

Thun S.p.A.



Code of Conduct

Pursuant to Legislative Decree No. 231 of 8th June 2001

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1. MISSION AND VISION

The philosophy and guidelines of Thun S.p.A. constitute its basic principles, principles that have been part of its identity since its formation and set it apart from all other undertakings operating in the global market.

The company philosophy clearly states the purpose for which the Company exists and is the mainspring of all its strategic decisions:

“In our wonderland we rekindle the emotions of childhood, its dreams, its magic and its warmth: with our handmade products, our images, and our actions, we turn them into something real to be experienced every day and in so doing impart, from the heart, joy that is felt by ourselves and by others.”

1.1. GUIDING VALUES

Countess Lene Thun had a natural and spontaneous instinct for getting along with people. This special facility for striking up personal relations, which still lives on today in her son, Peter Thun, has been the basis for developing the company guidelines, coherently expressed in the values that guide the company's endeavours and are a determinant of its success:

- to impart joy;
- to give the best of oneself;
- to innovate within a framework of tradition;
- to feel warmth;
- to have regard for others;
- to share and to give expression to difference;
- to be customer oriented;
- to aim for success.

2. INTRODUCTION TO THE CODE OF CONDUCT

2.1. CONTENT AND AIMS

The Code of Conduct is the document approved by the Board of Directors of Thun S.p.A. that, in general terms, represents the *tool of governance* through which top management gives clear expression to the values, the principles of conduct, the commitments, and the responsibility the Company accepts both with regard to in-house affairs and to the external environment. As such it is an integral part of the company's internal control system and a core set of ground rules.

In particular, the Code sets out the rights, the duties, and the responsibilities of all those that, in whatever capacity, pursue their aims in association with the Company, be they employees, advisors, agents, business partners or entities/persons that have any sort of working relationship with the Company.

The Code of Conduct is, by design, a synthesis of the principles of economic management and ethics, something seen as essential for the long-term sustainable growth of the business.

Indeed, the Company is of the view that observance of high ethical standards enhances its reputation, an intangible resource that is essential for achieving its objectives.

The main objective of the Code of Conduct is to define the guidelines and the rules of conduct towards each stakeholder, and those who work with the company must adhere to them in order to avoid the risk of conduct that is unethical, or worse, unlawful.

In particular, the Code, is based on:

- conduct that is ethically correct and in accordance with the law;
- loyalty to the Company;
- propriety, courtesy, and personal regard in dealings between colleagues;
- regard for the interests of any other party to discussions with the Company (customers, business partners, government authorities, local communities) and of the environment;
- compliance with the rules of competition;
- professionalism and professional diligence.

In addition, the Code of Conduct aims to pinpoint the general ethical principles that are the core values in conducting Company affairs and also to establish a system of monitoring for effective compliance with the Code and for its constant improvement.

2.2. SCOPE OF APPLICATION OF THE CODE OF CONDUCT

The rules of the Code of Conduct apply without exception to the persons/entities below:

- employee and non-employee workers;
- statutory auditors, external auditors (where applicable);
- persons charged with representative, administrative, and managerial functions;
- all persons/entities that have dealings of any type and duration with the Company;
- all those who work to achieve the aims of the Company.

They apply in particular to:

- members of the Board of Directors in setting the aims to be pursued, in recommending investment and carrying through projects, in decision-making processes, and in any action of management;
- managers, in giving practical effect to the policies laid down by the Board of Directors;
- employees and non-employee workers, in making their contribution.

Given that the Code of Conduct is the basis for all guidelines, protocols, and procedures – present and future – adopted and/or applied within the business, the decision-making and control bodies of the Company and the Supervisory Body, cooperating closely with one another and each within its sphere of responsibility, shall:

- guarantee the widest circulation of the Code at all levels within the organisation through a proper plan to ensure information and awareness;
- guarantee prompt updating of the Code both to ensure its more efficacious application and in response to changes in the needs of the business and/or in the legislation;

- be the central co-ordinators in providing tools for fact finding and in interpreting the rules of the Code;
- ensure a proper and prompt exchange of information;
- safeguard those that have reported possible contraventions of the Code against reprisals of any type.

The Code of Conduct applies in Italy and in all countries in which the Company operates.

The Code of Conduct also addresses a number of key areas of individual responsibility in carrying out work for the company:

- use and protection of business information;
- conflicts of interest;
- privacy;
- accounting entries and records;
- dealings with public administration bodies, political organisations and trade unions;
- health, safety, and the environment.

3. KEY ETHICAL STANDARDS

In adopting this Code, the Company repudiates conduct not in line with the ethical standards below. Those standards must be unfailingly complied with by all to whom the code applies.

3.1. COMPLIANCE WITH THE LAW

The Company shall operate in accordance with the law, with professional ethics, with in-house and external regulations, and with those of trade and other associations.

Pursuit of personal interest can never justify conduct that offends against the principles of honesty, propriety, legality, and transparency. All situations should be avoided that are intended solely to sway the impartial judgement and action of the parties involved.

3.2. IMPARTIALITY

In dealing with its stakeholders (choice of customers and business partners, relations with the shareholders, personnel management, contacts with institutions, selection and management of suppliers) the Company shall avoid any discrimination based on age, racial and ethnic origin, nationality, political persuasion, religious belief, gender, sexuality, or state of health of his interlocutors.

3.3. PROFESSIONAL SKILL AND DEVELOPMENT OF HUMAN RESOURCES

The Company shall assist in maintaining an adequate level of professional skill in the performance of the duties assigned to its workers and business partners. It is committed to developing and increasing the skills of its human resources by providing them with proper means of training, professional updating, and development.

3.4. CONFIDENTIALITY

In accordance with the law, the Company guarantees the confidentiality of the information in its possession. Its workers are prohibited from using confidential information for purposes unconnected with their professional work and, in any case, in breach of the limits set by legislation and in-house rules.

3.5. PROPRIETY WHERE THERE IS A CONFLICT OF INTEREST

In carrying out any activity, the Company shall strive to avoid being involved in situations where there is a conflict of interest, real or merely potential. Cases of “conflict of interest” shall include, in addition to those defined in law, a situation where a worker/director acts mainly in pursuit of their personal interest to gain an advantage. The conviction of the person that they are acting in the interest or to the benefit of the Company can, under no circumstances, justify conduct in breach of the principles of this Code.

3.6. ENHANCING THE VALUE OF SHAREHOLDERS’ INVESTMENT

The Company shall strive to deliver an economic/financial performance such as to increase the value of the undertaking and, in this way, safeguard its economic soundness.

3.7. FREE AND FAIR COMPETITION

The Company acknowledges free competition in a market economy to be a decisive factor in the growth and constant improvement of businesses. The Company intends to defend the

value of fair competition by avoiding all collusion, predatory action, or abuse of a dominant position.

3.8. FAIRNESS IN THE EXERCISE OF AUTHORITY

In signing and administering contracts that entail hierarchical relations and dealings with workers, be they employees or non-employees, the Company shall ensure that authority is exercised with fairness and propriety, so avoiding any abuse of that authority. In particular, it guarantees that authority shall not turn into an exercise of power detrimental to the dignity and independence of employees and other workers, and decisions on work organisation shall take account of the values of the workers.

3.9. DILIGENCE AND CARE IN THE PERFORMANCE OF DUTIES AND CONTRACTS

Contracts and work assignments must be performed according to what has been knowingly agreed by the parties. The Company undertakes not to exploit a state of ignorance or incapacity on the part of parties with which it deals. In an existing relationship no one acting in the name and on behalf of the Company must take advantage of oversights in contracts or any unforeseen events to renegotiate contracts for the sole purpose of exploiting a state of dependence or weakness in which the other party finds itself.

3.10. TRANSPARENCY AND COMPLETENESS OF INFORMATION

Information released by the Company must be complete, transparent, intelligible, and accurate, so that the addressees can make informed decisions as to their dealings with it. The Company shall not, whatever the circumstances, provide information that is untrue or even merely tendentious.

3.11. PROTECTION OF HEALTH AND OF PERSONAL WELLBEING

Because the physical and psychological wellbeing of its workers is a top-priority value for the Company, it guarantees them working conditions that befit their personal dignity in workplaces that are safe and hygienic and are at least in line with the requirements of the legislation in the matter.

3.12. ENVIRONMENTAL PROTECTION

The Company considers the environment its primary good to be safeguarded. Accordingly, in all its action it strives for the right balance between essential environmental needs and economic value.

4. GENERAL PRINCIPLES AND RULES OF CONDUCT

The way relations with stakeholders are conducted is of crucial importance given the presence of the Company in the national and international market, its dealings in a variety of institutional, economic, political, and social spheres, and the many contacts it has. The term “stakeholders” designates all those persons/entities, public or private, Italian or foreign – be they individuals, groups, businesses, or institutions – that, in whatever capacity, have contact with the Company and/or in any case have an interest in its operations as well as legitimate expectations in connection with them.

4.1. COMPLIANCE WITH THE LAW AND DUTIES OF THE FUNCTIONS

Lawful conduct is, without exception, mandatory on the Company and all its workers. Every worker must be aware of the legal implications of the work they do.

A worker who believes they have knowledge of unlawful conduct must inform his/her superior of it and/or the Supervisory Body.

Where the compatibility between the rules of professional diligence, business policy, and legal requirements is not immediately discernable, judgement and good sense will be important. Where necessary, workers will consult the relevant person in charge and obtain advice and guidance from them.

4.2. DUTIES OF FUNCTION MANAGERS

All function managers have a duty to:

- set an example to the workers under them;
- must promote awareness of the Code among employees and gain their support for compliance with the Code and its value as an essential input for the quality of their work;
- employ the utmost care and diligence in the task - connected with their function - of managing and supervising workers under them;
- make express reference in all contracts with non-employee workers to the duty to abide by the principles of the Code;
- select within their sphere of responsibility qualified persons with a good reputation, so avoiding the appointment of persons whose compliance with the rules of the Code may be unreliable;
- report any information on possible contraventions of the Code to the Supervisory Body;
- where appropriate, take corrective action;
- prevent any type of reprisal.

4.3. DUTIES OF PERSONS SUBJECT TO THE DIRECTION AND SUPERVISION OF FUNCTION MANAGERS

There is a duty on all workers to:

- know and comply with the Code and other key rules - in-house and external - that govern their work within their particular function and they must avoid conduct that conflicts with these rules;
- seek clarification from their function manager on interpreting and giving effect to the rules of the Code;
- promptly notify one’s function manager of information gained at first hand or provided by

- employees as to possible contraventions of the rules;
- provide the maximum cooperation to establish the facts about possible contraventions of the Code;
- advise third parties that have dealings with the Company of the duties of the Code and require compliance from them;
- to act with professionalism, transparency, propriety, and honesty and, together with others, contribute to the common objectives in a climate of constructive coexistence and unreserved cooperation;
- to perform one’s work with the utmost efficiency and effectiveness, having regard for the instructions from senior levels in the Company;
- report to the Supervisory Body any information regarding possible contraventions of the Code;
- to treat confidentiality as a fundamental principle of one’s work.

4.4. CONFLICT OF INTEREST

In their work, the addressees of this Code shall seek to avoid situations where there is a conflict of interest, whether that conflict is real or merely potential. Of particular relevance are personal or family interests that might affect workers’ impartial judgement and could conflict with their responsibility towards the Company. Any choice they make and business decision they take on behalf of the Company must be in line with its best interests, having regard, self evidently, for the rules in force.

The list below, which is not exhaustive, includes typical examples of conflict of interest:

- a situation where an interest that is different from the mission of the Company is pursued;
- engaging in activity that can interfere with the capacity to take decisions in the sole interest of the Company;
- engaging in activity through which direct and/or indirect personal gain can be secured from opportunities connected with the business of the Company;

and, more especially:

- the fact of an employee having a joint interest, self-evident to see or concealed, in the business of suppliers, customers, or competitors;
- using one’s functional position to pursue interests in conflict with those of the Company;
- using information acquired in the performance of one’s work to personal advantage or the advantage of third parties or in conflict with the interests of the Company.

Every employee and non-employee worker must immediately report to their superior and/or to the Supervisory Body any situation that represents or creates a conflict of interest.

In particular, employees must give notice in writing of the existence of a stable working arrangement they have with a company with which Thun S.p.A. works, or of any relationship of a financial, commercial, professional, or family nature, or of a friendship, such as might affect the impartiality of their conduct towards a third party.

Whatever the case, any person who feels they are in a situation that entails a conflict of interest must avoid any decision and/or action that directly or indirectly affects the Company.

There shall be no tolerance of unlawful conduct, not even if the person concerned was convinced they were securing an advantage for the Company or were acting in its interest.

4.5. GIFTS, COMPLIMENTARY ITEMS, AND BENEFITS

The Company operates in compliance with the law, with professional ethics, and its in-house rules. Accordingly, no conduct that is improper or dishonest can be justified on the grounds that the interest of the Company was being pursued. If only for this reason any type of benefit or gift, received or offered, that might be construed as affecting the impartial judgement and conduct of the parties involved shall be refused.

Complimentary items, gifts, and/or benefits may be given only when they are compatible with what is normal generosity and etiquette in business practice.

Donations and complimentary gifts may be accepted or offered that fit in with customary usage in the matter of hospitality, courtesy and special anniversaries.

4.6. ANTITRUST LEGISLATION AND REGULATORY BODIES, COMPETITION AND FREEDOM FOR INDUSTRY AND COMMERCE

The Company acknowledges free competition in a market economy to be a decisive factor in the growth and constant improvement of businesses. The Company intends to defend the value of fair competition by avoiding all collusion, predatory action, or abuse of a dominant position; on the contrary, it will fully and scrupulously abide by the principles and the rules of free competition and antitrust legislation.

In strict compliance with the law on competition, the Company avoids any conduct as might mislead, or is an act of collusion and, more generally, any behaviour as might be construed as constituting unfair competition.

Accordingly, no act of competition accompanied by violence or threats will be tolerated, nor any disruption of industry or commerce brought about through violence on property or through fraudulent means.

Wherever there is a potential conflict with antitrust rules, an assessment must first be sought from legal advisors.

Information requested by the antitrust regulator, or by other regulatory agencies as part of an inspection must not be withheld, concealed, or delayed. On the contrary, the request of the Company is that active cooperation be given during investigations.

4.7. PROTECTION OF PRIVACY

The Company ensures the confidentiality of all information in its possession, does not seek to obtain or use confidential or sensitive data, and is careful at all times to comply with the legislation relating to this matter and with company procedures.

Persons who gain knowledge of confidential information:

- must not disclose it to third parties unless for official reasons and only after authorisation from their superior and, in any case, having regard for the legislation in force;
- must expressly declare the confidential nature of the information passed on and
- make it a duty of the third party to observe confidentiality.

The following are typical examples of confidential information. The list is not intended to be comprehensive:

- personal data;
- projects, tendering procedures, and anything else that in law is not in the public domain;
- budgets and end-of-period accounts (prior to their duly authorised publication).

4.8. TRANSPARENCY OF ACCOUNTING, DOCUMENTATION, AND REPORTS

The management and the business functions shall direct efforts towards ensuring that the economic/financial performance is such as to safeguard and increase the value of the undertaking in order to properly reward the risk shareholders take in investing in the Company and to preserve and to increase its value.

To maintain this commitment the Company shall adopt high standards of financial planning and control, as well as accounting systems that are consistent with and fitted to the accounting standards applicable. It undertakes also to maintain an administrative and accounting system that can be relied on to properly represent what is happening in the business and to identify, prevent, and cope with risks of any kind, fraud, and impropriety.

The Company shall operate with the utmost accounting transparency, consistent with the best business practices. Said transparency shall be based on the truth, accuracy, and completeness of the information underlying the matching accounting entries.

For each transaction adequate supporting documentation of the action taken shall be held on record so that the accounting entries can be easily made, the various levels of responsibility identified, and the transaction reconstructed. Each accounting entry shall, in its turn, accurately record what is shown by the supporting documentation.

It shall be the task of all employees to cooperate so that what is happening in the business is properly and promptly represented in the accounts and to ensure that the matching documentation can be easily traced and filed on a logical basis. Accordingly, employees who learn of omissions, falsification, or serious negligence in the accounts or in the documentation on which the accounting entries are based, have a duty to report the facts to their superior and/or to the Supervisory Body.

The Company shall see to the prompt preparation of periodic financial reports that are complete, accurate, reliable, clear, and understandable. Through its decision-making bodies, the management units and business function as may be involved from time to time, as well as through the Board of Statutory Auditors and the independent auditors, where the latter are appointed, it shall also check that the accounting entries are true and that they conform to the provisions of the (Italian) Civil Code, to the tax laws, and to the law in general in this connection.

The concern of the Company to ensure compliance with the rules does not regard solely its employees but extends also to persons/entities that routinely or occasionally provide it with advice.

5. RELATIONS WITH WORKERS

The Company acknowledges the central importance of human resources in that it is convinced that the main factor in the success of any undertaking is the professional input of the persons that work for it, in a framework of mutual loyalty and trust.

Its management of working arrangements is geared towards guaranteeing equal opportunities and to encouraging the professional development of each worker.

The Company acts to ensure that its workers always have a proper level of professional ability in the performance of the tasks assigned to them. To that end the Company has a commitment to develop and increase the skills of its human resources by making available to them the right aids for training, updating their professional capacity, and development.

5.1. PERSONNEL SELECTION

The assessment of personnel to be included on the staff is made in accordance with the match between candidates' characteristics, qualities, qualifications, etc. and the needs of the business, while guaranteeing equal opportunity to the persons involved.

Information sought is strictly related to a check on those matters necessarily associated with professional ability and psychological aptitude and avoids intrusion into the private life and opinions of the candidate.

The Human Resources Function, within the limits of the information available, takes steps to avoid favouritism, nepotism, infiltration by organised crime, conflicts of interest between persons charged with selection and the candidates, the various effects of mutual self-interest in the employment processes.

5.2. SET-UP OF EMPLOYMENT CONTRACTS

Personnel are taken on through a due and proper employment contract. No type of work that is irregular or not lawfully registered is tolerated.

At the set-up of the employment contract, every worker shall receive accurate information about:

- characteristics of the function and of the duties to be performed;
- the legal conditions and remuneration, as governed by the national collective bargaining contract;
- standards and procedures that must be observed to avoid the possible health risks associated with the job.

The above information shall be given to the worker in such a way that their acceptance of the work is based on their effective understanding of it.

5.3. PERSONNEL MANAGEMENT

The Company avoids any kind of discrimination towards its workers. Decisions made with regard to personnel management and development are based on the match between expected characteristics, qualities, qualifications, etc. of workers and those they possess (in the case of promotions and transfers, for example) and/or on considerations of merit (the payment of results-based incentives).

Applications for jobs or appointments are likewise decided taking account of skills and abilities. In addition, in so far as is compatible with general working efficiency, the Company is in favour of flexible work organisation that accommodates maternity needs and, in general, childcare commitments.

5.4. DEVELOPMENT AND TRAINING OF RESOURCES

Senior staff shall fully use and develop all the professional ability in the Company. They shall use the mechanisms available for promoting the development and growth of their subordinates, ensuring they have the supervision of expert staff and a range of experience that will groom them for posts with greater responsibility.

All workers, depending on their job and the needs of the business, shall be provided with information and training aids, either on-site or remotely, directed at developing their specific competence and maintaining their professional standing.

In particular, training is provided concerning the application of the Organisational, Management, and Control Model operated by the Company.

Where work organisation is changed the value of human resources will be safeguarded with – where necessary – the provision of schemes for training and/or for upgrading professional skills.

5.5. AUTHORITY WHICH IS FAIR

In establishing a hierarchy within the organisation, Company Management undertakes to ensure that authority is exercised with fairness and propriety, so avoiding any abuse of that authority. In particular, it guarantees that authority shall not turn into an exercise of power to the detriment of the dignity and independence of employees and other workers and that decisions on work organisation shall take account of the value of the workers.

To seek services, personal favours, or any conduct that contravenes the Code of Conduct as though they were a duty to a superior is an abuse of a position of authority. The use of any sort of influence/pressure in any proceedings concerning the Company in which a worker may be called on to make a statement shall not be tolerated.

5.6. SAFETY AND HEALTH

The Company shall protect safety and health in the workplace and considers it essential that the rights of workers are respected in the conduct of business.

In this connection it undertakes to promote and heighten proper for safety by developing awareness of risks and by encouraging responsible behaviour by all who work for it, either directly or indirectly. In addition, it shall preserve the health and safety of workers, especially through preventative action, as well as the interest of other stakeholders.

Because the physical and psychological wellbeing of its workers is a top-priority value for the Company, it guarantees them working conditions that befit their personal dignity in workplaces that are safe and hygienic. To this end a special internal unit will undertake a technical and organisational role, entailing:

- the introduction of an integrated system of risk and safety management;
- continual analysis of risk and difficulties in processes and resources to be protected;
- the adoption of the right of technology;

- reviewing and updating work methodology;
- training and communication.

5.7. WORKERS' PRIVACY

Workers' privacy shall be protected by adopting standards that specify the information the undertaking shall seek from workers and the way it shall be processed and held.

No enquiry shall be made into the ideas, the preferences, the personal tastes, and, in general, the private lives of workers.

Barring where the law states otherwise, those standards also prohibit the disclosure/release of personal data without the prior consent of the data subject and they lay down rules for a check by each worker on the rules for protecting privacy.

5.8. ENSURING RESPECT OF HUMAN RIGHTS

The Company undertakes to defend its workers' psychological wellbeing by guaranteeing their right to conditions of work that take account of their sense of dignity. For this reason it safeguards from acts of psychological violence and it opposes any attitude or behaviour (for example, insults, threats, isolation, excessive invasiveness, professional restrictions) that discriminates against or offends the individual, his/her convictions, and preferences.

Sexual harassment is not allowed and all conduct or talk must be avoided as may be felt to be offensive (for example, displaying pictures with explicit sexual references, insistent and repeated innuendo).

Workers who feel that they have been the object of harassment or have been discriminated against for reasons linked to their age, gender, sexuality, race, state of health, nationality, political opinions, or religious beliefs, etc. may report the event to the Company or to the Supervisory Body, which will decide whether there has effectively been a contravention of the Code of Conduct.

5.9. PROTECTION OF COMPANY PROPERTY

All workers have a duty to be diligent in protecting the property of the Company through acting responsibly and in accordance with the operating procedures regulating its use, including keeping meticulous record of its use.

In particular, every worker must:

- be scrupulous and frugal in the use of the property entrusted to them;
- avoid improper use of company property that may be damaging or impair its efficiency or be contrary to the interest of the Company;
- adhere to company policies on the security of information so that the latter is soundly protected.

The Company reserves the right to prevent the misuse of its property and infrastructure, this without prejudice to compliance with existing statutory provisions (Privacy Law, Workers' Statute, etc.).

In particular, with regard to data-processing applications, every worker must:

- scrupulously abide by the provisions of the Company’s security policy in order to avoid damage to the working order and protection of information systems of the Company and of others;
- not send threatening or insulting email messages, nor use unseemly language, or express inappropriate comments that may be personally offensive or harm the image of the Company;
- not install software that is pirated or has no proper license;
- not use the Company’s computer equipment to transfer programmes and other documents protected by copyright;
- comply with the Company’s procedures on the use of computer equipment and promptly take the prescribed action in the case of theft or loss of computer phones and/or company computers;
- not browse internet websites with unseemly and offensive content.

6. DEALINGS WITH CUSTOMERS

The excellence of the services and products the Company offers is due to the attention it devotes to customers and its amenability in satisfying their requests. The goal it pursues is to guarantee an immediate, high-level, and competent response to the needs of its customers in a manner that is proper and professional.

The Company intends that its dealings with customers should be distinguished by the highest degree of amenability and propriety as part of an ongoing relationship of cooperation and assistance directed at securing the satisfaction and the trust of the customers.

6.1. OBTAINING ORDERS AND BUILDING UP CUSTOM

The quest to obtain orders and to build up custom must be conducted having regard for sound economic principles, in a proper market environment, and in fair competition with competitors, while complying with the applicable laws and regulations.

In particular, in tendering for contracts and supplies, whether through open competitive procedures or otherwise, the Company must meet its due obligations regarding insurance cover for accidents and national insurance levies.

6.2. CONTRACTS AND NOTIFICATIONS TO CUSTOMERS

Contracts and notifications to customers must be:

- in accordance with the rules in force, without resorting to practices that circumvent the law or are in any case improper;
- complete, so as not to neglect any factor of importance in the customer's decision;
- promptly notified and adequately supported with the right documentation in the event of changes in the charges made and the method of delivering the service and/or sale of the products;
- clear as to the intent, and in their wording, and not vexatious.

Conduct vis-à-vis customers must always be distinguished by amenability, respect, and courtesy, and directed at a cooperative relationship of a highly professional nature.

6.3. CONTROL OF QUALITY AND OF CUSTOMER SATISFACTION

The Company undertakes to guarantee proper and high standards of quality for the services/products it offers based on pre-defined levels and to systematically monitor that its own quality system, as well as that of its business partners and its subcontractors, are operating correctly.

7. DEALINGS WITH SUPPLIERS

In its dealings with suppliers of goods and/or services, the Company shall make the most of the important contribution of its suppliers. Their cooperation enables the undertaking to carry out its daily business.

All procurement processes must aim to strike a balance between seeking the greatest competitive advantage and providing each supplier with the same opportunities in a relationship of mutual loyalty, clarity, propriety, and impartiality.

In procuring goods and services the Company shall, showing fairness and impartial judgement, seek the best match between quality and price by embracing the utmost objectivity in its criteria and valuation regarding the competitiveness, integrity, and reliability of suppliers.

7.1. CHOICE OF SUPPLIER

Procurement processes aim to identify suppliers with the professional and qualitative requisites needed by the business and to offer equal opportunities to every supplier.

In particular, workers that administer these processes must:

- not deny any person/entity with the stipulated requisites the possibility of competing for contracts and, for this purpose, must apply objective criteria that can be documented when shortlisting candidates;
- ensure adequate competition, by always negotiating with a number of firms when selecting a supplier; any departures from this practice must be authorised and documented;
- check that goods for purchase intended for industrial processing have not been produced through the misappropriation or infringement of industrial property.

For certain types of goods the Company defines qualifying criteria for suppliers.

The following are regarded as key requisites:

- the properly documented availability of means, including financial means, organisational units, design capability and resources, know-how, etc.;
- the existence of proper company quality systems and, where they are provided, their effective operation.

7.2. INTEGRITY AND INDEPENDENCE OF DEALINGS

Dealings with suppliers are governed by principles common to all addressees of the Code of Conduct and are kept under constant scrutiny.

A contract made with a supplier must always be based on dealings of the greatest clarity and avoid dependence in any form.

7.3. DEFENDING ETHICAL CONCERNS IN SUPPLY ARRANGEMENTS

With a view to ensuring the conformity of its procurement activities with the ethical principles it has adopted, the Company undertakes to introduce, for certain types of supply, requisites of a social nature (for example the presence of an environmental management system, the absence of child labour etc...).

Contravention of the general principles of the Code of Conduct triggers sanctions aimed at preventing offences against the personal dignity, against the public administration, and organised criminal activity, or environmental disasters linked to the activity of the Company.

For this purpose contracts can include special safeguard clauses that provide for:

- self-certification by the supplier as to its compliance with specific social obligations (for example, measures that guarantee workers respect of fundamental rights, principles of parity of treatment and non-discrimination, protection of child labour);
- self-certification by the supplier guaranteeing that the goods supplied are of lawful and documented origin, are not bogus, and conform to the agreed standards;
- possible inspections at suppliers' production units or operating premises to verify that the above requisites are satisfied.

8. RELATIONS WITH THE COMMUNITY AND WITH PUBLIC INSTITUTIONS

The Company intends to contribute to the economic prosperity and growth of local communities where it operates by providing services that are efficient and technologically advanced and it sees research and innovation as a vital condition for growth and success.

The Company is conscious of the possible influence, direct and indirect, of its activities on the conditions, the economic and social development, and the general wellbeing of the community. It is likewise aware of the importance of being socially accepted by the community in which it operates.

For this reason in undertaking investment it shall be mindful of the community, both locally and nationally, and support cultural, social, and educational activity that will be of benefit to the individuals and improve the quality of life.

The Company is committed to a dialogue with public authorities that is transparent, professional, and entails the fullest cooperation in recognition of the particular importance they have for its operations as a company and for regulating the markets it operates in.

Where the Company pursues contacts with public institutions in defence of its overall interests and in connection with plans that it is implementing and necessitate commitments to those institutions, those contacts shall be handled solely by the functions and persons formally authorised to handle that responsibility.

Any dealings with national and international institutions shall entail communication solely of a kind that serves the need to assess the implications of legislative and administrative action affecting the Company, to respond to requests, or in any case to make known the position of the Company on issues that significantly affect it.

With that end in view, the Company undertakes to:

- set up, without any form of discrimination, reliable lines of communication with all institutions at an international, EU, and local level with which it interacts;
- to represent the interests and the position of the Company in a way that is open, rigorous, and consistent, and in so doing avoid any suggestion of collusion.

The Company shall not tolerate – indeed, it shall oppose – any type of corruptive action, either of its own initiative or by third parties, as might corrupt public officials and/or public service appointees, or any person/entity connected or related to public officials or public service appointees, irrespective of its form or manner and in whatever jurisdiction.

The Company encourages and supports supervision and control by public authorities and by the public prosecution service and it calls on its workers to give them the fullest cooperation.

8.1. ENVIRONMENTAL POLICY

The Company takes account of environmental issues in making its decisions, and it aims – to an extent that may go beyond the provisions in the directly applicable legislation, provided this is operationally and economically feasible – to adopt eco-compatible technology and production methods, with the aim of reducing the environmental impact of its operations.

The formulation of environmental policy and its implementation is managed along uniform and consistent lines. That management activity covers:

- formulating policy on the environment and on sustainable industrial development;
- working out the guidelines for implementing environmental policy;
- pinpointing the indicators of the environmental impact of the action by the Company and guaranteeing monitoring and control;
- keeping up to date with changes in national and EU environmental legislation and setting the direction for its in-house application;
- maintaining contacts with bodies, institutes, and agencies in the environmental sphere.

The Company encourages the following tools of environmental policy:

- environmental management systems for continually improving environmental performance and organisation;
- a system of periodic environmental reporting that enables control over the performance of its various industrial activities;
- action to raise awareness of its workers and to train them in relation to the environment, so that its initiatives are widely known in-house and the competence and professionalism of its workers are increased.

8.2. ECONOMIC RELATIONS WITH PARTIES, TRADE UNIONS, AND ASSOCIATIONS

Any relations with trade union organisations, political parties, or committees and associations linked to a political party or to their representatives or candidates will be conducted with the utmost transparency and propriety.

Economic contributions by the Company are allowed only if obligatory or where expressly allowed by law and, in the latter case, if authorised by the members of its governing bodies. Any contributions by employees and also any activity they might undertake are to be understood as made/performed in a purely personal and voluntary capacity.

The Company does not make contributions to organisations in relation to which it arguably has a conflict of interest.

8.3. CONTRIBUTIONS AND SPONSORSHIPS

The Company may grant requests for contributions only if made by bodies and associations of an expressly non-profit-making nature that have proper articles and memoranda of association and are of the highest standing for their contribution to culture and to the public good.

For reasons of consistency the following requisites are set when deciding to grant contributions and sponsorships:

- goals that are related, even if only indirectly, to the mission of the Company or that entail a benefit, even indirect, provided it is consistent with the Company's values;
- application of the resources in a way that is clear and can be documented;
- express authorisation by those functions whose responsibility it is to handle such relations;
- compliance with the ethical principles and professional morality applicable and also with the applicable provisions of law.

8.4. NOTIFICATIONS AND INFORMATION REGARDING THE COMPANY

Given the importance that the market, investors, and the public in general attaches to being properly informed about its activities, the Company is committed to the aim of transparency in its relations with all its stakeholders, this without prejudice to the need for confidentiality in running a business.

Communication with the market and investors shall satisfy the requirements of propriety, clarity, and equality of access to information.

Information about stakeholders is processed with full respect for the confidentiality and the privacy of the latter. The current law, as well as specific policies and procedures, are applied in this connection and are constantly updated to protect the information.

In particular, the Company:

- has organised the processing of information in a way that ensures a proper separation of roles and responsibilities;
- classifies information according to its level of sensitivity and adopts security measures at each stage of the processing;
- requires third parties that are involved in the processing of the information to sign confidentiality agreements and identifies the area in which those third parties can carry out the processing.

8.5. EXTERNAL COMMUNICATION AND RELATIONS WITH THE MEDIA

Thun S.p.A. acknowledges the key role of the mass media in providing information to the general public, investors, and sources of finance.

News provided by the media is of key importance for the purpose of promoting the image of the Company. All information concerning it must be exact, truthful, uniform, and transparent. For that reason the Company undertakes to cooperate fully with the news media, without discrimination, and having regard for their respective roles and the need for business confidentiality. In this way it can respond promptly, comprehensively, and transparently to their need for information and shall avoid any suggestion of collusion.

Any contact with institutions (national and international) and with the mass media is confined to communication of a kind that meets specific obligations, represents the activities of the Company, responds to requests, and makes known the position of the Company on issues that significantly affect it.

Institutional advertising and advertising of the products/services of the Company shall take account of the fundamental ethical values of the civil society in which it circulates, its content shall always be truthful, and it shall eschew the use of messages that are vulgar and offensive.

Communication directed at stakeholders shall be based on their right to information. In no circumstances is it allowed to release news or comments that are untrue, tendentious, or misleading.

Any communication activity shall comply with the law, the rules, proper professional practice, and shall be performed safeguarding “sensitive” information, industrial secrets, and copyright.

In order that information shall be complete and consistent, relations with the mass media shall be the preserve of senior levels in the Company, top management, and other entities/persons so authorised.

No person/entity not specifically authorised, may provide information of any nature to the representatives of the media, nor have any type of contact with them for the purposes of disclosing news about the Company,

9. CONTRAVENTIONS OF THE CODE OF CONDUCT AND SANCTIONS

9.1. CODE OF CONDUCT AND CONTROL SYSTEM

The Code of Conduct is one of the foundation stones of the prevention and control system and is an integral part of the Organisational, Management, and Control Model put in place by the Company under Legislative Decree no. 231/2001.

The system of internal control must be geared to the use of tools and methodologies for countering potential business risks, so that there is a reasonable guarantee of compliance not only with the law but also with in-house rules and procedures.

The Supervisory Body, in order to facilitate the integration of the procedures with the guidelines and the values of this code, must examine the conformity of actions and behaviour with the rules of conduct, propose the necessary revisions of the business procedures in the light of the Code, and update the Code itself.

The Supervisory Body also has advisory and guidance tasks, such as:

- providing clarification on the meaning and application of the Code, of the Organisational, Management, and Control Model, and of the procedures;
- running checks on the application of and compliance with the Code and the Organisational, Management, and Control Model;
- receiving and vetting reports on possible contraventions of the Code and of the Organisational, Management, and Control Model;
- expressing views on the ethical problems that can arise when making business decisions;
- taking the most appropriate steps in cases of contravention of the rules of the Code and the Organisational, Management, and Control Model;
- advising the Board of Directors as to the merits of supplementing or revising the Code and the Organisational, Management, and Control Model.

9.2. OBSERVANCE OF THE CODE OF CONDUCT

Observance of the Code of Conduct should be seen as an essential part of the contractual obligations of employees in accordance with article 2104 of the (Italian) Civil Code. It should also be viewed as an essential part of the contractual obligations accepted by non-employee workers and/or persons/entities that do business with the Company.

The Management of the various business lines and functions is responsible for seeing that the expectations the Company has of such workers are understood by them and put into practice. Accordingly, management must ensure that the commitments expressed in the Code of Conduct are carried out by the business lines and functions.

9.3. REPORTS OF CONTRAVENTIONS TO THE SUPERVISORY AND CONTROL BODY

So that the Code of Conduct is effectively applied, Thun S.p.A. – having regard for privacy and individual rights – shall provide information channels so that anyone who is aware of contraventions of the code can make report, freely, directly, and confidentially, to the Supervisory and Control Body.

Whatever the circumstances, reports shall be made in writing and not anonymously. Personal investigations are not allowed and nor may information be reported to entities/persons other than the ones officially designated.

Top management shall ensure that nobody in the workplace shall be subject to reprisals, unlawful pressure, inconvenience and discrimination of any kind because they have reported a contravention or attempted contravention of the Code of Conduct or of in-house procedures to the Supervisory and Control Body. Moreover, following the report the Company shall waste no time in promptly making appropriate checks and applying the proper sanctions.

10. SANCTIONS

Contravention of the principles in the Code of Conduct and in the procedures laid down in internal protocols undermines the relationship of trust between the Company and its directors, employees, advisors, its various non-employee workers, customers, suppliers, and its commercial and financial business partners.

Contraventions shall be dealt with firmly, promptly, and immediately, by subjecting the person in question - where judged necessary for protecting the interests of the Company and in as far as is compatible with the regulatory framework – to appropriate and proportional disciplinary measures, regardless of the possible criminal nature of such conduct and of any trial proceedings where it amounts to a criminal offence.

It shall likewise be a contravention of the Code of Conduct to effect any type of reprisal against someone who in good faith has reported possible contraventions of the Code or sought clarification about how it is applied. In addition, an accusation of contravention against other employees made in the knowledge that there has been no such contravention, shall also be adjudged a contravention of the Code of Conduct.

The effects of contraventions of the Code of Conduct must be given serious consideration by all those who in any capacity deal with the Company. With that in mind, the Company shall see that the Code of Conduct is widely circulated and provide information on the sanctions applicable and on the manner and procedures for their application.

The Company, to protect its reputation and safeguard its resources, shall have no relations with any sort of person/entity that does not intend to act in rigorous compliance with existing laws and/or that refuses to conduct themselves in accordance with the values and the principles in the Code of Conduct and to abide by its provisions.

The Company undertakes to apply – consistently, impartially, and uniformly – disciplinary sanctions that are proportional to the contraventions of the Code, having regard to statutory provisions, the Collective National Labour Contract applicable to the Company or the individual employment contract, and the company procedures relating to labour relations.

10.1. SANCTIONS AGAINST DIRECTORS

Where the Code of Conduct has been contravened by directors, the Supervisory Body shall inform the entire Board of Directors and the Board of Statutory Auditors (where there is one) and they shall take the appropriate steps in accordance with the existing law such as, where applicable, convening a meeting of the members of the Company and recommending to it the removal of the directors and a stockholders' suit.

10.2. SANCTIONS AGAINST EMPLOYERS

Contravention of the principles and the rules of behaviour of this Code of Conduct by the employees of the Company is a breach of the obligations of their employment contract under article 2104 of the (Italian) Civil Code and a disciplinary offence.

Sanctions shall be applied having regard for the procedures laid down in Law 300/70 (Workers' Statute) and the relevant National Collective Labour Contract and shall be proportional to the seriousness of the contravention.

Ascertaining contraventions, handling disciplinary procedures, and applying sanctions shall be the responsibility of the Human Resources function.

10.3. SANCTIONS AGAINST NON-EMPLOYEE WORKERS, ADVISORS, AND OTHER PARTIES TO CONTRACTS WITH THE COMPANY

Where non-employee workers, advisors, and other parties to contracts with the Company act in a way to contravene the Code of Conduct, the Company reserves the right to terminate their contracts, in accordance with the provisions of the relevant contract clauses in the respective letters of appointment and without prejudice to any claim for damages to the Company, regardless of the termination of the contract.

11. IMPLEMENTATION OF THE CODE OF CONDUCT

11.1. ADOPTION AND CIRCULATION OF THE CODE OF CONDUCT

Updates and revisions of the Code of Conduct shall be decided and approved by the Board of Directors of the Company and shall be properly made available. They shall take account of the contributions received from employees and third parties, changes in the law, best international practices, and also the experience gained in applying the Code.

Using whatever way seems best, the Code of Conduct, in its current version at the time, shall be brought to the attention of all employees and non-employee workers of the Company, as well as of suppliers/partners/advisors.

The Code of Conduct, unabridged, shall be displayed on the Company's intranet and internet network.

To ensure that the Code of Conduct is properly understood, the Company shall prepare and carry out a training plan. The arrangements entailed (which shall include the use of multimedia tools and remote training) shall differ in accordance with the function, the role, and the responsibility of its workers.