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Introduction



The Bonfiglioli Group has been designing, manufacturing and selling power transmission and control systems around the world for over 60 years.

The Group operates in 82 countries, in a multicultural working environment with a wealth of different competences.

Through this Code of Ethics, Bonfiglioli sets the aim of activating an instrument to ratify methods of ethical conduct, as described herein, which are essential for complying with the values of correctness, responsibility and professionalism which has marked over 60 years of the company's success.

Maintaining correct relations with Colleagues, Customers, Suppliers, the Institutions and Partners in the performance of their activities constitutes the modus operandi for all persons collaborating with the Bonfiglioli Group.

The set of ethical values to which this Code is inspired represent a guarantee for safeguarding the respectability and integrity of the company's economic and human heritage, and contribute to enhancing many aspects of the image of our company.

This Code of Ethics is adopted in compliance with the principles set forth in Italian Legislative Decree (D.Lgs. 231/01 - the Decree), and constitutes an integral part of the Organization, Management and Control Model; it also aims to prevent administrative liability relating to the offenses laid down in and governed by the Decree.

The Boards of Directors of all the Companies in the Bonfiglioli Group – in Italy and abroad - adopt this Code of Ethics in order to confirm and disseminate the principles described herein both within the Company and to external Collaborators and Partners.

Mission

We have a relentless commitment to excellence, innovation & sustainability. Our team creates, distributes and services world-class power transmission & drive solutions to keep the world in motion.

Values



Challenge



Respect



Accountability



Winning Together

1. Addressees and Supervisory Body

1.1 Addressees

The Addressees of this Code of Ethics are the members of the Board of Directors and the Board of Auditors, the Auditors, Managers, Employees, Collaborators, Consultants, Suppliers, Customers, Partners, Counterparties in contractual relations and all those legal and natural persons who, even temporarily, establish relations with the companies of the Bonfiglioli Group in the pursuit of shared objectives.

Every Addressee is bound to be familiar with the Code of Ethics and its reference principles, to actively contribute to all parts of its implementation and notify the Supervisory Body in writing of any violations of the ethical principles contained therein.

1.2 1.2 Supervisory Body

At corporate level a Supervisory Body has been established; the task of the Body is to monitor the effectiveness of and compliance with the ethical rules laid down therein.

This Supervisory Body (hereinafter the "SB") is a joint, independent body holding autonomous powers of initiative and control, and was appointed by the Board of Directors of Bonfiglioli Riduttori.

The SB is assigned the following functions:

- promotion of the knowledge and dissemination of the Code of Ethics among Addressees;
- monitoring of the implementation of and compliance with the Code of Ethics by the Addressees;
- protection of the Addressees from pressure, intimidation and retaliation if they report any behavior and/or acts that are contrary to the principles and requirements of the Code of Ethics to the SB;
- examination and verification of the truth of any reports;
- acceptance of the requests for updating the Code of Ethics if this has to be adapted in line with any changes in the company reality or legislative amendments, to be submitted to the Board of Directors;

The contact details for the Parent Company SB are given below in order to be able to submit:

- any reports of potential or actual violations of this Code of Ethics and/or the corporate 'Model 231';
- any requests for clarification if there are any doubts over the conformity of behavior to be reported to laws or requirements which may be difficult to understand:

SB

Bonfiglioli Riduttori S.p.A.

Via Giovanni XXIII 7/a

40012 Lippo di Calderara (BO)

odv@bonfiglioli.com

Reports of potential or actual violations must include all useful elements to allow the verifications and investigations required to ascertain their substantiation.

The reports must therefore be detailed as far as possible concerning:

- the details of the reporter, indicating the company function/ position held;
- a description of the facts;
- if known, elements allowing the identification of the person committing the offense/who has violated the Code of Ethics and/or the corporate Model 231;
- reference to documents or facts which may be useful for substantiating the reported act.

The Bonfiglioli Group guarantees full protection of confidentiality for any persons reporting such acts.

The Bonfiglioli Group does not tolerate any form of retaliation or direct or indirect discriminatory measure which may produce effects on the work situation of the reporter and which may have a direct or indirect causal link with the report submitted.

Therefore dismissals, downgrades or other changes in position, the adoption of unjustified disciplinary measure or any other form of retaliation or discrimination towards any persons reporting offenses will be tolerated.

Reporters who deem that they have been a victim of any form of discrimination related to the acts reported may report the retaliation or discrimination suffered to the Supervisory Body.

2. General Ethical Principles

2.1 General business management

The conduct of Addressees in the management of business must be based on full correctness, transparency, understandability and respect for lawfulness, so that anyone holding relations with the companies in the Bonfiglioli Group are able to take autonomous decisions aware of their interests.

Business relations must be coherent with the Group policies and Mission, which are visible to and interpretable by all Addressees.

Free or personal interpretations of the rules of conduct laid down in this Code of Ethics in business relations are not permitted.

2.2 Conflict of interest

All activities which involve conflicts which could interfere with the ability to take impartial decisions to the detriment of the individual companies in the Group must be avoided.

In their relations with the companies of the Bonfiglioli Group, the Addressees must act in compliance with the law and the ethical principles; it is strictly forbidden to make recourse to favoritisms, corruption or bribery to obtain advantages for themselves or for others.

2.3 Respect for diversity

The Bonfiglioli Group has built its success in the countries where it operates, offering its Collaborators opportunities for growth, innovation and industrial and cultural development inspired by the principles of integrity and transparency.

This philosophy is the cornerstone of our organization, which sees “diversity” as a strength which represents integration and complementarity of knowledge and action.

For this reason the Group does not permit unequal treatment according to sex, religious beliefs, culture of origin, as each individual must be assessed exclusively in relation to the performance of his/her role and position; the quality of relations between the company and all the people working for it is founded on this attitude.

It is also necessary that anyone interacting with the companies in the Bonfiglioli Group maintain conduct that is shared and respectful of civil coexistence, in compliance with the founding principles of this Code of Ethics.

2.4 Prevention of child labor

The companies in the Bonfiglioli Group operate in various countries, and pay attention to preventing the exploitation of child labor, expressly forbidding the use of children below the legal age in Italian law and the laws of the place in which the work is performed, in the companies’ production activities.

This requirement is valid for all companies in the Bonfiglioli Group operating abroad, even where such shameful practices are consolidated.

The Group forbids the Addressees from establishing business relations with suppliers who employ children below the legal age in Italian law and the laws of the place in which the work is performed.

3. Ethical principles in relation to third parties

3.1 Relations with Public Institutions

The company functions expressly mandated or holding specific power of attorney are authorized to represent the companies of the Bonfiglioli Group in their relations with Italian and foreign institutional counterparties with whom they come into contact during the performance of their activities.

These relations must be based on the principles of impartiality, transparency and correctness, dictated by law and by the Code of Ethics, also to avoid situations of conflict of interests.

Transparency and correctness in the management of relations with Italian or foreign Public Institutions aims to guarantee the avoidance of situations in which the Collaborators of the Group may promise or directly or indirectly offer money or other benefits to representatives of the Institutional Authorities in order to obtain profits or advantages for themselves or for the Persons working with the companies of the Bonfiglioli Group.

3.2 Relations with the Mass-Media

Relations with the Mass Media are fundamental for transmitting facts, data and activities that distinguish the day-to-day activities of the Bonfiglioli Group to public opinion.

Given the delicacy of these relations, they may be held only by persons specifically mandated to this task, as well as the CEOs of the companies of the Group.

Addressees who, within their activities in the name of and on behalf of our Group, are exposed to and hold relations with the Mass Media, must agree in advance and/or request express authorization on the contents of the activities from the functions in charge.

External information and news must be communicated in a complete, coherent, truthful and transparent manner.

3.3 Relations with Customers

Bonfiglioli Group works continuously to satisfy the needs and requests of its customers.

They represent the true wealth of our Group: aware of this, we strive constantly to ensure excellent relations with our Customers. This can only be reached by respecting the ethical values and company procedures which are inspired by this.

The Group is committed to providing reliable information on its products and to sell only safe and effective products, which undergo quality controls and are developed in compliance with the laws and "best practices" in force.

Addressees must ensure compliance with ethics in their relations with Customers, and in particular:

- strictly comply with the laws in force and the internal customer relations procedures;
- adopt objective and transparent behavior in their relations with Customers;
- comply with all applicable legal provisions and contractual conditions in all supply relations;
- work according to the principles of correctness and good faith in correspondence and dialog with customers, in line with the strictest commercial practices.

3.4 Relations with Suppliers

Suppliers and important Partners for Bonfiglioli and our Group must always maintain relations with them based on the principles of correctness and loyalty.

Suppliers are selected according to criteria of "due diligence", based on objective parameters which consider skill, the ratio between the qualities of the goods and/or services offered, the fair price and the level of assistance, as well as the sharing of corporate objectives and expectations.

The contract signed with Suppliers must be based on extremely clear and transparent relations, avoiding restrictions which imply an excessive degree of abuse of power and/or dependency.

For this purposes, the Bonfiglioli Group does not allow its Collaborators to offer to or receive gifts or benefits of any kind which could to any extent influence the transparency and integrity of business relations from suppliers with whom it enjoys relations arising from its work activity.

The Group reserves the right to check that the Suppliers with whom its works operate in compliance with the law and this Code of Ethics; for this purpose, it includes a specific clause in its supply contracts to confirm that they have read this Code of Ethics and undertake to comply with the principles contained therein.

3.5 Gifts and entertainment

Giving or receiving gifts of high value is not appropriate if it implies an obligation or places us in a situations in which a company in the Bonfiglioli Group is partial or influenced in its professional decisions. The Group policy requires that employees do not request or accept gifts, favors, loans, benefits, promises of future professional appointments or any other gift of value, including travel and holidays. Moreover, our policy prohibits employees from offering gifts or entertainment to customers in order to influence their professional decisions.

Accepting or offering gifts or entertainment is generally discouraged and permitted only in rare cases - with the prior authorization of the Director General of the referred BU - if:

- They are of symbolic value;
- They are not forbidden by the contract or other specific regulations;
- They are only occasional, in good taste and not requested;
- They do not involve cash or cash equivalents (e.g. gift cards, petrol vouchers, etc.).

Gifts and acts of courtesy to public officials or public employees are permitted only when, of modest value, they do not in any way compromise the integrity and independence of the parties and cannot be interpreted as an improper way of obtaining advantages.

In any case, during negotiations or any other relationship with the Public Administration, the Addressees must abstain from directly or indirectly taking actions to:

- obtain opportunities for business and/or sales from which advantages may be obtained, for themselves or for others, from public officials or persons in charge of public services or their relatives and the like;
- solicit or obtain confidential information which could compromise the integrity and reputation of both parties.

In the case of investigations, inspections or requests by Public Authorities, Addressees are bound to provide their due cooperation.

3.6 Relations with Competitors

The Bonfiglioli Group believes that a modern, free market can only exist if there is an appreciable degree of fair competition.

Competitors are part of the set of variables a developed business must contemplate in the choices and strategies it defines for its development. Therefore, this aspect must also be tackled, holding true to the reference principles of the Code of Ethics.

Integrity, correctness, transparency, compliance with the laws and lively competition are the elements which must distinguish the actions of the sales area of our Group towards the market.

For this purpose, each company in the Bonfiglioli Group undertakes to comply with the principles of fair competition laid down in national and EU laws, complying with the following rules:

- take decisions concerning prices, sales terms and conditions, sales and marketing strategies in line with the market conditions and production costs. There is no legitimate reason to discuss these issues with a Competitor;
- do not make agreements with suppliers, the commercial actions of which could influence or compromise free competition in the market the Bonfiglioli Group works in;
- do not seek to obtain information on competitors using unlawful means including industrial espionage or bribery;

- do not adopt behavior whose primary or exclusive purpose is to hinder the competition;
- never ask potential or actual employees to reveal information on their ex-employers, customers or professional partners, if such information could violate their correctness and confidentiality obligations.

3.7 Partnerships

The participation of employees or collaborators, in the name of Bonfiglioli or representing the Company to scientific, cultural or trade associations and committees must be regularly authorized by the top management.

In meetings in institutional settings or associations with personnel of the competition, the Addressees of this Code of Ethics must avoid conduct which may appear in violation of the rules protecting competition and the market.

3.8 Political parties

Addressees are not authorized to publicly support political parties, take part in electoral campaigns, religious, ethnic, political or international conflicts in the name of the Bonfiglioli Group.

4. Ethical Principles relating to Corporate Governance

4.1 Processing of confidential information and protection of privacy

Confidential information relating to corporate data, strategies and objectives shall not be acquired or disseminated to parties outside our Group unless by persons expressly mandated for this purpose.

Confidential information refers also to information on products, their development, production processes, sales conditions and strategies, customers, partnerships, technological and industrial know-how, financial transactions, operating results, investments, technical documentation and projects, marketing plans, lists of Suppliers and purchase prices, logistics aspects, IT solutions and any other part of the baggage of knowledge for developing our business.

Confidential information and materials that the Addressees use in their own work activity are the exclusive property of the companies of the Bonfiglioli Group, which protects their confidentiality and holds rights over their origins.

The databases used in the Bonfiglioli Group may contain personal data protected by privacy laws; this data may not be disclosed outside the company, along with any data which, if disclosed, could damage the Company.

The company works in compliance with the European laws on the protection of personal data.

Each Addressee must:

- acquire and process only the data required and directly linked to their own functions;

- store such data in a manner to prevent it from being disclosed the third parties;
- communicate and disseminate the data according to the procedures established by Bonfiglioli and with the prior authorization of the person mandated for this purpose;
- determine the confidential nature of the information;
- ensure that there are no confidentiality restrictions imposed on any relations with third parties;
- process the data, news and information in their possession in a fully confidential manner, even after terminating their relations with the company, and prevent the disclosure or use of such information for their own speculative purposes or those of others.

The above rules on the correct management of information are included in periodic staff training and information initiatives.

4.2 Accounting and corporate information

All activities and actions performed within the work responsibilities of each Addressee must be verifiable. Full accounting transparency must be sought, based on the correctness and reliability of the documentation and accounting records.

Every operation and the various degrees of responsibility of the persons involved in it to achieve the objectives that made it necessary must be easily traceable.

The companies in the Bonfiglioli Group, respecting the principles of accounting transparency and clarity, are careful to ensure that their respective yearly financial accounts and annexed reports are drafted according to the principles of correctness and truthfulness and compliance with the accounting laws in force.

All persons involved in drafting the Financial Statements, including the administrative body, must act in such a way as to represent the economic, asset and financial situation transparently and truthfully, providing the supervisory bodies and information control bodies with complete, correct and truthful information on the referred company's equity situation.

4.3 Antiriciclaggio

Addressees cooperate to ensure that commercial transactions are performed in full transparency, correctness and good faith, in order to fight the phenomena of receipt of stolen goods and money laundering.

In particular, the responsible functions involved ensure that:

- no cash payments/collections are made;
- controls are performed on the commercial and professional reliability of partners and suppliers using appropriate "due

diligence" procedures;

- the appointments conferred to any service providers and/or natural persons managing the economic/financial interests of the Company are made in writing, indicating the contents and economic conditions agreed;
- where joint ventures or other agreements are made concerning joint investments, full transparency is guaranteed;
- the functions in charge ensure that the regularity of payments made to all counterparties is checked and that the party to whom the order is addressed and the party receiving the relative amounts are one and the same;
- financial flows relating to relations (payments/intra-group transactions) between the companies of the Bonfiglioli Group are checked;
- bid evaluation criteria are set.

4.4 Relations with Stakeholders

The widespread presence of our Group in national and international markets, operations in different contexts and the large number of interlocutors makes full transparency and correctness in managing relations Stakeholders of primary importance; Stakeholders are a public or private, Italian and foreign parties, individuals, groups, companies, institutions which for any reason have contacts with the companies in the Bonfiglioli Group and/or in any case have interests in the activities of our Group.

The companies in the Bonfiglioli Group base their operations on the full compliance with Italian laws and the laws of the countries in which the Company operates, market rules and the founding principles of fair competition.

4.5 Protection of the corporate image and quality

The quality and efficiency of the company organization, as well as the good reputation of the Bonfiglioli Group, constitute an inestimable wealth which is the result of over 60 years of activity, marked by transparency and honesty.

Therefore, any conduct which does not comply with the ethical values of this Code, even that of individuals, may in itself prejudice the image and reputation gains in Italy and abroad by our organization.

Therefore, each Addressee of this Code is bound, by their own conduct, to contribute to safeguarding this corporate wealth and in particular to protecting the good reputation of the Bonfiglioli Group, both in and outside the work place.

4.6 Protection of company assets

Every Addressee is directly and personally responsible for the care, protection, efficiency, conservation of the tangible and

intangible assets made available by the company to perform their own tasks, as well as for using them correctly and in conformity with corporate interests.

Addressees are forbidden from using the tangible and intangible corporate assets granted to them to perform their professional tasks for personal purposes without authorization.

It is also forbidden to perform any activities that are not part of the assigned tasks during working hours.

4.7 Industrial and intellectual property

The Bonfiglioli Group complies with the laws concerning trade marks, patents and copyright. Therefore it is not permitted to use products and/or semi-finished products with altered or false trade marks or signs for any reason; it is also forbidden to manufacture, sale and disseminate products already patented by others and over which the Bonfiglioli Group holds no rights, or which bear distinctive marks which are misleading on the origin, provenance or quality of the product. The protection of industrial property is deemed to be of primary importance and therefore all illegal distribution, reproduction, use or sale, for any purpose, use and with any instrument, is strictly forbidden.

Also within the use of graphic materials (photographs, graphic representations, diagrams etc.) used for the marketing and communication purposes, Bonfiglioli Group performs the necessary preliminary checks in order to prevent the violation of the copyright of others.

The Bonfiglioli Group precludes the use of software that is not expressly authorized, unlicensed or from unlawful sources.

4.8 Cybercrime offenses

The Bonfiglioli Group expressly forbids the use of the IT resources of the Company for purposes other than those permitted in the company safety policies or for unlawful conduct.

In particular, the following conduct is forbidden:

- unlawful access to an IT or telematic system;
- unauthorized holding and unlawful distribution of access codes to IT or telematic systems;
- the distribution of equipment, devices or IT programs with the aim of damaging or interrupting an IT or telematic system;
- unlawful interception, hindrance or interruption of IT or telematic communications;
- damage of information, data and IT programs and IT or telematic systems.

4.9 Organized crime

The Bonfiglioli Group avoids and repudiates any local, national or international organization linked to organized crime.

The companies in the Group avoid relations of any kind with persons linked to criminal associations and does not fund or in any way facilitate any activity relating to organized crime.

To avoid the commission of cross-border offenses, the companies in the Group check that the relations with international operators take place in compliance with the laws and regulations.

5. Ethical Principles in relation to staff

5.1 Impartiality in the management of Human Resources

The Bonfiglioli Group recognizes the distinctive value of each employee for their own skills and potential.

Employees are considered a competitive resource towards which the company seeks to guarantee a work environment which fosters the conditions for the personal and professional development of everyone.

The Group has the duty to guarantee impartiality and fairness in the selection, recruitment, training and management of its human resources, offering equal professional opportunities for all employees, forbidding conduct which may appear as discrimination towards other persons. In particolare:

- staff are recruited exclusively on the basis of the candidates' competences and professional skills, in relation to the

positions to be covered. From this viewpoint, the Bonfiglioli Group proceeds with recruitment in full compliance with the principle of equal opportunities, without any form of discrimination and avoiding all forms of favoritism, clientelism or unfair competition;

- the management policies guarantee all resources the same work opportunities and professional advancement, as well as salaries (including increases and incentive schemes) based not only on legal provisions and the collective bargaining contract but also on personal merit, with no discrimination of any kind. The variable part of the salary is determined according to the achievement of clear, objective, shared corporate objectives, and assigned in compliance with the law, the contract and the ethical principles of this Code.

Personnel are hired solely with regular contracts of employment, and no forms of irregular work are tolerated.

When hiring non-EU workers, the regulatory requirements are managed to guarantee they have a regular permit to stay in Italy. After recruitment, their residence permits are regularly monitored according to the duration of their employment.

5.2 Protection of health and safety and the work environment

The Bonfiglioli Group considers the dissemination of a culture of safety to be of primary importance.

It seeks to reduce risks to the physical integrity of all its Collaborators, also using information and training as a tool for making them responsible for their own conduct and guaranteeing health and safety in the work place in compliance with the requirements of the applicable laws.

The companies in the Group undertake to respect the work environment, ensuring that it is fully compatible with the need to protect the health of its employees, seeking to avoid creating conditions of physical and psychological hardship, also combating any discriminatory attitudes or persecution.

The functions in charge work to ensure that the environmental conditions are constantly monitored, efficient and meet legal requirements, adopting all instruments and controls required for this purpose.

The companies in the Bonfiglioli Group undertake to provide appropriate information, training and instruction on health and safety, raising awareness among their employees and collaborators on all risks linked to the performance of their work activities and promoting responsible conduct by all.

In particular the Addressees must:

- take care of their own health and safety and that of the other persons present in the work place who may be affected by their actions or omissions, in conformity with the training and instruction and the equipment made available by the employer;
- contribute, along with the employer, the managers and supervisors, to the fulfillment of the health and safety obligations in the work place;
- comply with the provisions and instructions issued by the employer, the managers and the supervisors, in order to ensure collective and individual protection;
- correctly use the work equipment, hazardous substances and preparations, means of transport and safety devices;
- use the protective equipment made available to them in an appropriate manner;
- care for the personal protective equipment made available

to them, without making any modifications at their own initiative and reporting any defects or shortcomings to the employer, the manager or the supervisor;

- report any situations which could imply a risk to health and safety in the work place.

For us the integrity of our human resources is a fundamental value; under no circumstances will any form of harassment and/or explicit or implicit behavior which may even slightly harm the personal sensitivity, dignity, respect and physical or psychological integrity of our human resources be permitted or tolerated.

5.3 Alcohol and drugs

To guarantee safety, drugs and alcohol are not permitted in the work place. Possessing or using illegal drugs, consuming alcohol at work or incorrectly taking prescription or 'over the counter' medicines constitutes a safety risk. Such behavior is strictly forbidden and subject to disciplinary action.

5.4 Environmental Protection

The Bonfiglioli Group undertakes to promote actions to guarantee sustainable development and environmental protection, undertaking to support innovative product and service improvements offering environmental and social benefits.

The Addressees of this Code of Ethics are bound to develop in-depth knowledge on the issues of sustainable global development and conservation of biodiversity, and to take initiatives to protect the environment in their everyday lives; they shall cooperate in the implementation of actions and projects promoting environmental protection.

The Addressees are also bound to:

- contribute, within their own sphere of responsibility, to meeting all environmental protection requirements;
- always assess the effects of their own conduct in relation to the risk of environmental damage;
- in conformity with their own training and experience, as well as the instructions and equipment provided where required, avoid all forms of behavior which could cause environmental damage;
- adopt direct measures for production prevention and the reduction of harmful waste;
- ensure the protection of the soil and subsoil, the atmosphere and territorial conservation, as well as the protection of surface, sea and underground waters;
- report situations which could imply a risk for the environment.

6. Adoption and updating and/or amendment of the Code of Ethics

This Code of Ethics is adopted by resolution of the Board of Directors of Bonfiglioli Riduttori S.p.A. on 29 March 2019, with immediate effect from that date.

The company undertakes to inform all Addressees of the principles contained in the Code of Ethics with effective means suited to the purpose.

All updates, amendments and additions to this Code of Ethics constitute a guarantee of its effectiveness and its

correspondence to the changes and developments of the context in which it acts as a guide.

Any updates and/or amendments to the Code which may be necessary shall be approved by the Board of Directors.

The SB is responsible for checking the effectiveness and reporting to the Board of Directors any opportunity for proceeding with its amendment or update.

7. Violation of the Code of Ethics and penalty system

The Code of Ethics must be considered an integral part of the contractual obligations of the Managers and Employees of the companies in the Bonfiglioli Group, working both in Italy and in its foreign branches.

The violation and even partial non-application of the Code of Ethics by the Addressees shall constitute a contractual breach and ethical disciplinary offense, with the consequent adoption of disciplinary sanctions which are proportional to the severity or recidivism of the conduct, which may also lead to a request for compensation for any material damages or damage to the

company's image, always in compliance with the provisions of the applicable contracts of employment, and any other regulations protecting workers which are applicable in the referred country.

The failure to apply all or part of the Code of Ethics by Addressees who are not employees (Consultants, Suppliers, Partners, etc.) will constitute sufficient grounds for the termination of the cooperation relations with the companies in the Bonfiglioli Group.