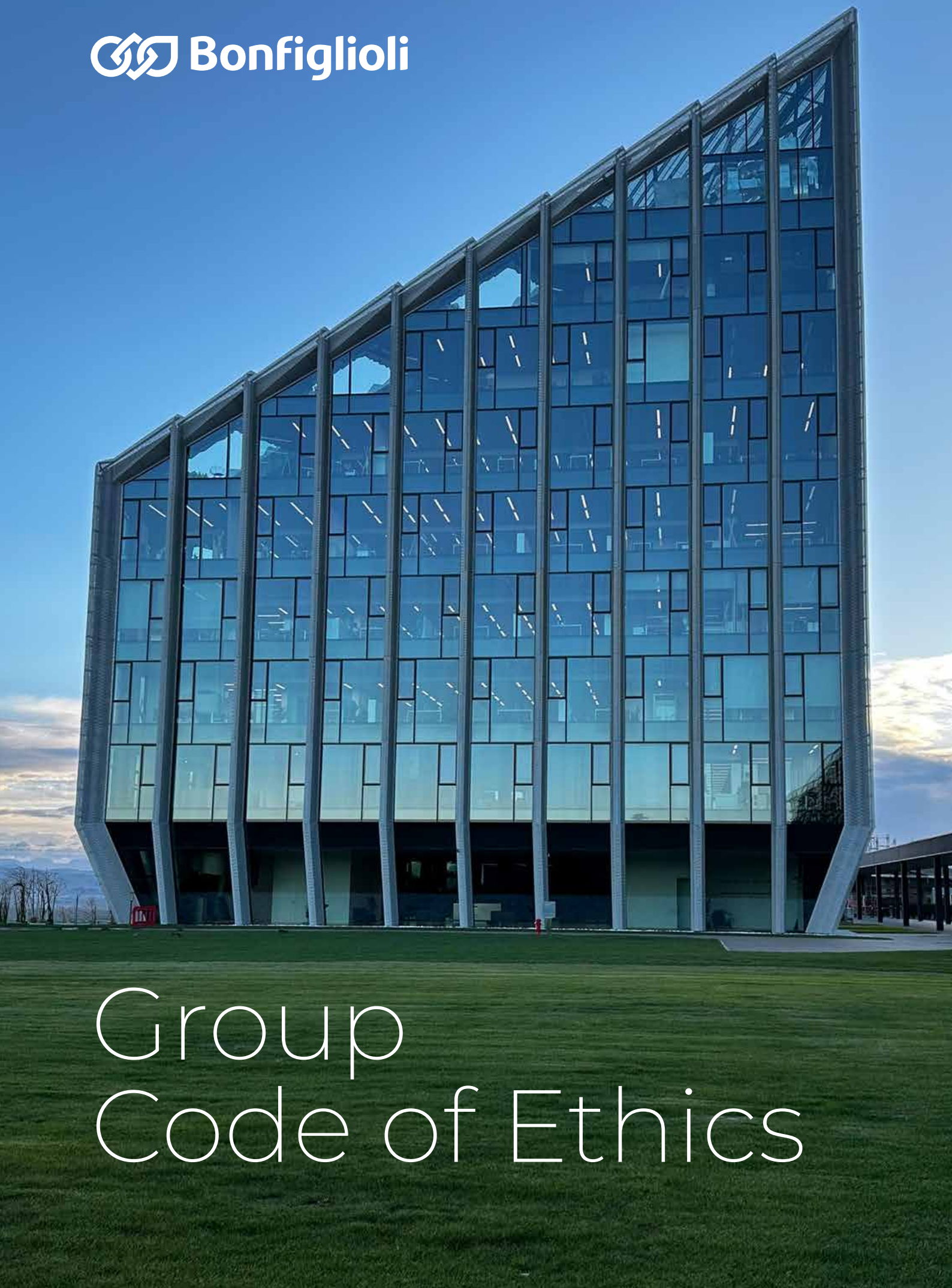
Bonfiglioli



Group Code of Ethics



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Introduction

Since 1956, and so for nearly 70 years, the Bonfiglioli Group has been designing, manufacturing and selling products and systems for power transmission and control across the world, dedicated to offering customers solutions that convey the passion for excellence, that is one of the Group's primary goals.

The mission of the Bonfiglioli Group is founded upon four core values: Challenge, Respect, Accountability and Winning Together, all contained within this Code of Ethics. These values constitute a fundamental guide, steering the choices and actions of the Group, and we share them with all our *stakeholders*, both internal and external to the organization, regardless of their role, position or function.

Our Group is a dynamic, active company, and through our 24 subsidiaries and our network of distributors, we have a global presence in more than 80 countries, guaranteeing a multicultural working environment with a wide variety of skills. Our Group's industrial history has built on the foundations of sustainability and social responsibility, We recognize the value of our human resources and are committed to providing them with opportunities for growth, training, integration, and innovation. At Bonfiglioli, gender equality is a key and essential element in promoting the growth and general well-being of the company. No forms of discrimination are tolerated, and diversity is considered to be one of the company's greatest strengths, in that it represents a source of wealth, freedom and complementarity of knowledge and actions. As confirmation of the Bonfiglioli Group's commitment to promoting and ensuring a working environment for employees that is characterized by high standards of quality, inclusivity and collaboration, a certification process designed to foster corporate excellence in the area of Human Capital area is also underway.



The Code of Ethics represents Bonfiglioli's commitment to its *stakeholders* and is focused on the behaviors of its managers and employees. In an increasingly complex corporate environment, the Code of Ethics is a guide which provides the necessary certainty and confidence, even in uncertain times. This is reflected in the corporate values that have contributed to the success of the Group for nearly 70 years.

In addition, Bonfiglioli is committed to maintaining fair and transparent relations with its employees, customers, suppliers, institutions and partners. The set of ethical values upon which this Code is founded represent a guarantee to safeguard the respectability and integrity of our economic and human assets, both of which provide a valuable contribution to enhancing the image of our companies, in a host of ways.

This Code of Ethics is also adopted in line with the principles set out in Italian Legislative Decree 231/01 ("Decree"), and constitutes an integral part of the Organization, Management and Control Model. It also serves to prevent administrative liability for crimes, as provided for and regulated by this Decree. Bonfiglioli ensures that the principles of business ethics are widely disseminated across each Group company.

The Boards of Directors of each of the Bonfiglioli Group companies - both in Italy and abroad - adopt this Code of Ethics in order to establish and disseminate the principles described herein, both within the company and among external partners.

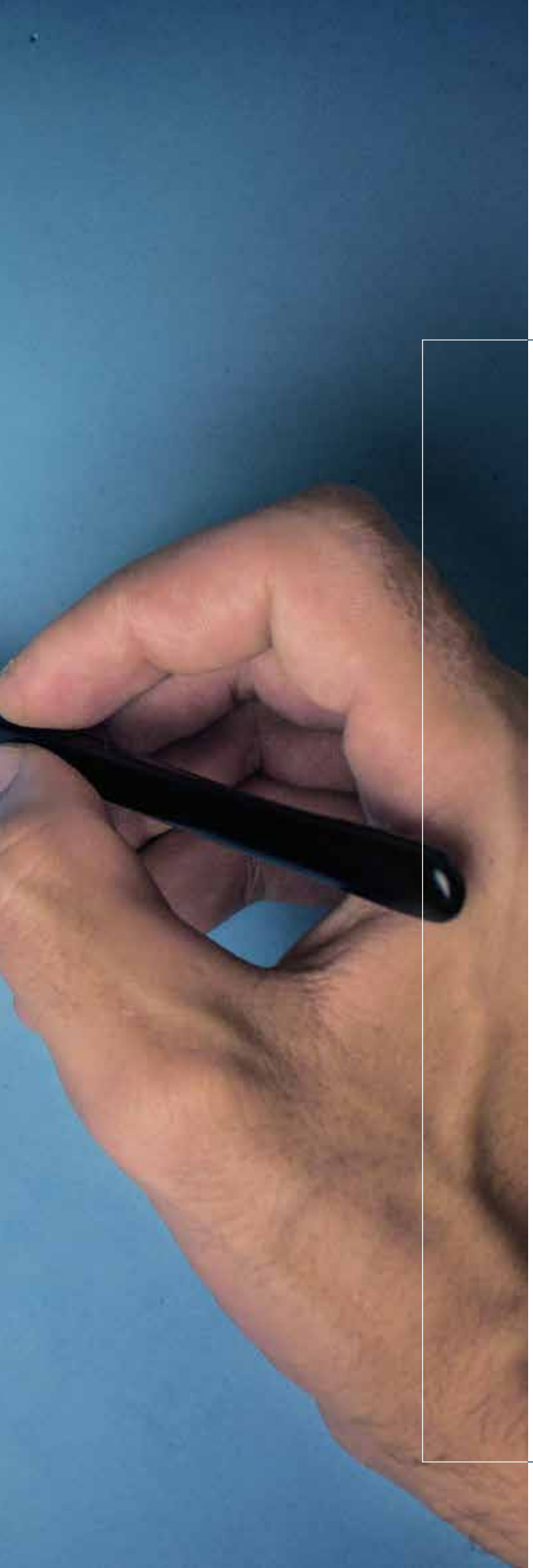
Each director and/or general manager is responsible for ensuring that the company to which he or she is affiliated - and the operations thereof - comply with this Code.



Our mission



*"We have a relentless commitment to **excellence**, **innovation** and **sustainability**. Our team creates, distributes and supports power transmission and control solutions to keep the world in motion."*



Our values

At Bonfiglioli, our everyday work is guided by four core values: **Challenge**, **Respect**, **Accountability** and **Winning Together**.

Challenge

We continuously challenge our limits in the pursuit of excellence in performance, innovation and products.

Respect

We respect diversity, local cultures, religions and the environment with uncompromising ethics.

Accountability

Individual responsibility enables collective responsibility, practicing leadership with commitment and determination.

Winning Together

Winning by working together, ensuring the creation and sharing of knowledge.

Our global presence



Thanks to an international network of closely interconnected branches, production sites and assembly facilities, we can guarantee the same high levels of Bonfiglioli quality anywhere in the world, at any time.

With a deep-seated awareness that the key to lasting success is a direct presence in local markets and a profound knowledge of the contexts in which our customers are working, we have structured our organization into 26 sales subsidiaries, 20 production plants and over 550 distributors worldwide.

This is a consistent strategy in our plans for growth, and every year, we invest in expanding our organization and our direct presence in each individual market.

20
Production sites

26
Commercial sites



We lead the global market with complete and efficient solutions, supporting our customers with dedicated services ranging from co-engineering to after-sales assistance.

~4.800
People

80
Countries

1. Recipients, Supervisory Board and "Integrity Line" Whistleblowing Channel

1.1 Recipients

The recipients of this Code of Ethics are the members of the Board of Directors and the Board of Statutory Auditors, the auditors, managers, employees, associates, consultants, suppliers, customers, partners, agents, distributors and counterparties in contractual relationships, as well as all those who, as natural or legal persons, establish relationships and relations with the companies of the Bonfiglioli Group - however temporarily - in the pursuit of common objectives (hereinafter referred to simply as the "Recipient(s)").

Each recipient is required to know and comply with the Code of Ethics and its principles of reference, actively contributing to implementing every point, and reporting any violations of the ethical principles contained therein to the relevant body, and in any case to the Supervisory Board.

1.2 Supervisory Board

The parent company Bonfiglioli S.p.A. (hereinafter simply the "Parent Company") has established a Supervisory Board, which is tasked with monitoring compliance with the ethical rules and regulations.

This Supervisory Board (hereinafter referred to as the "SB") has a collegiate and independent structure, with autonomous powers of initiative and control; it has been appointed by the Board of Directors.

The SB must carry out the following functions:

- Promote knowledge and dissemination of the Code of Ethics among all recipients;
- Ensure that the Code of Ethics is implemented and complied with by the recipients;
- Protect the recipients from any pressure, intimidation or reprisals in the event that they report any conduct and/or acts that do not comply with the principles and provisions contained within the Code of Ethics;
- Implement any requests to update the Code of Ethics, should it become necessary to do so in order to reflect any changes to Group companies and/or any new regulations.

For any requests for clarification on the Code of Ethics and/or the whistleblowing referred to in point 1.3, please consult the Supervisory Board of the Parent Company by sending an email to the following address **odv@bonfiglioli.com**

1.3 "Integrity Line" Whistleblowing Channel

The Bonfiglioli Group makes every single decision with honesty, integrity, transparency and a sense of responsibility, and expects all employees, managers, consultants and representatives acting on behalf of the company to uphold these high standards, respecting the values of the Group and behaving in accordance with the Code of Ethics.

With a view to ensuring fairness, transparency and ethics in the way we conduct our business, the Bonfiglioli Group has adopted a "Whistleblowing Management" system via the "Integrity Line" channel. This can be used by all employees (including temporary and contract staff), as well as by managers, consultants, individuals on work experience placements, seconded staff and representatives who act on behalf of the company, consultants, suppliers, customers, partners, agents, distributors and counterparties in contractual relationships. The "Integrity Line" channel can be accessed via the following link, which is on the Bonfiglioli Group company website: **https://bonfiglioli.integrityline.com/**, as specified in greater detail in the Whistleblowing Policy, also available on the company website. All reports received will be handled by an external "manager" who has expressly appointed by the Group for this purpose. The Bonfiglioli Group ensures that the confidentiality of whistleblowers is fully protected.

The Group takes all reasonable precautions to protect the identity of anyone who makes a confidential report, in a manner that is consistent with conducting a thorough, fair investigation in line with all applicable laws. Access to the report will only be permitted to authorized individuals who must necessarily be made aware of it. The identity of the whistleblower shall not be disclosed without their explicit consent to anyone other than those authorized to receive and handle the report. The Group ensures that all personal data are processed in compliance with the relevant privacy policy, which is available on the company website.

To find out more, please see our Whistleblowing Policy, available at https://bonfiglioli. integrityline.com/)



2. General ethical principles

2.1 Environmental, social and organizational sustainability

Bonfiglioli invests in innovation, excellence and sustainability, and the Group's primary objective is to develop a sustainable business which has positive effects, including in terms of social impact. Social responsibility is an essential commitment for any company, and with this in mind, the Group has set up a Corporate Social Responsibility Committee, which is tasked with drafting a sustainability report every year. As such, Bonfiglioli is a socially responsible group, and indeed, ESG indices serve as a constant point of reference for the company: these indices are designed to assess sustainability performance with regard to Environmental, Social and Governance-related themes, and are increasingly used in the financial sector by analysts and ratings agencies to measure, assess, monitor and compare the performance of companies within the financial market. The Group companies are aware that ESG ratings represent an important tool for investors, and drive the development and consolidation of sustainable business models. The Group companies are constantly committed to managing and reporting on all ESG aspects, viewing these as an key opportunity to improve their sustainability performance and to establish specific action plans involving all Group companies. In this regard, the Group implements actions designed to: limit the impact of production on the environment, taking the 2015 Paris Agreement and subsequent amendments - as ratified by the members of the United Nations Framework Convention (Environment) - into consideration; improve the Group's relations with its *stakeholders* - internal and external, direct and indirect (Social); ensure respect for company values and foster corporate transparency (Governance).

Among the instruments that the Bonfiglioli Group has adopted, also to achieve high levels of quality, there are various certifications,including ISO 9001 - Quality Management System - and, for the main production plants, the certification of the safety (ISO 45001) and environmental (ISO 14001) management system. Some of the Group's plants have also adopted the ISO 50001 - Energy Management System certification.

(To find out more, please see our Sustainability Policy, available on our institutional website)

2.2 Ethics in general business management

The Bonfiglioli Group recognizes the important role played by Corporate Social Responsibility in the management of the business; indeed, respect for and safeguarding of people, laws and the environment are key to Bonfiglioli's vision within its market of reference.

The behavior of recipients of this Code in the management of the business must be characterized by the utmost fairness, transparency, clarity and respect for legality, so that all those who deal with Bonfiglioli Group companies are able to make independent, conscious decisions.

Business relations must reflect the Group's policies and mission, which are visible to and interpretable by all recipients of this Code.

Recipients outside the Bonfiglioli Group who are connected with the organization through professional relationships must adopt practices based upon appropriate management of business and work, and must maintain the high standards set with regard to Corporate Social Responsibility.

From a social and ethical perspective, the Group considers the safeguarding of the environment, the development of the social environment, the protection of weaker population groups and non-discrimination as values that must be protected and promoted in all the countries in which it operates, including through its *stakeholders*.

Free or personal interpretations of the rules of conduct set out in this Code of Ethics with regard to business relations are not permitted.

2.3 Conflict minerals

The term "conflict minerals" refers to the so-called 3TG minerals - tin, tantalum, tungsten and gold. These materials are so-called because they come from countries in which there is armed conflict or high risk thereof, characterized by serious human rights violations.

In compliance with the Conflict Minerals Regulation currently in force, Bonfiglioli companies do not import conflict minerals, and are committed to implementing and monitoring responsible sourcing practices. Furthermore, the Bonfiglioli Group is also aware that conflict minerals may be present in the supply chain. To prevent the use of these minerals, suppliers must certify whether their products contain conflict minerals, and must declare that they are compliant with the Conflict Minerals Regulation. To underline its commitment to ensuring a responsible and fair supply chain, since 2018, Bonfiglioli Group has been a signatory of a declaration letter in which confirms that:

- Products and components supplied by the company do not contain raw materials such as tin, tungsten, tantalum or gold originating from the Democratic Republic of Congo (DRC) or adjacent countries;
- Bonfiglioli will inform and support its suppliers in conducting a Reasonable Country of Origin Inquiry (RCOI) to determine the possible origin of raw materials from black-listed countries;
- Some parts of the products manufactured by Bonfiglioli have been purchased from its own suppliers, which declare that they do not use raw materials from blacklisted countries;
- The company is dedicated to keeping all customers constantly informed with regard to the results of the activities related to the Reasonable Country of Origin Inquiry (RCOI).

2.4 Conflict of interest

Upholding excellence is one of the core values of the Bonfiglioli Group. Conflicts of interest compromise our ability to act in an excellent manner. A conflict of interest arises when personal activities, interests or relationships interfere (or seem to interfere) with an individual's professional obligations as a manager or employee of the Bonfiglioli Group, or with the capacity to act in the best interests of the Group. Even in circumstances where no personal benefits are received, even just the impression of a conflict of interest can have a negative impact on the credibility of the Bonfiglioli Group. Employees must proactively report any relationship or interest that could be in conflict (or appear to be in conflict) with the performance of their work. All reports of potential conflict of interest are handled confidentially. It is not possible to list all the situations or relationships that could create a conflict of interest, and as such, each situation must be assessed on an individual basis. Please note that most cases of conflict of interest can be resolved in a transparent manner, and with an open discussion. A conflict of interest is not necessarily a violation of the Code, but not declaring it is.

Accordingly, activities involving conflicts that could interfere with the ability to make impartial decisions, to the detriment of the interests of individual Group companies, must be avoided.

Recipients must act in compliance with the law and with ethical values in their relations with Bonfiglioli Group companies; it is strictly forbidden to resort to favoritism, corrupt practices, bribery or collusion to obtain advantages either for personal gain or for others.

2.5 Respect for diversity and anti-discrimination regulations

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

This is closely tied to our core philosophy, which sees "diversity" as a strength, as it represents the integration and the synergy between knowledge and practice.

As a Group that operates at global level, Bonfiglioli employs people from a range of different cultures and diverse backgrounds. The Group strongly believes in this diversity, which - along with gender equality and respect for equal opportunities - represent great values, which must be safeguarded and promoted. For this reason, unequal treatment on the basis of gender, religious beliefs or culture is not permitted within the Group: each individual must be evaluated solely on the basis of his or her own actions within his or her role and duties. This approach is at the core of the quality relationships that have developed between the company and all those who work within it. More specifically, the Group recognizes the importance of the principle of equal opportunities for men and women and the respect for anti-discrimination regulations from all perspectives. This is achieved through the comprehensive implementation of the protective measures provided in the event of discriminatory conduct, which are guaranteed to be tangibly effective. By virtue of these principles, sexist behaviour and verbal remarks aimed, by way of example but not limited to, at transmitting attitudes of hostility, offensive or that may imply, even if only generically, an inferior conception of the opposite sex or of the sexual orientation of the person to whom they are directed, as well as vexatious acts, criticism and ill-treatment aimed at discriminating, discrediting or otherwise harming the worker in his or her own way, career, status, formal power, informal power, and in one's integrity as a person, are not permitted.

It is also essential that all Recipients, and in particular the employees of the Bonfiglioli Group, maintain a respectful behaviour in their internal relations with their colleagues, as well as in their external relations with other stakeholders and/or interlocutors, in order to create a positive and collaborative work environment.

The Bonfiglioli Group does not tolerate any form of discrimination, abuse or misconduct towards colleagues and/or internal or external stakeholders, such as consultants, customers and suppliers. Such behaviour will be subject to disciplinary sanctions, aimed at ensuring compliance with the four values of Challenge, Respect, Accountability and Winning Together, which must guide the daily work within the Group.

It is also necessary that all those who interact with the Bonfiglioli Group, suppliers, customers and business partners, behave in a manner that respects civil coexistence, in line with the principles underlying this Code of Ethics. Any conduct that violates these principles will not be tolerated and will result in the consequences referred to in point 7 of this Code of Ethics.

(To find out more, please see our Diversity & Inclusion Policy, available on our institutional website)

2.6 Prevention of child labor

The Bonfiglioli Group operates in various countries, and takes great care to prevent the use of child labor by expressly forbidding the employment of individuals below the minimum working age as stipulated by Italian law in its production activities: more specifically, this means individuals under the Italian legal employment age, and at any rate below the age stipulated by the regulations in the location where the work is carried out.

This ban is extended to all Bonfiglioli Group companies operating abroad, even where these practices are well-established and are implemented with regrettable ease.

The Group forbids the recipients from establishing business relations with suppliers who employ individuals below the legal working age under Italian law and the laws of the location in which the work is carried out. To this end, suppliers must provide appropriate guarantees to the Group.


Bonfiglioli
We engineer dreams

3. Ethical principles in relation to third parties

3.1 Relations with public institutions

The corporate functions expressly delegated or specifically empowered by the Group to act on their behalf are authorized to represent Bonfiglioli in Italian and foreign institutional relations which arise as they are carrying out their working activities.

These relations must be underpinned by the principles of impartiality, transparency and fairness, as stipulated by the laws currently in force and by the Code of Ethics, not least to prevent situations in which a conflict of interest could arise.

The goal of managing relations with Italian of foreign public institutions in a transparent, honest manner is to ensure that situations do not arise in which partners of the Group find themselves promising or offering (either directly or indirectly) money or other benefits to representatives of institutional authorities in order to obtain profits or advantages for themselves or for persons working with Bonfiglioli Group companies.

3.2 Transparent, truthful, consistent communications and social media

It is essential to convey information regarding the facts, data and activities that constitute the daily work of the Bonfiglioli Group to the public.

In light of the importance and sensitivity of the communications shared through the media - whether social media and/or other types - these communications must come exclusively from the authorized and delegated functions, as well as from the President and the Managing Director of the parent company.

Recipients (as set out in point 1.1) who, in the course of their work in the name of and on behalf of the Bonfiglioli Group, have recourse to social media and/or mass media channels, must agree in advance with and/or request express authorization from the appropriate functions with regard to the content of the statements to be made and/or interviews to be carried out.

Information destined to be disclosed externally must always be complete, consistent, truthful and transparent, and must always be authorized in advance.

When expressing an opinion through social and/or mass media, recipients must not provide personal views regarding or on behalf of the company and/or the Group, unless they have authorization to do so. In the absence of such authorization, recipients do not have the right to attack and/or slander - either at individual and/or at Group level - the company and/or any person connected to the Group, Bonfiglioli products, Bonfiglioli customers and suppliers, colleagues and/or any person directly or indirectly connected to the Bonfiglioli Group.

This is without prejudice to each individual's right to start proceedings via the relevant channels and fora.

It is forbidden for any recipient of this Code to share confidential information about the Group and/or about colleagues working for the Group; the recipient will also be held fully responsible for any content with any connection to the Group that they publish in their personal account.

(Bonfiglioli has adopted internal Social Media Guidelines)

3.3 Relations with customers

Achieving customer satisfaction is the primary and constant goal of the Bonfiglioli Group. The Bonfiglioli Group is driven by a passion to provide high-quality, tailor-made, innovative solutions for every requirement. Every day, the Group works to ensure that the products and services delivered meet customers' expectations and respond to their needs in a timely and effective manner

For the Bonfiglioli Group, customer satisfaction is the key to success, and this is why a great deal of attention is paid to the demands and requirements of customers. The Group wants each interaction with customers to be focused on quality, courtesy and the ability to exceed expectations. Customer satisfaction is a source of great gratification for Bonfiglioli, and is the primary motivation for persevering and pursuing constant improvement.

This awareness requires the Group to continuously strive for excellence in relations with customers, and this can only be achieved through respect for ethical values and the corporate procedures inspired by them.

The Group is dedicated to consistently providing reliable information about its products, and to only marketing safe and effective products that have undergone quality controls and have been developed in compliance with applicable regulations and best practices.

Recipients of this Code must ensure that they comply with the ethical principles herein in their relations with customers, and more specifically:

- Strictly abide by all applicable regulations and internal procedures regarding the management of relations with customers;
- Behave in an objective, transparent manner when dealing with customers;
- Observe and comply with all applicable legal provisions and contractual conditions in all supply relations;
- Be guided by the principles of propriety and good faith in correspondence and dialog with customers, in line with the most stringent commercial practices.

3.4 Relations with suppliers

Suppliers are important partners for Bonfiglioli, and the Group must seek to maintain relationships with them based on the principles of fairness and loyalty. The Group recognizes the important role played by suppliers in the development of Bonfiglioli as a company, as well as in its image.

The Group's unwavering commitment to sustainability has an impact on the entire production cycle, from the product design phase to the selection of raw materials and suppliers.

Accordingly, Bonfiglioli Group suppliers must adhere to high standards and assure the Group that they pursue ethical work practices and environmental policies that are in line with environmental, social and governance (ESG) sustainability.

When selecting suitable suppliers, and in compliance with key sustainability policies, the Group uses due diligence criteria, based on objective parameters which take into account not only the competence of the supplier and the relationship between the quality of the good and/or service provided and the fairness of the price, but also the degree to which the aforementioned provides support and shares objectives on core issues such as environmental and energy policy, ethics, labor practices and the implementation of concrete policies aimed to ensure gender equality and prevent discrimination.

The Group's suppliers are also selected on the basis of the guarantees they are able to provide with regard to their relations with their partners and any subcontractors. As such, suppliers must be able to ensure that their supply chain is monitored carefully, supervising their partners and assessing the risks connected with the sourcing of products from subcontractors, as well as evaluating how far such third parties comply with the ESG principles described.

Contracts entered into with suppliers must be based upon very clear, transparent relations, avoiding restrictions that entail abuses of power and/or dependence.

With this in mind, the Bonfiglioli Group does not allow its collaborators to offer or receive gifts or benefits of any kind that could in any way influence the transparency and integrity of business dealings to/from suppliers with whom they have working relationships.

Contracts with suppliers may also provide for checks by Bonfiglioli with regard to performance in light of the application of and compliance with ESG criteria. Accordingly, the Group reserves the right to check that the suppliers it uses are operating in compliance with the law and this Code of Ethics, including through audits; to this end, collaboration and supply contracts feature a specific clause to confirm that suppliers have read this Code of Ethics and agree to comply with the principles contained herein.

(To find out more, please see our Supplier Code of Conduct, available on our institutional website)

3.5 Relations with customs

The Bonfiglioli Group has adopted and implemented a number of internal regulatory documents that stipulate that certain checks must be carried out to prevent/reduce the risk of crimes related to customs violations.

More specifically, the Group companies have carried out analyses on the reliability of shipping agents through due diligence checks that focus on their trustworthiness in terms of both professionalism and reputation, and carry out extensive monitoring of all customs processes in order to mitigate the risk of smuggling crimes.

3.6 Gifts, complimentary items and other benefits

Giving or promising gifts, complimentary items and other benefits to customers, directors, auditors, partners, suppliers, public officials or public servants is only permitted when these are properly authorized and documented, are of modest value, and cannot be interpreted by a third party as being designed to obtain any kind of advantage in an improper manner. In any event, gifts must not be intended in any way to influence or compensate for an official duty carried out as part of the recipient's professional role. The Group policy stipulates that employees must not request or accept gifts, favors, loans, complimentary items, rewards, promises of future professional assignments, or anything of value, including travel and stays. It is also our policy not to offer gifts or entertainment to customers in order to influence their professional decisions.

Accepting or offering gifts or entertainment is a discouraged in general, and is only permitted in rare cases - with prior authorization from the CEO or Line Manager - where they are:

- Are of symbolic value;
- Are not prohibited by contracts or by specific regulations;
- They are occasional, in good taste, and not requested;
- They do not involve cash or cash equivalents (e.g. gift cards, fuel vouchers etc.)

In any case, during negotiations or any other relationship with the public administration, recipients must refrain from directly or indirectly acting in a way designed to:

- Obtain opportunities for business and/or sales from which advantages may be obtained, for themselves or for others, from public officials or public servants or their family members or relatives;
- Solicit or obtain confidential information that could compromise the integrity or reputation of both parties.

In the event of investigations, inspections or requests by the public authorities, recipients are required to cooperate fully.

3.7 Relations with competitors

The Bonfiglioli Group believes that a modern, free market can only be viewed as such if there is a considerable degree of fair competition.

Competitors are part of the complex of variables that an advanced company must bear in mind when considering the choices and strategies which will be instrumental to its development. Accordingly, this aspect must also be addressed, whilst remaining faithful to the underlying principles of the Code of Ethics.

Integrity, fairness, transparency, respect for the law and dynamic competition are the elements that should serve to distinguish the actions of our Group's sales area with regard to the market.

With this in mind, every Bonfiglioli Group company undertakes to abide by the principles of fair competition, as set forth in national and EU regulations, committing to observe the following rules:

- To make decisions on prices, terms and conditions of sale and sales and marketing strategies in a way that reflects the market conditions and production costs. There is no legitimate reason to discuss the aforementioned with a competitor;
- To avoid entering into agreements with suppliers whose commercial conduct may influence or compromise free competition within the market in which the Bonfiglioli Group operates;
- To refrain from attempting to obtain information regarding competitors through unlawful means, such as industrial espionage or bribery;
- To refrain from engaging in behavior whose primary or exclusive purpose is to hinder a competitor;
- To avoid asking job applicants or employees to disclose information about former employers, customers or professional partners, where such information could violate the obligations of confidentiality and fairness.

3.8 Relations with associations

The participation of employees or collaborators - on behalf of Bonfiglioli or as representatives of the company - in committees and associations, whether in the scientific, cultural or trade fields, must be duly authorized by senior management.

Where meetings at the premises of associations or institutions are held in the presence of individuals representing competitors, recipients of this Code of Ethics must avoid conduct that could be seen to violate the regulations designed to protect competition and the market.

3.9 Political parties

Recipients are not authorized, either in the name of the Bonfiglioli Group or publicly, to:

i) Support political parties;
ii) participate in electoral campaigns;
iii) take part in religious, ethnic, political or international conflicts.



4. Ethical principles relating to corporate governance

4.1 Processing of confidential information and protection of privacy

Confidential information pertaining to company data, strategies and business objectives must not be acquired by or disclosed to persons outside of the Bonfiglioli Group, with the exception of those expressly tasked with doing this, and within the limits of their function.

All information pertaining to Group companies, including the following categories (provided for illustrative purposes only, and not to be considered exhaustive) are considered to be confidential: data pertaining to the organizational structure and human resources of the company, as well as that regarding products, product development, production processes, business strategies and conditions, customers, partnerships, technological and industrial expertise, financial transactions, operating results, investments, projects and technical documentation, marketing plans, lists of suppliers and purchase prices, logistical aspects, IT solutions and anything else that is part of the wealth of knowledge required for developing our business.

Confidential information, documents and materials that recipients are required to use during their professional activities are the exclusive property of Bonfiglioli Group companies, which safeguard the confidentiality thereof as well as holding the rights to their origins.

The Bonfiglioli Group databases contain personal and confidential data, protected by the legislation designed to safeguard industrial property and privacy. This data must not be disclosed outside the company, even when such data would not cause damage to the company itself.

In line with the applicable regulations, every recipient of this Code must:

- Only acquire and process the data necessary and directly related to his or her professional role;
- Store such data in a way that prevents third parties external to the Group gaining knowledge of it;
- Communicate and disclose the data in accordance with the procedures adopted by the Group, or with the prior authorization of the person mandated to do so;
- Determine the confidential and private nature of the information;
- Ensure that there are no restrictions in terms of confidentiality imposed upon relationships of any kind with third parties;
- Handle any data, news and information they may come into possession of with the utmost confidentiality and refraining from disseminating or using this information for their own speculative purposes or those of third parties, even after the termination of the relationship with the company.

The preceding rules on the correct handling of information are the subject of periodic information and staff training initiatives.

4.2 Accounting and corporate information

All activities and actions carried out within the scope of the professional responsibilities of each individual recipient must be verifiable. The utmost accounting transparency should be pursued at all times, on the basis of the correctness and reliability of the documentation and of the accounting records made.

Each operation and the varying degrees of responsibility of those involved in order to achieve the objectives that rendered it necessary must be easily traceable.

In accordance with the principles of accounting clarity and transparency, the Bonfiglioli Group companies take care to ensure that their respective yearly financial statements and the corresponding reports are drafted in a fair, truthful manner, in line with the applicable laws on accounting record-keeping.

All individuals involved in the preparation of the financial statements, including the administrative body, must represent the economic, asset-related and financial situation in a transparent, truthful manner, providing the supervisory and control bodies with comprehensive, accurate and truthful information on the financial situation of the company in question.

4.3 Anti-money laundering

"Money laundering" is the process by which individuals or a group of individuals attempt to conceal the proceeds of illegal activities, or try to make the sources of their illegal funds appear legitimate. Bonfiglioli Group is committed to complying with all applicable anti-money laundering laws, and aims to prevent financial transactions from being used to launder money.

Recipients must cooperate to ensure that business transactions take place in total transparency, fairness and good faith, in order to counter money laundering and the receipt of stolen goods.

Specifically, the functions involved must ensure that:

- No cash collections/payments are made;
- Checks are carried out on the commercial and professional reliability of partners and suppliers, by means of appropriate due diligence;
- Tasks and assignments given to any service companies and/or individuals dedicated to managing the economic/financial interests of the company must be provided in writing, indicating the contents and the economic conditions agreed;
- Where joint ventures or other joint investment agreements are made, maximum transparency is guaranteed;
- The relevant functions ensure that regular payments to all counterparties are monitored, and that the person to whom the order is paid and the person who actually collects the relevant sums is always one and the same;
- Checks are carried out on the financial flows (intra-group payments/transactions) that regard the companies of the Bonfiglioli Group;
- The bid evaluation criteria are set.

4.4 Corruption and bribery

"Corruption" is defined as the phenomenon of obtaining (or attempting to obtain) personal benefit or commercial advantage by improper or illegal means.

Bribery includes kickbacks, facilitation payments, various types of benefits, etc.; it means giving, offering or promising something of value to another person - for illustrative purposes only, to a public official or political party - in order to obtain an improper business advantage. A "facilitation payment" refers to a unofficial payment of modest value to a low-level public official, with a view to expediting or obtaining a routine administrative process. The Bonfiglioli Group complies with all laws, rules and regulations governing corruption around the world. Any agreement that involves bribery is strictly prohibited. The Bonfiglioli Group takes a zero tolerance approach to any form of bribery and corruption. As recipients of this Code of Ethics, it is essential to act with professionalism, fairness and integrity in all working relationships. Bribes must not be offered or accepted for any reason, either directly or through a third party, from another person in the private or public sector for personal benefit or the benefit of another individual. Facilitation payments, influence peddling and political donations are also strictly prohibited, as is allowing others to engage in such activities on one's own behalf. It is important to report any issues that may involve bribery and corruption.

(To find out more, please see our Anti-Corruption Policy, available on our institutional website, and related local policies.)



4.5 Relations with *stakeholders*

The widespread presence of our Group across national and international markets, the operations it carries out in the various different contexts and the wide range of interlocutors with which it deals makes full transparency and fairness in the management of relations with *stakeholders*of primary importance; the term "stakeholders" refers to all public or private, Italian or foreign parties, individuals, groups, companies and institutions that come into any form of contact with the Bonfiglioli Group companies and/or otherwise have an interest in the activities of the Group.

The companies of the Bonfiglioli Group operate in line with market rules and with the principles of fair competition, and in compliance with the laws of Italy and of the countries in which the Group operates.

Our commitment to sustainable development and Corporate Social Responsibility (CSR) is at the heart of our relations with our *stakeholders*. The Group is dedicated to pursuing ESG criteria, with a view to creating a socially responsible business model designed to foster social, environmental, energy and organizational sustainability.

4.6 Protection of company image and quality

The quality and efficiency of the company organization, as well as the good reputation of the Bonfiglioli Group, are invaluable assets, and are the result of nearly 70 years of activity, characterized by transparency and honesty.

With this in mind, the Group is committed to developing a sustainability-driven business, and selects its suppliers and partners accordingly, requesting that they use ESG criteria as inspiration for their business and for their partnership with the Group.

As such, conduct that does not comply with the ethical and sustainability values established by this Code - even that of individuals - could damage the image and reputation of our Group both in Italy and abroad.

Therefore, every recipient of this code is bound, through his or her own conduct, to contribute to safeguarding this corporate asset, and in particular, to protecting the good reputation of the Bonfiglioli Group, as well as contributing to the sustainable development and social responsibility of the company, both within and outside the workplace.

4.7 Protection of company assets

Every recipient is directly and personally responsible for the care, protection, efficiency and preservation of the tangible and intangible corporate assets entrusted to them by the company in order to carry out their own duties, as well as for using them in a correct manner, in line with the company's interests.

The unauthorized use of either the tangible or intangible corporate assets entrusted to recipients in order to carry out their professional tasks for personal ends is prohibited. It is also forbidden to carry out activities that fall outside the scope of the recipients own professional duties within working hours.

4.8 Protecting industrial and intellectual property

The Bonfiglioli Group seeks to safeguard its company assets, and complies with laws on trademarks, patents, copyright and expertise (hereinafter "industrial property").

Protecting industrial property is at the heart of the activities of the Bonfiglioli Group. Bonfiglioli products, as well as the development, innovation, promotion and sale thereof, are protected by current legislation, and any violation must be promptly reported to the Group function through the "Integrity Line" channel. Furthermore, it is also is important to take great care not to violate the industrial and intellectual property rights of third parties, and for this reason, it is necessary to carried out all the essential checks during the preliminary stage with the support of the legal department Group.

As such, it is not permitted to use products and/or semi-finished products with altered or counterfeit trademarks or signs for any reason; in addition, it is also forbidden to manufacture, market and disseminate products already patented by third parties and over which the Bonfiglioli Group cannot claim any rights, or products that bear distinctive marks which are misleading with regard to their origins, provenance or quality. The protection of works of intellectual property is deemed to be of primary importance. As such, any illegal dissemination, reproduction, use or sale of this, for any purpose, use and by any means, is strictly prohibited.

Furthermore, with regard to the graphic materials (photographs, graphic representations, diagrams, etc.) used for communication and marketing purposes, the Bonfiglioli Group carries out the necessary preliminary checks with a view to preventing violations of the copyright of others.

The Bonfiglioli Group prohibits the use of software that is not expressly authorized, or that is unlicensed or illegally sourced.

4.9 Research, development and innovation

The Group is committed to promoting research and development initiatives, with a view to fostering improvements in products, technologies and working methods, and in order to create flexible, digitized, innovative and integrated solutions.

The Group views the "Industry 4.0" digital transformation as an important opportunity to improve the company's Quality Health Safety Environment Energy (QHSEE) System.

The Group's dedication to contributing to the spread of sustainable development regards the markets in which it operates, including the wind power and recycling sectors. In parallel to this, Bonfiglioli's R&D activities are focused on the development of solutions characterized by increasing energy efficiency.

The investment of financial resources in these R&D activities can make a positive contribution to the fight against climate change, as well as providing a better response to growing customer demand.

4.10 Tax and fiscal obligations

As part of the Group's broader goal of ensuring high ethical standards, striving to adhere to the principles of sustainability and Corporate Social Responsibility, and protecting the integrity of assets and *stakeholder*, Bonfiglioli has established a series of guidelines for managing tax and fiscal compliance. The goals of these guidelines are as follows: to ensure compliance with tax obligations within the time frames stipulated by law, to constantly monitor tax risks, and to minimize the risks of violating tax regulations. The Group's approach to fiscal management is founded upon the principle of legality and on the awareness that the revenue derived from tax compliance is fundamental to the economic and social development of the countries in which the Group operates. As such, it is ethically and socially right to consider taxes as an area of business activity to be optimized, establishing a collaborative relationship with the tax authorities in the countries in which the Group operates and promoting a corporate culture distinguished by full legality from a tax perspective.

4.11 Cybersecurity

The goal of the Bonfiglioli Group is to build a robust cybersecurity environment which serves to protect the Group and the companies of which it is composed, as well as ensuring operational continuity whilst fostering innovation and supporting new business models. In a context where threats are evolving rapidly, and in a corporate world that is increasingly digital, the Bonfiglioli Group is dedicated to mitigating cybersecurity risks and improving the protection of information, business expertise, corporate processes, digital assets and technologies, across our entire company. Security is a commitment that involves the Group as a whole; it is a shared responsibility that requires the participation and support of all Bonfiglioli employees and third parties who manage information and/or information systems. As employees, it is essential to:

- Ensure compliance with the cybersecurity policies related to your role, and perform your professional duties accordingly;
- Use company tools responsibly, refraining from installing unauthorized software on your devices, and making sure they are up-to-date;
- Remain diligent when handling company information, especially when this is confidential in nature, and when sharing with internal colleagues or external partners;
- Adhere to the *policies* adopted from time to time by the Group;
- Contact the IT Department and report anything strange or unusual, in order to actively help to protect our company from cyber threats.
- Complete all mandatory cybersecurity training courses;
- Follow cybersecurity communications and channels in order to remain up to date on any potential threats.

4.12 Cybercrime

The Bonfiglioli Group expressly forbids the use of the company's IT resources for purposes other than those permitted by company security policies, or to engage in unlawful conduct.

In particular, the following behaviors are prohibited:

- Unlawful access to an IT or telecommunications system;
- Unauthorized possession and dissemination of access codes to IT or telematic systems;
- The dissemination of equipment, devices or IT programs designed to damage or disrupt an IT or telecommunications system;
- The unlawful interception, hindrance or interruption of IT or telematic communications;
- Damage to information, data and computer programs and/ or to IT or telematic systems.

4.13 Organized crime

The Bonfiglioli Group avoids and repudiates any organization with links to organized crime, whether local, national or international.
The Group companies avoid relations of any kind with individuals linked to criminal associations, and do not fund or otherwise facilitate any activity with links to criminal organizations.

In order to prevent the commission of cross-border offenses, the Group companies check that relations with international operators are conducted in compliance with the applicable laws and regulations.

4.14 Antitrust and competition law

The Bonfiglioli Group believes in the value of competition, and is committed to complying with all antitrust and competition laws. Employees are prohibited from exchanging confidential or sensitive information with competitors or the competition. It is also not only forbidden to discuss or enter into agreements with competitors that go against the principles of competition, but also to seek to influence suppliers, distributors or customers in an inappropriate manner in order to distort the competition. Finally, a dominant position in the market must not be abused by imposing practices that distort competition.

4.15 International trade compliance

The Bonfiglioli Group acts in compliance with the applicable economic and trade laws that govern the movement of products and services, goods, technology or information at international level. The Group also undertakes to comply with the international regulations as well as the national requirements of the countries in which it operates. Employees of the Bonfiglioli Group must strictly comply with all applicable trade and economic sanctions, cross-border trade controls, embargoes and trade restrictions. Finally, any issues regarding the compliance of trade sanctions or potential violations of trade laws must be reported.



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, and their individual abilities and potential.

Employees are viewed as a fundamental competitive resources for the Group as a whole, and the company takes care to provide a working environment that fosters the conditions necessary for both personal and professional development.

The Group has a duty to ensure impartiality and fairness in the selection, recruitment, training and management of its human resources, offering equal professional opportunities to all employees and prohibiting conduct that may appear discriminatory towards others. More specifically:

- Staff are recruited exclusively on the basis of the candidates' professional skills and abilities, with regard to the roles to be filled. With a view to achieving this, the Bonfiglioli Group recruits new members of staff in full compliance with the principles of equal opportunity, without any form of discrimination, and avoiding any form of favoritism, clientelism or unfair competition;
- The company's management policies are designed to ensure that all resources have access to the same opportunities in terms of work and professional development, as well as the same financial treatment (including salary increases and incentive schemes) based on personal merit without discrimination, as well as on the standards established by law and set out under the collective bargaining agreement. The variable salary element is determined in accordance with the achievement of clear, objective, shared corporate goals that are assigned in compliance with the law, with contractual regulations and with the ethical principles set out in this Code.

Staff are only hired with regular labor contracts, as no forms of irregular work are tolerated.

When hiring non-EU workers in Italy, the relevant regulatory requirements are managed in a way that ensures that they have a regular permit to stay in Italy. Following recruitment, the residence permits of such employees are regularly monitored in line with the duration of their employment.

5.2 Safeguarding health, 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 well-being of all its partners, including by using information and training, considered to be a tool for rendering them responsible for their own conduct, as well as guaranteeing health and safety in the workplace in compliance with the requirements of the applicable laws.

The Group companies are committed to respecting and maintaining a work environment that is fully compatible with the need to protect the health of employees, seeking to avoid conditions - whether psychological or otherwise - that could lead to discomfort, whilst also combating any discriminatory or persecutory attitudes.

The relevant functions are dedicated to ensuring that the environmental conditions are constantly monitored and compliant with the normal standards and the relevant laws, adopting all the necessary instruments and controls for this purpose.

The Bonfiglioli Group companies are committed to delivering adequate training, information and instruction on health and safety related issues, raising awareness among employees and partners of the risks associated with their professional activities and promoting responsible conduct by all.

The recipients of this code in particular must:

- Pay attention to their own health and safety and that of the other people in the workplace who may be affected by their actions or omissions, in accordance with the training, instructions and equipment provided by the employer;
- Work with their employer, managers and supervisors to contribute to the fulfillment of the obligations designed to protect health and safety in the workplace;
- Comply with the provisions and instructions issued by the employer, the managers and the supervisors, in order to ensure collective and individual protection;
- Use any work equipment, hazardous substances and preparations, means of transportation and safety equipment provided in an appropriate manner;
- Use the protective equipment provided in an appropriate manner;
- Look after the personal protective equipment provided, without making any changes to it on their own initiative, and reporting any defects or issues to their employer, manager or supervisor;
- Report situations that could represent a health and safety risk in the workplace.

Within the Bonfiglioli Group, the integrity of human resources is a core 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 a safe working environment, drugs and alcohol must not be present in the workplace. Possessing or using illegal drugs, consuming alcohol at work or abusing prescription or "over-the-counter" drugs constitutes a safety risk. Such behavior is strictly prohibited, and shall be subject to disciplinary action.

5.4 Environmental protection

Bonfiglioli Group undertakes to promote actions that guarantee sustainable development and environmental protection, supporting innovative improvements in both products and services that offer environmental and social benefits.

The recipients of this Code of Ethics must seek to develop in-depth knowledge on the issues of sustainable global development and conservation of biodiversity, and must take steps to protect the environment in their everyday lives; they must cooperate in the implementation of actions and initiatives that foster environmental protection.

In addition, recipients are obliged to:

- Contribute to meeting all environmental protection requirements, within their own area of responsibility;
- Always assess the effects of their own conduct in relation to the risk of damage to the environment;
- Refrain from engaging in behavior that could damage the environment, in accordance with their training and experience, and in line with the instructions and means provided or arranged;
- Take direct measures to prevent the production of waste and to reduce the harmfulness thereof;
- Ensure the protection of the soil, the subsoil, the atmosphere and surface, marine and groundwater sources, as well as conserving the land;
- Report situations that could represent a risk to the environment.

(To find out more, please see our Sustainability Report and our Sustainability Policy)



6. Adoption of and updates/ amendments to the Code of Ethics

Updates to the Code of Ethics are adopted by resolution of the Board of Directors.

The Bonfiglioli Group is dedicated to bringing the principles contained in the Code of Ethics to the attention of all recipients, through the use of effective means that are suited to the purpose.

Any updates, amendments or additions to this Code of Ethics constitute a guarantee of the effectiveness thereof, and of the correspondence of this document to developments within the context in which it is designed to serve as a guide.

Any updates and/or amendments to the Code that are rendered necessary must be approved by the Board of Directors of the Parent Company, Bonfiglioli S.p.A.



7. Violation of the Code of Ethics and the sanctions system

The Code of Ethics must be viewed as an integral element of the contractual obligations of the managers and employees of Bonfiglioli Group companies, working both in Italy and in its foreign branches.

The violation and/or failure to apply the Code of Ethics by the recipients (even partially) shall constitute a breach of contract and will be viewed as an ethical disciplinary offense, with the consequent application of disciplinary sanctions that are proportionate to the seriousness or recidivism of the conduct. These sanctions may also lead to a request for compensation for damages suffered - both material and to the image of the company - in compliance with the provisions contained within the applicable employment contracts, as well as any additional regulations protecting workers that are applicable in the countries of reference.

Failure to apply the Code of Ethics, either in whole or in part, by recipients who are not employees (consultants, suppliers, partners etc) will constitute sufficient grounds for the termination of the professional relations with Bonfiglioli Group companies.

The various codes and policies do not cover all situations that may arise, nor do they eliminate the need to use common sense and professional judgment. If you are not sure how to proceed, ask yourself the following questions:

- Does it seem like the right thing to do?
- Is it legal, and does it seem to be in line with our values and our Code of Ethics?
- Does it reflect well on the Bonfiglioli Group?
- If I read about this in the media, would I still take full responsibility for this decision?
- Am I acting in the best interests of the Group?
- Would I feel comfortable if my actions were made public?
- Will my actions preserve Bonfiglioli's reputation as an ethical company?
- Do my decisions put our customers at risk?

If the answer is “no” to one of these questions, or if you are uncertain, stop and ask someone for advice.





Bonfiglioli
We engineer dreams

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

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