedom of association, in particular the right of all employees to organise themselves, join a union of their choice and undertake collective bargaining, Mermec SpA shall take all necessary measures to ensure that:

a. The Managers of Mermec SpA, in all Countries, create a free and open working environment for the exercise of the right to freedom of association and do not oppose employees who join a trade union or exercise their rights as members of the trade union;

b. The managers of Mermec SpA in all Countries reaffirm their commitment to maintaining a working environment in which employees are free from intimidation, harassment or reprisals and retaliation when exercising their rights. Mermec SpA recognises the right of employees to freely choose a union and shall communicate its neutral position to all employees. Mermec SpA shall not hinder the recognition or representativeness of the union. The unions shall be recognised on condition that they use the legal procedures provided for in the matter and provided they meet the legal requirements for recognition established by the relevant National law;

c. Once Mermec SpA recognises a union, its managers will guarantee a positive approach to industrial relations and will engage in collective bargaining, acting in good faith and trying to reach agreements with trade union representatives.

Trade union meetings with employees of Mermec SpA, to discuss participation in a union, can take place at the employer's premises and will be organised so as not to interrupt business activities. No addendum shall affect the local regulations on the subject.

4. FIGHT AGAINST SEXUAL HARASSMENT

According to the ILO, sexual harassment is a form of discrimination under Convention 111, one of the fundamental ILO conventions. Convention 111 states that all human beings, regardless of their race, creed or gender, have the right to pursue their material well-being and spiritual development in conditions of freedom and dignity, economic security and equal opportunities.

Mermec SpA wants to be sure that all employees are aware of what constitutes sexual harassment so that they fully understand what is expected of them, know how to report any problems and be able to describe alleged harmful acts in complete safety.

Sexual harassment is a form of violence that affects women and men in the workplace. The Company also intends to fight sexual harassment based on sexual orientation (lesbian, gay, bisexual, transgender and intersex), regardless of the employee's seniority or the type of employment contract they have with Mermec SpA and manage harassment with same modalities.

Sexual harassment violates the principle of equality and damages working relationships. It can take different forms:

- Insults, inadequate comments or insinuations on clothing, physique, age, etc.
- Condescending attitudes with offensive sexual implications.
- Sexual invitations or implicit or explicit inappropriate requests, whether accompanied by threats or not.
- Gestures that could be interpreted as sexual in nature.
- Unjustified physical contact such as touching, stroking, pinching or physical aggression.
- Creating a work environment that does not respect sexual orientation and any other individual diversity.
- The affirmation of sexual or romantic relationships as a condition for employment issues (including hiring, compensation, promotions, access to meetings or other job opportunities and more general career development).

Mermec SpA is determined to take the necessary measures to mitigate the risk of sexual harassment in the workplace.

In relation to this commitment, Mermec SpA respects National and Company laws and collective agreements. Some provisions of this addendum to the Code of Business Ethics may be more favourable than some National regulations. In such cases, Mermec SpA shall seek to promote more advantageous principles recognised by this addendum to fight against sexual harassment in the workplace. This commitment is based on the efforts made by Mermec SpA to promote the diversity and inclusion of people in the workplace, regardless of gender, age, ethnic origin, disability or sexual orientation.

Furthermore, Mermec SpA shall oppose sexual harassment committed by customers and subcontractors, placing the well-being of its employees at the top of its priorities.

Mermec SpA sponsors the creation of a positive work environment, promoting best practices and concrete actions.

Mermec SpA undertakes to adopt and apply specific global regulations and internal procedures aimed at preventing harassment, bullying, sexual harassment and retaliation in the workplace. Elements of these rules and procedures shall provide that:

Mermec SpA will adequately investigate all sexual harassment reports; sexual harassment constitutes a violation which, following an appropriate investigation, may be subject to disciplinary procedures regardless of their severity. These violations shall include the adoption of formal disciplinary actions.

Mermec SpA shall inform all employees about the aforementioned regulations and procedures, as well as about the responsibilities incumbent upon them, and will be able to prepare training initiatives on these issues.

This Addendum to the Code of Ethics shall be handed out at the time of recruitment to each employee, together with the Code of Ethics and the Company Disciplinary Code. It is specified that this Addendum shall also be available on the Company Portal on the Intranet under the HR section of the documents section.

It also means that this document will be translated into English to meet the needs of colleagues operating outside of Italy.

5. FIGHT AGAINST DISCRIMINATION AND PROMOTION OF DIVERSITY

Mermec SpA combats discrimination, promoting diversity, equal opportunities, recruitment, attention to disabled workers, and respect for equality between women and men.

Diversity can be reflected in the difference of gender, age, origin, culture, sexual orientation, Nationality, opinions and beliefs, disability, family situation, education and union membership.

Under no circumstances may the differences mentioned above affect decisions regarding recruitment, training or management and career development.

Mermec SpA shall work to increase diversity within its teams and at all levels, in particular those of management and managerial supervision.

Mermec SpA intends to continue and further develop its policy of welcoming employees with disabilities through recruitment, integration, retention and career development.

Mermec SpA is committed to promoting professional equality between women and men.

The principles of equality between women and men and non-discrimination based on gender shall be respected and promoted, in particular with reference to selection and recruitment procedures, the distribution of tasks, promotions, remuneration and professional training. These principles also apply to any change in working conditions, social benefits, termination of employment contracts and any other issue affecting working life.

6. POSITIVE WORKING CONDITIONS AND CONCILIATION BETWEEN WORK LIFE AND PRIVATE LIFE

The new global context presents an increasing number of challenges, on the one hand deriving from socio-demographic changes and, on the other, from digital evolution, which is changing many aspects of everyday life and the way we work.

The current socio-demographic changes influence people's needs and expectations in terms of reconciling work and private life.

At the same time, technological and digital evolution have triggered sudden changes in people's habits with regard to professional and private life, also leading to new opportunities for flexibility at work.

In light of the current context, Mermec SpA recognises that an adequate and proportional balance of the different aspects of people's lives has a positive impact on the workplace, on commitment, on productivity and on the sense of belonging to the company, as well as improving the quality of life and well-being of employees.

The Company intends to define a global group approach on work-life balance, identifying shared guidelines and principles aimed at conducting a social dialogue in all the countries and companies of the group, in full compliance with the labour national regulations and the legal and negotiation context.

Mermec SpA recognises that the promotion of coherent actions and behaviours at all levels of the Company organisation - starting from directors and managers - is the basis to move towards a corporate culture oriented towards the balance between work life and private life.

7. COMMUNICATION AND TRAINING

Mer Mec recognises the importance of training and communication to all staff of the commitments undertaken in the field of human rights and fundamental labour rights through various initiatives, including the communication and publication of news on local Intranets. To reach the widest possible audience, Mer Mec has translated and shall translate the documents into English and, where necessary, into the local languages of the Countries in which the Group operates.

Training is designed to encourage the acquisition of skills by staff, which is why training for new employees (induction) will include a section on human rights and fundamental labour rights.

8. MONITORING AND TRANSPARENCY

Mer Mec is aware of the importance of a control system that ensures that performance on the subject of human rights and fundamental labour rights is monitored and any negative risks and impacts on them must be correctly managed and, if present, managed.

Mer Mec shall implement monitoring systems that will be managed by the competent functions and that will measure the progress made and identify the gaps.

This document on human rights and fundamental labour rights shall be subjected to an annual review in December, and shall regularly be updated on the basis of internal and external changes (e.g. publication of new national and international legislative frameworks, changes or integration with the above-mentioned fundamental ILO Conventions and further new, development of internal improvement actions and others).

9. TRANSPARENCY

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Bari



Mer Mec believes that transparency is an important aspect in every area of its business activities, including those that have impacts on human rights and fundamental labour rights. To communicate on social and environmental issues, and to promote a culture of awareness and respect, our Company has adopted the following initiatives:

- dissemination and updating of information to the public on Mer Mec's commitments in the field of human rights, activities and data on the company website
- Intranet section for employees dedicated to the Group's commitment to them.
- Use of the newsletter: "Angel Chronicle", present on the Intranet and translated into English.

Monopoli, 28/02/2019

Mer-Mec Spa
Group HR Director
Dr. Marco Scippa

