

**CODE OF ETHICS**  
**VILLA ERBA S.P.A.**

Revised on 26 June 2019

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## **PREAMBLE**

The Code of Ethics is a Charter of social and ethical Values that illustrate the general principles at the core of a business' operations. It is a guide of principles designed to help the people who work in or do business with the organization, on a permanent or temporary basis. The Code of Ethics sets forth the rights, duties and responsibilities of the organization towards all its "stakeholders", namely employees, corporate executives, collaborators and third parties such as clients, suppliers, partner and stakeholders in general.

The Code of Ethics requires compliance with the provisions of laws and regulations in general, and more specifically with the rules of the Organizational, Management and Control Model adopted by Villa Erba S.p.A., pursuant to Decree No. 231/2001 (hereinafter the "Model").

The Code of Ethics of Villa Erba S.p.A. (hereinafter "Villa Erba" or the "Company") is based on the principles of lawfulness, fairness, integrity and transparency.

The Code of Ethics requires compliance with the provisions set forth in the Model. Together, they create a corpus of internal rules designed to disseminate a corporate culture based on ethics and business transparency. The Code is the pillar of the Model and the provisions of the Model are consistent with the Code of Ethics.

The Code of Ethics may be amended and supplemented from time to time, also on the proposal of the General Meeting and /or of the Supervisory Board set up by the Company for the implementation of the Model, pursuant to Decree No. 231/01 (hereinafter the "Decree").

All the Company employees, as well as any third party acting under the direction or supervision of the company, shall comply with the provisions and principles set forth herein and shall promptly inform the Supervisory Board of the Company of any breach that come to their knowledge, by sending reports at [odv@villaerba.it](mailto:odv@villaerba.it), accessible only to the Supervisory Board, or through the reporting channels indicated in Art. 6, paragraph 2 bis of the Decree, made available by the Company to keep the whistleblower anonymous, also via IT systems, when reports are handled.

## **2. SCOPE OF APPLICATION**

This Code and the principles contained therein are applicable to Villa Erba, its employees – namely executives and managers, members of governing bodies and collaborators - and to all those who, although not belonging to the Company staff, are legally bound to it because they do business on behalf or in the interests of the Company, including, but not limited to, partners, agents, suppliers and consultants and third parties in general, natural persons and/or legal entities (hereinafter, the "Recipients "), whom the Company does business with.

External stakeholders whom Villa Erba does business with are also subject to this Code and shall acquire appropriate knowledge thereof.

In performing their functions and activities, the Recipients shall therefore comply not only with applicable laws and regulations, but also with all the provisions contained in the Code of Ethics. The Company closely monitors compliance with the Code through proper information, prevention and control measures and, if need be, appropriate disciplinary measures.

Newly hired employees will receive a copy of the Code of Ethics when they join the Company. People already employed by the Company on the date of adoption of the Code will be delivered a copy thereof together with their first payslip. The Code of Ethics will be circulated among all Recipients in the manner that the Company may deem appropriate to ensure the broadest knowledge of the principles contained therein.

### **3. GENERAL PRINCIPLES**

#### **3.1 Lawfulness**

Villa Erba condemns any behaviour that is not compliant with the laws and regulations in force in the country in which it does business, or with the provisions contained herein, even when such behaviour is carried out in the interest or to the benefit of the Company. Villa Erba promotes the principle of lawfulness and requires collaborators, consultants, partners, suppliers, etc. to adhere thereto.

All Recipients shall therefore operate in full compliance with the laws and regulations in force, with the Code of Ethics and as with the Company policies and procedures, where applicable. Villa Erba will not start nor maintain any business relationship with people who do not align with this principle.

The Company is committed to ensuring compliance with the laws and regulations in force, with its internal procedures and policies and with the principles contained in the Code, by promoting a culture of controls aimed at engaging employees and collaborators.

#### **3.2 Fairness and Loyalty**

Villa Erba fosters and ensures fairness and loyalty in its business relations with Recipients and external and internal stakeholders of the Company.

#### **3.3 Transparency**

Company and Recipients are committed to fully complying with the principles of transparency, clarity and completeness of information. The Company and its entire staff and management adhere to such principles also in the setting up of accounting books and records and the keeping corporate records in general, with the aim to provide accurate and timely information to the shareholders and stakeholders of the Company.

#### **3.4 Integrity and Ethics**

Villa Erba conducts business with integrity and in accordance with the highest ethical standards. The Company requires directors, employees and associates to be committed to dealing correctly with clients, suppliers, competitors and colleagues. All dealings shall be based on fairness, loyalty, honesty, cooperation and mutual respect. No one should adopt conducts aiming to achieve a position of supremacy and/or display discriminatory attitudes in the workplace and towards collaborators and business partners.

## **4. STANDARDS OF CONDUCT**

### **4.1 Protection of Human Resources**

The Company recognizes that people are central to the success of any business activity, in a framework of mutual loyalty and trust between employer and employees.

Personnel search, selection and recruitment are carried out according to the principles of transparency, publicity, comparison and impartiality. In any Human Resource decisions, Villa Erba adopts criteria based only on merit and competence and avoids any form of discrimination and favouritism. Recruitment is based on the assessment of candidate professional competence and on rules that guarantee candidate eligibility for the role, with the utmost respect for equal opportunities for all.

Villa Erba rejects any form of favouritism and nepotism and any discrimination based upon age, gender, race, national origin, health conditions, marital or family status, political opinion and religious belief.

Should the process of personnel searching and selection be carried out with the support of third parties, as Recipients such parties shall comply with the rules and principles set forth in the Code.

All employees are hired under a regular employment contract, pursuant to the law in force in the country of hire. The employment relationship complies with the sectoral collective bargaining and social security, tax and insurance regulations. Any form of irregular employment is expressly prohibited and will not be tolerated. To be employed, foreign nationals must hold a residence permit as well as all the documents required by law, testifying to the regularity of their stay in Italy.

When hired and during the induction process, employees will be adequately informed about the rules governing their employment relationship, health and safety at work and corporate policies and procedures, including the provisions contained in the Code of Ethics and in the Model.

The Company encourages the continuing professional development of employees and collaborators, also through training initiatives. Villa Erba guarantees the physical and moral integrity of its employees and ensures a healthy and safe work environment that respects individual dignity, in full compliance with accident prevention, workplace safety and health regulations in force.

The Company is committed to disseminating and promoting a safety culture among all its employees and collaborators, by fostering risk awareness and promoting everyone's responsible behaviour.

### **4.2 Behaviour in the Workplace**

Employee behaviour in the workplace strongly affects corporate reputation. The following principles aim to ensure a fair, morally integral and honest behaviour by directors, employees and collaborators vis-à-vis the Company, colleagues, clients and third parties whom they do business with. More specifically, Villa Erba employees shall not misuse equipment and resources provided to them by the Company to fulfil their tasks and roles. Except as otherwise authorized by the Company, business equipment and resources shall be used only for business-related purposes and in compliance with the rules and policies determined by the Company in this regard.

Villa Erba employees shall scrupulously comply with the internal regulations on health and safety in the workplace, by avoiding any unsafe or potentially dangerous behaviour that might cause harm to their own safety as well as the to safety of others, and by reporting at-risk situations or violations of internal regulations to their supervisors or functional managers.

Villa Erba employees shall not use, for their own personal benefits, for the benefits of third parties and for non work-related purposes, or otherwise disclose to any unauthorized persons any confidential document or information coming to their knowledge or into their possession in the performance of their duties.

Villa Erba employees shall display a correct and transparent behaviour vis-à-vis Company, colleagues and clients and shall perform their duties diligently and in a thoroughly professional manner. To this end, they shall acquire knowledge of and comply with all the rules applicable to the Company and to their tasks and roles, and act conscientiously and competently.

Villa Erba employees shall avoid any behaviour aiming to favour a customer over another and shall keep current and past customer information confidential, pursuant to the legal obligations and agreements between the parties.

Villa Erba employees shall report, through the channels provided by the Company, illegal or unethical behaviours observed at work, regardless of whether such behaviours are displayed by colleagues, clients or other people whom in various ways they deal with.

Moreover, Villa Erba employees shall not practice any form of discrimination on the basis of age, gender, race, national origin, health conditions, marital or family status, political opinion and religious belief.

The principles illustrated above are intended to provide guidance on due diligence, fairness and loyalty expected in the performance of tasks and duties and in the behaviour in the workplace.

### **4.3 Privacy and Confidentiality**

Villa Erba guarantees confidentiality of all information that comes in its possession, and compliance with the applicable laws and regulations on the protection of individuals with regard to the processing of personal data.

All information provided to the Company is treated as confidential and with the utmost respect for each individual's privacy. More specifically, Villa Erba employees acquire and processes only data that is necessary for and directly related to the performance of their tasks and duties, and keep such data in a manner that ensures protection against unauthorized access by third parties, pursuant to the Company policies and procedures.

The Company also guarantees data processing security through the reliability of its systems and technologies. All data and information stored in its computers and telematics devices are property of the Company and shall only be used for the conduct of the Company business.

Limited to cases of access and use of the Company computer systems, all the Company executives, directors, top managers, employees, collaborators, suppliers, external consultants and partners are committed to complying strictly with all the laws, regulations and Company policies and procedures governing the processing of data and information, and access to, and use of, computer systems, electronic devices and communication systems. Furthermore, the Company is committed to ensuring that data access and processing are carried out pursuant to the provisions

of Decree 196/2003 and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016, also when such data is processed by third parties who are acting on behalf of the Company.

#### **4.4 Use of IT and Electronic Communication Devices**

Personal computers (laptops and desktops alike), corporate mobile devices (smartphones and tablets), corporate fixed and mobile phones, whether or not connected to the corporate internet, as well as any program and application provided to employees, are business equipment and as such shall be properly guarded and used for business purposes only. Any theft, loss and damage of such equipment must be promptly reported to the Company.

E-mail and messaging are work tools and shall be used for business purposes only.

Business-related emails to third parties are permitted only in the manner and within the limits established by the company rules.

The above may be subject to specific exceptions depending on the agreement entered into with the Company. Employees and/or collaborators with whom different agreements are currently in place will from time to time be informed of any such exception.

#### **4.5 Accounting Records**

All transactions made by Villa Erba must be properly recorded and it must be possible to verify the decision-making, authorization and execution processes.

All transactions must be adequately documented so that controls can be conducted from time to time to assess features of and reasons for such transactions and identify the person who has authorized, made, recorded and controlled such transactions.

#### **4.6 Dealings with Government**

Villa Erba recognizes that business ethics guarantees satisfactory and long-lasting results. Through the circulation of the Code of Ethics, the Company aims to disseminate and increase awareness of the principle of ethics among Recipients.

Villa Erba, its directors, employees and collaborators shall observe high standards of business and personal ethics in the conduct of the Company business and in their dealings with government, government officials and employees and private and public entities who provide public services. More specifically, any dealings between the Company and government, government officials, representatives and employees, as well as individuals and public entities who provide public services, shall adhere rigorously to the applicable laws and regulations and the policies adopted by the Company and must not, under any circumstances, compromise the integrity of the Company or damage its reputation.

Villa Erba deals with the above-mentioned entities in accordance with the roles and functions assigned by the Law and the Articles of Associations and in a spirit of full cooperation. Should an overt or potential conflict of interest arise, Villa Erba will replace the representative of the Company before these entities with an adequate substitute who has no conflicts of interest. Dealings with government officials and employees must comply with the rules and regulations of the Civil Service Code in force.

Villa Erba may not promise or offer Italian or foreign currency, gifts or other benefits, either directly or indirectly or through persons acting on its behalf (including agents and third parties in general), to government officials and employees or other public sector entities, to obtain personal gain or improperly promote the business interest of the Company.

Any gift or benefit that, according to the good judgement of an impartial observer, might appear to exceed customary business practices and courtesy or might be aimed at obtaining preferential treatment in the conduct of business, is strictly prohibited. Any gift of modest value must be approved by the project manager and must be adequately documented.

In dealings with government representatives or employees, it is prohibited to seek and establish personal relationships that might generate preferential treatment, influence or interference or somehow affect, directly or indirectly, the course of such dealings. People in charge of ongoing negotiations, dealings with or requests to government may not improperly influence the decisions of the other party or of officials who negotiate or make decisions on behalf of the government.

The same behaviour is expected in interactions with any judicial or supervisory authority in general, even when such interactions are carried out by external experts, who, in turn, are required to adhere to the rules of this Code.

If government is a client or a supplier of the Company, the Company shall act in strict compliance with all applicable laws and regulations.

Any contribution or funding by any domestic or foreigner public sector entity may not be used for purposes other than those for which it has been requested and obtained. Furthermore, all the parties involved in preparing and submitting documents to such entities, both in Italy and abroad, shall observe the principles of transparency and fairness and abide by the approval and control levels envisaged by the Company procedures and policies.

The Company does not give any contribution or other benefit to political parties and trade unions or their representatives, except in compliance with applicable regulations.

#### **4.7 Governing and Supervisory Bodies**

The Governing and Supervisory Bodies, including Statutory Auditors and Supervisory Board, act in compliance with the laws, regulations, the Articles of Association and the internal policies and procedures of the Company and with the principles contained in the Code, and conduct business in keeping with the principles of lawfulness, honesty, fairness, transparency and integrity. In particular, these bodies will operate in such a way as to safeguard the Company's assets and financial capacity and to protect the rights of creditors, as well as the fairness and freedom of the shareholders' meeting. The Governing and Supervisory Bodies promote a culture of lawfulness and controls and are committed to circulating this Code among employees, collaborators and Recipients, so that they acquire knowledge of it and adhere to its standards.

In setting its business goals and objectives, the Board is guided by the values and standards set forth herein.

#### **4.8. Gifts and Benefits**

Any gift or benefit that might appear to exceed customary business practices and courtesy or might be aimed at obtaining preferential treatment in the conduct of business, is strictly prohibited. This provision applies to gifts that have been promised, offered and received and is

applicable also when Company or Recipients deal with representatives of countries where giving gifts or benefits to business partners is common practice.

Villa Erba employees may not solicit, ask for or accept, for themselves or others, gifts or any other benefit from persons who have taken or might take advantage of decisions or activities related to their jobs, or which may create a conflict of interest in the discharge of their duties to the Company or to clients.

Gifts or benefits of modest value are permitted. Modest value means a gift or benefit that alone, or combined with other gifts and benefits received during the year, is valued less than € 100.00 (one hundred/00). Where permitted, gifts or benefits must not compromise the integrity, fairness and independence of Villa Erba employees.

Gifts or benefits, even of modest value, shall not be solicited or accepted if constructed as a compensation for the performance of acts contrary to business duties and responsibilities. Gifts in the form of money or items that are convertible into cash including, but not limited to, transfer of receivables and preferential payments, are unacceptable.

The offer by the Company of gifts or benefits of negligible value must be reported to and pre-approved by the relevant manager, with the prior consent of the Supervisory Board. Such offers or gifts must be adequately documented to allow the necessary checks.

Any gift or benefit of more than negligible value to government officials or employees, whether Italian or foreign, or to their relatives, is always unacceptable.

#### **4.9 Dealings with Clients**

Quality aiming at ensuring full customer satisfaction is embedded into every aspect of the Company business.

In dealings with clients, the Company is committed to ensuring fairness, professionalism, and clarity in business negotiations, as well as honest and scrupulous fulfilment of its contractual obligations.

Villa Erba provides clients with complete, accurate and truthful information about its goods and services, to allow them to make an informed choice. The Company deals with clients in a spirit of cooperation and courtesy and fosters dialogue and listening.

The Company will conduct litigation only when the other party does not satisfactorily meet the legitimate claims of the Company.

When conducting negotiations, the parties involved must avoid situations where personal interests are, or appear to be, in conflict with the Company interests.

#### **4.10 Dealings with Suppliers, Consultants and Partners**

Villa Erba selects its suppliers based on the principles of efficiency, cost-effectiveness and maximum advantage for the Company, and in purchasing goods and services, the Company guarantees favourable commercial terms without sacrificing quality and professionalism.

Villa Erba requires suppliers, consultants and partners to behave honestly and transparently and observe high professional standards. Selection and eligibility are based upon the principles of

impartiality, fairness and quality. Suppliers, consultants and partners are identified on the basis of objective criteria.

Dealings with suppliers, consultants and partners of the Company, and financial and advisory agreements, are governed by the rules of this Code and are subject to continuous and careful monitoring. Villa Erba requires suppliers, consultants and partners to sign acknowledgement and acceptance of this Code and commit to complying with the principles and rules contained herein. The provisions and requirements of this Code are an integral part of their contractual obligations.

In selecting suppliers and consultants, the Company implements a monitoring mechanism to verify compliance, over time, with the requirements applicable to selected suppliers and consultants. The Company works with suppliers, consultants and partners who adhere to the laws in force and the rules set forth in this Code. In dealings with suppliers, consultants and partners, Recipients may not offer or promise gifts or other benefits that are not in keeping with the principles contained herein.

#### **4.11 Health and Safety in the Workplace**

In the conduct of business, Villa Erba complies scrupulously with the health and safety regulations in force and is committed to promoting their application across the Company.

Company decisions on health and safety in the workplace are based on the following fundamental principles and criteria:

- Avoid risks and where that is not possible, minimize them by leveraging the knowledge acquired from the latest technological development;
- Assess all risks that cannot be avoided;
- Reduce risks at the source;
- Comply with the principles of ergonomics and health in the workplace with regard to work organisation, workplaces design, choice of work equipment and definition of working and production methods, to lessen the impact of monotonous and repetitive work on health;
- Replace hazardous materials or processes with others that are less or non- hazardous;
- Envisage measures to improve safety levels over time, also through standards of conducts and best practices;
- Prioritize collective protection measures over individual ones;
- Give adequate instructions to workers

#### **4.12 Protection of the Environment**

The Company is committed to acting in compliance with the environmental regulations in force, by applying state of the art technologies to minimize the environmental impact and by planning activities aimed to preserving our environment for future generations.

In terms of environmental protection, Villa Erba aims to:

- adopt measures to mitigate and possibly cancel out the negative effects of its economic activity on the environment, not only when the risk of harmful events is ascertained, but also when it is unclear if and to what extent business activity causes risks for the environment;
- prioritize measures that prevent damage to the environment, rather than waiting to repair damage that has already been done;

o promote the importance of training and sharing of the principles of the Code of Ethics among all the company employees, management and staff alike, so that they adhere to the ethical principles set forth therein, both in decision making and implementation;

Recipients shall apply environmental regulations to the conduct of business and, in so far as they are concerned, to the proper and lawful management of waste disposal.

## **5. VIOLATION OF THE CODE OF ETHICS AND DISCIPLINARY MEASURES**

Compliance with the rules contained herein must be considered an integral part of the contractual obligations of Company employees pursuant to Art. 2104 of the Italian Civil Code, and of Company collaborators, according to existing contractual relationships. Violation of the rules set forth herein may therefore constitute violation of the primary obligations under the contract of employment, or disciplinary offence subject to applicable law. Violation of this Code by Company employees may give rise to disciplinary measures, pursuant to the provisions of Art. 7 of the Workers' Statute.

The provisions contained herein are an integral part of the fiduciary relationships with Villa Erba corporate bodies, and of the contractual obligations of suppliers, consultants, partners and collaborators. Therefore, failure by such parties to comply with the provisions set forth herein will result in breach of contract and will cause the Company to pursue any legal remedies and rights to defend itself against such breach.

In particular, one or more violations of this Code caused by the wrongdoer's intent or negligence that is not considered as mitigating or extenuating circumstances, results inevitably in the imposition of sanctions, pursuant to the criteria indicated above.

Villa Erba will therefore bring the content of this Code to the attention of the Recipients through adequate information and communication, and it is committed to ensuring regular training on the content hereof, to guarantee correct and complete understanding of the standards of conduct set forth herein.

The Company shall provide supervisory bodies with an adequate flow of information, and Recipients shall adhere thereto, with the aim to ensure reporting of any violations of the Code of Ethics.

All Recipients are required to report to the Supervisory Body appointed by the Company, any actual or suspected violation they become aware of, by sending reports at [odv@villaerba.it](mailto:odv@villaerba.it), accessible only to the Supervisory Body, or through the reporting channels provided for under Art. 6, paragraph 2 bis of the Decree, made available by the Company to keep the whistleblower anonymous, also via IT systems, when reports are handled.