



KGR S.p.A.
industrial engineering – automations – welding systems

Via N. Cena 65 10032 Brandizzo (Torino) Italia
e-mail: info@kgrspa.it – internet: www.kgrspa.it

Tel. +39 011/91798.1
Fax +39 011/9137370

CODE OF ETHICS

Approved by the Board of Directors of
KGR S.p.A. during the meeting held on 14th April 2016



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1 FOREWORD

1.1 About KGR

This Code (hereinafter the “Code of Ethics”) establishes the commitments and the ethical responsibilities relevant to business management and business activities undertaken by all those who have any kind of relationship with KGR S.p.A.

Principles and provisions of this Code of Ethics are binding for all the following subjects:

- 1) Members of the Board of Directors, to establish the goals, decide the activities, realize the projects, propose the investments and in any decision or action relevant to the business performance of the Company;
- 2) General Director and Managers, to make Company management activities concrete, for both in-house and external activities;
- 3) Employees and all partners who have any kind of relationship with the Company, even occasional and/or only temporary;
- 4) All those who have business and/or financial relationships of any kind with the Company.

KGR S.p.A. works in the automotive industry for which it produces equipment and machinery for welding and industrial automation systems.

Achievement of KGR S.p.A. targets is pursued by all those who work for the Company, with loyalty, reliability, honesty, expertise and openness in full respect of the current laws and regulations.

1.2 Relationships with the stakeholders

Supply of components, on the national and foreign market, makes management of the relationships between KGR S.p.A. and the stakeholders of primary importance. The Stakeholders are all the public and private subjects, Italian or foreign, - individuals, groups, companies, institutions – that have, on whatever basis, contacts with KGR S.p.A. that builds its conduct on the precise respect of the laws (Italian laws and those of the Countries in which the Company operates), of the market rules and of the inspiring principles of fair competition.

1.3 Basic principles

Compliance with the law, transparency and fair management, good faith, trust and cooperation with the stakeholders are the ethical principles adopted by KGR - and from which its models of conduct derive – in order to compete in effective and fair way on the market, to improve customer satisfaction and develop skills and professional growth of its human resources. In particular, the certainty to behave for the benefit of the company, does not justify the adoptions of behaviours in contrast with the above mentioned principles. All the subjects are therefore committed to observe these principles and to have them observed within the relevant roles and responsibilities. This commitment requires that the subjects having a relationship, on whatever basis, with the company, behave adopting rules and procedures inspired to the same values.



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1.4 The Code of Ethics

KGR S.p.A. believed appropriate and necessary to adopt and release a Code of Ethics explaining all the values to be adhered to by all the Recipients, by accepting responsibilities, arrangements, roles and regulations the breach of which is their personal responsibility towards the inside and the outside of the company, even if this breach does not involve any company liability towards third parties. Knowledge and compliance with the Code of Ethics by all those who work for KGR are therefore essential conditions for transparency and the company reputation that furthermore commits to disseminate the Code of Ethics to all the parties with which the company maintains business relationships, requiring its knowledge and compliance with all the rules therein contained, as well as to all the employees at all levels.

Within the internal control system, the Code of Ethics is the tool used to manage the ethical behaviour in the company business and an effective element of the company strategy and organisation.

The responsibility of the implementation of the Code of Ethics, and of its enforcement and updating, is assigned to the managers and employees of KGR S.p.A. that will report any breach to the owners.



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2 GENERAL PRINCIPLES

2.1 Compliance with laws and regulations

KGR S.p.A. works in full respect of the laws and the regulations in force in the Countries where the company carries out its activity, complying with the principles set out in the Code of Ethics and with the modalities envisaged by specific procedures.

Moral integrity is always a must for all the Recipients.

The Recipients must therefore, within their respective expertise, know and observe the laws and the regulations in force in all the Countries in which their company operates. Such context includes also the attention to and the respect of the regulations governing both national and international competition.

Recipient's relationships with public Authorities and Institutions shall be characterised by the highest fairness, transparency and collaboration, in full respect of the laws and the regulations and of their institutional functions.

2.2 Models and rules of behaviour

All the activities performed by the Recipients shall be carried out with professional commitment, moral strictness and management fairness also with the aim of protecting the corporate image. Behaviours and relationships of all the Recipients inside and outside the Company, shall be inspired to transparency, fairness and reciprocal respect. In such context, the managers and the directors shall be the first to be an example, with their actions, for all the human resources of KGR S.p.A., respecting, during the performance of their functions, the inspiring principles of the Code of Ethics, the company procedures and regulations, taking care of their dissemination among the employees and stimulating them to ask for clarification or update proposals, where necessary. Especially for the managers, furthermore, KGR S.p.A. requires that they actively do their best to propose and develop the projects, the investment and the industrial, commercial and management actions useful to keep and increase the economical, technologic and professional assets of the Company.

KGR S.p.A. adopts measures suitable to ensure that access to electronic and computer data takes place in full respect of the regulations in force and of the privacy of the subjects involved and in a way to ensure confidentiality of information and that its processing by duly authorized subject, preventing illicit intrusions.

It is forbidden to install any application or program not compatible with the activity carried out by the Company, on computer, tablets and smartphones owned by the Company. The Company reserves the right to block and/or uninstall the applications/programs, if present, on these devices.

2.3 Dissemination and respect of the Code of Ethics

KGR promotes the knowledge and the observance of the Code of Ethics, of specific procedures, regulations and of their updates among all the Recipients asking to comply with it and envisaging, in case of breach, suitable disciplinary or contractual sanctions. The Recipients are therefore required to know the contents of the Code of Ethics – asking and receiving from the company functions in charge any clarification concerning the interpretation of its content -, respect them and



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contribute to their implementation, reporting any lack or breach (or even attempts of breach) of which they became aware.

KGR S.p.A. furthermore promotes and encourages collaboration among employees to have the Code of Ethics respected and implemented as well as, within the respective competences and functions, the scientific procedures.

To this end, the Company envisages specific training/information programs for the employees, developed on the basis of the different needs and responsibilities of the different users.

3 HUMAN RESOURCES AND EMPLOYMENT POLICY

3.1 Essential conditions

Human resources are an essential component for the life of the company and a critical factor to compete successfully on the market. Honesty, fairness, capacity, professionalism, reliability, technical competence and dedication of personnel are within the fundamental conditions to achieve company goals and they represent the characteristics required by KGR S.p.A. to its managers, auditors, employees and partners of various kind.

KGR is committed to avoiding any kind of discrimination, bribery, child labour exploitation and forced labour, and more generally, to promote dignity, health, liberty and equality of workers, in respect of the United Nation Universal Declaration, of the Fundamental Conventions of the International Labour Organization (ILO) and of the OECD Guidelines.

3.2 Selection policies

In order to contribute to the development of the business targets and to ensure that these targets are pursued by everybody in respect of the ethical principles and of the value adopted by KGR, the corporate policy is aimed at selecting each employee and partner, on whatever basis, according to the values and the characteristics specified above. KGR therefore offers equal work opportunities, ensuring a fair treatment on the basis of the individual skills and abilities. As to the selection – carried out in respect of equal opportunities and without any discrimination of the private sphere – KGR S.p.A. behaves so that resources acquired correspond to profiles actually necessary to the company needs, avoiding nepotisms and preferential treatments of any kind and making its choice only on professionalism and expertise criteria.

KGR S.p.A. personnel is employed under a regular work contract, according to the law, the collective contracts and regulations in force. In particular, KGR S.p.A. does not allow and does not tolerate work relationships – also those of external partners or business suppliers – that violate the regulations in force as to child work, female and immigrant workers.

3.3 Development of professionalisms

While work relationship evolves, KGR commits to creating and maintaining the necessary conditions to enable capacities and knowledge of each person to increase in respect of these values, following a policy based on the recognition of merits and equal opportunities and envisaging specific programs aimed at



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professional update and at the acquisition of more skills. To this end, the employee is required to nurture and stimulate the acquisition of new skills, capacities and knowledge, whereas directors and function managers shall pay the utmost attention to add value and increase the professionalism of their partners by creating the conditions to develop their capacities and the fulfilment of their potentialities.

Personnel management, as well as its selection, shall be inspired to fairness and impartiality principles, avoiding preferential treatments or discriminations, in respect of the professionalism and of the skills of the worker.

While pursuing the company targets, the worker shall however operate in the awareness that ethics represents a primary important interest for KGR S.p.A. and that, therefore, behaviours that result against the law, the regulations in force of this Code of Ethics, even if in theory aimed at supporting the Company, will not be tolerated.

3.4 Human resources and Code of Ethics

Through its dedicated roles and resources, KGR S.p.A. continuously promotes and takes care of the knowledge/awareness of the Code of Ethics, of the relevant procedures and updates, as well as of the activity areas of the different roles by assigning responsibilities, hierarchical dependency lines, description of duties and training of personnel. Information and knowledge of the Code of Ethics and of the relevant specific procedures take place first of all through the distribution of specific documentation to all the employees and partners of different kind, to whom the Company requires to sign the acknowledgement declaration of the documentation received.

Second, KGR S.p.A. envisages for its employees and partners of whatever kind and level, training and update programs on the Code of Ethics, arranged by the responsible functions.

Company personnel can, at any moment, ask advice and clarification about the Code of Ethics and the duties assigned to their superiors. In case of establishment of new work relationships and/or collaboration, the Company will promptly provide the information necessary to an adequate knowledge of the Code of Ethics.

3.5 Work environment safety and privacy protection

KGR S.p.A. undertakes to create a work environment ensuring to all the Recipient, and in particular to the employees and partners of any kind and level, conditions that respect personal health, safety and dignity and where the characteristics of the individuals may not give rise to discriminations or pressures. KGR S.p.A., in respect of the provisions in force, among which, in particular, the Legislative Decree No. 81 of 2008, and of any other regulatory provision for the subject matter, undertakes to protect the health of the workers, implementing all the necessary and appropriate measures, according to the best technical-scientific knowledge, to ensure full compliance of the work environment with the highest standards as to safety and health. KGR S.p.A. furthermore divulges and strengthen the culture of safety to protect workers' health on the workplace, by developing awareness of the risks and promoting responsible behaviours by all the employees and partners, also with reference to the OHSAS 18001 standard.



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In particular, the respect of the dignity of the worker shall be ensured through the respect of the privacy in the mail and in the interpersonal relationships among employees, by forbidding interferences in conferences and discussions and through the prohibition of intrusions or forms of control that may damage the personality.

KGR S.p.A. undertakes to protect the moral integrity of all the employees and/or non-subordinate partners, ensuring their right to work conditions in respect of personal dignity and the full exercise of the union and political rights. KGR S.p.A. protects the workers from psychological violence and mobbing and opposes to any discriminatory attitude or behaviour that may harm the person, his/her beliefs and inclinations. It is absolutely forbidden, during work relationships, to resort to harassment of any kind or, in general, to adopt behaviours apt to compromise the serene performance of the duties assigned, and however harmful to the dignity of the worker.

KGR S.p.A. furthermore adopts suitable measures and initiatives aimed at ensuring safety, correct use and operation of systems, programs of IT or electronic data of the Company or of third parties, by protecting as well the intellectual property rights relevant to the use of programs and IT and electronic data, and the integrity of information made available to the public through the internet.



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4 CONFLICT OF INTERESTS

4.1 Business and individual interests

Between KGR S.p.A. and its managers and employees at any level there is a full trust relationship, within which the employees have the primary duty to use the company assets and their working capacities to fulfil the company interest, in compliance with the principles established by the Code of Ethics, that represent the values adopted by KGR S.p.A. In such a perspective, managers, employees and partners of various kind of KGR S.p.A. shall avoid any situation and refrain from any activity that could involve a personal interest – direct and/or indirect - to those of the company or that could interfere and hinder the capacity to take decisions, in an impartial and objective way, in the interest of the company. If situations with conflict of interests occur, besides being against the laws and the principles established by the Code of Ethics, they become detrimental to the image and the integrity of the company.

The above mentioned recipients shall therefore avoid any possibility to superimpose or anyway intersect, by exploiting their own functional role, the economic activities responding to a personal and/or familiar logic of interest and the roles covered within the Company.

Any conflict situation, even if potential, shall be promptly and in detail reported to the Company – in the person of the line manager. The subject being in potential conflict shall refrain from doing or participating to actions that may cause detriment to the Company or to third parties as well as adversely affect their image.

Likewise, also the consultants and the business partners shall undertake specific tasks to avoid situations involving conflict of interests, also refraining from using, in any way and on whatever basis, the activity performed on behalf of the Company to obtain undue advantages, for themselves or for others.

4.2 Prevention of the conflicts of interests

In order to avoid situations, even potential, of conflicts of interest, KGR when assigning the task or starting the work relationship, requires to managers, employees and partners of various kind, to sign the acknowledgement of this Code of Ethics.

The employee commits to promptly inform the Company – in the person of his/her line manager – in case he/she finds himself/herself in actual or potential situations of conflict of interest as above mentioned.



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5 OPERATING PROCEDURES AND ACCOUNTING RECORDS

5.1 Specific procedures

Specific business procedures, aimed at preventing detrimental events and potential subsequent negative impacts on the company situations, are outlined by the Code of Ethics and are arranged and suitably integrated and modified after the analysis of the business context, in order to highlight the risks weighing on the company and the existing monitoring system, as well as its actual appropriateness.

Specific procedures shall be adopted – by all those who, on whatever basis, participate in the operating process – in the terms and modes specifically envisaged and described by the KGR functions in charge. Their proper implementation ensures the possibility to identify the company subjects responsible for the decision, authorisation and operation performance process: to this end – according to the monitoring principle represented by the separation of tasks – it is necessary that each operation is carried out at the various stages by different subjects having skills clearly defined and known within the organisation, so that the assignment of unlimited and/or excessive powers to single subjects is avoided.

Furthermore, traceability of each process relevant to the business activity shall be ensured, so that the reasons at the base of the choices made, the responsible subjects and any data relevant to evaluate the appropriateness of the operative choices, can always be retraced 'ex post'.

5.2 Compliance with procedures

The Recipients, within their tasks and functions, shall strictly adhere to the procedures envisaged. In particular, the business procedures shall regulate the implementation of each operation and transaction the validity, authorisation, consistency, adequacy, correct recording and verifiability of which, also in terms of financial resources, can be traceable (by means of the following control instruments, without limitation: accounting, matching signatures, accounting support documents, in-depth analysis of the activities of business agents, consultants, suppliers, etc). Each operation shall therefore be supported by adequate, clear and complete documentation to be kept on file, so that inspection about reasons, characteristics of the operation can be carried out at any moment and who, in the different stages, has authorised, performed, recorded and reviewed the operation can be precisely identified.

5.3 Accounting transparency

Truthfulness, accuracy, completeness and clarity of the elementary information represent the necessary conditions that allow accounting transparency and are a fundamental value for KGR S.p.A., also to the end of ensuring to the shareholders and to third parties the possibility to have a clear image of the economic, asset and financial situation of the company.

To make this value respected it is first of all necessary that the supporting documents of the elementary facts, to be entered in the accounting records, are complete, clear, true, accurate and valid and are kept to file for any inspection that may be appropriate. The relevant accounting record shall reflect in a complete, clear, true, accurate and valid way what is described in the supporting documents. In case of economic-patrimonial elements based on evaluations, the relevant



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recording shall be carried out in respect of the reasonableness and congruity criteria, clearly describing in the relevant documents the criteria that lead to the determination of the asset value.

Anyone who becomes aware of possible omissions, falsifications, irregularities in the accounting records and of the basic documents or however of a breach of principles established by the Code of Ethics and by the specific procedures, is bound to promptly report to the owners.

Such violations damage the trust relationship with the Company, become important in terms of disciplinary profile and will be appropriately sanctioned.



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6 PROTECTION OF COMPANY ASSETS

6.1 Safekeeping and management of resources

KGR S.p.A. does its best so that the use of the available resources - complying with the regulations in force and the contents of the statute, and in line with the values of the Code of Ethics - is aimed at ensuring, increasing and strengthening the company assets, to protect the company itself, the creditors and the market.

Therefore, the use of the company assets shall take place in respect of the laws and the regulations in force and in compliance with the operating procedures.

6.2 Operations on shares or on capital

To protect the integrity of the company assets it is specifically forbidden, except for the cases where expressly allowed by the law, to return in any form the contributions or relieve the shareholders from the obligation to make them; to distribute the profits not actually received or allocated by law to reserve, i.e. reserves non distributable by law; to purchase or subscribe shares or quotas for companies or controlling companies; to apply registered capital reductions, mergers or separations in breach of the regulations established to protect the creditors; to create or increase fictitiously the registered capital; to meet, in case of liquidation, the claims of the business partners to the damage of the social creditors.

In order to prevent the above mentioned actions KGR S.p.A., within the company organisation, tries to divulge and make known the regulations by law, the Code of Ethics and the relevant procedures, envisaging specific information and update programs for managers and employees about the violations in corporate matters.



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7 INTERGROUP RELATIONSHIPS

7.1 Autonomy and common ethical values

KGR S.p.A. avoids to adopt behaviours that, in its own interest, result detrimental to the integrity or the image of other companies of the Group. Furthermore, KGR S.p.A. requires that none of the Group companies adopt behaviours or undertake decisions that, even if providing benefits to its behalf, may result detrimental to the integrity or the image of KGR S.p.A. and commits to collaborate in a fair way to pursue the goals of the group, in full respect of the law and of the regulations in force.

7.2 Cooperation, communication and intergroup operations

KGR S.p.A. facilitates communication between KGR S.p.A. and the other companies of the Group, stimulating and using the intergroup synergies in the interest of common goals. Circulation of information from KGR S.p.A. shall take place complying with the principles of truthfulness, fairness, honesty, clarity, transparency, adequacy, in respect of the autonomy of each company and of the specific fields of activity.

Any negotiation existing among the companies of the Group shall be duly formalized and take place in respect of the principles of honesty, effectiveness and protection of the relevant interests, placing special attention to the aspects relevant to the circulation of the economic resources.



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8 SUPERVISORY BODY

8.1 Assignments and characteristics

The task to monitor the application and the respect of the Code of Ethics is assigned to the managing director, having autonomous initiative and control powers, who can decide to inspect documents and consult data; the MD suggests any update of the Code of Ethics and of the specific procedures, also with reference to the reports provided by the employees; the MD may carry out inspections, also periodically, on the application and respect of the Code of Ethics.

8.2 Reporting to the supervisory body

In order to facilitate the report flow towards the management, reports may also be submitted by e-mail to the human resources manager Mr. Alessandro Curtò to the address alessandro.curto@delpa.it, so that he can evaluate the application of any disciplinary sanction or the possible activation of contract termination mechanisms after carrying out the necessary inspections.



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9 RELATIONSHIPS WITH THE OUTSIDE

9.1 Relationships with public authorities and institutions and with other subjects representing collective interests

9.1.1 RELATIONSHIPS WITH AUTHORITIES AND PUBLIC SERVICES

The existing relationships of the Company with public officers or persons in charge of public service – who operate on behalf of the Public Service, central and peripheral, or of legislative bodies, of community institutions, of international public organisations and of any foreign State – with the judiciary, with the supervisory public authorities and with other independent authorities, as well as private partners authorities of a public service, shall be undertaken and managed in the absolute and strict respect of the laws and the regulations in force, of the principles established by the Code of Ethics and in the specific procedures, so that the integrity and reputation of both parties is not compromised.

Care and attention shall be taken in the relationships with the above mentioned subjects, in particular in the operations relevant to: calls for tender, contracts, authorizations, licences, grants, requests and/or management and use of public funding, however called (national or community), management of jobs, relationships with the supervisory body and with other independent authorities, social security organisms, taxes collection bodies, bankruptcy procedure bodies, civil, penal or administrative proceedings etc.. In order not to act against the law or however damage the image and integrity of the company, the above mentioned operations and the relevant financial resources management shall be carried out, by company functions specifically authorized, in full respect of the laws and of the principles of the Code of Ethics and strictly adhering to the specific procedures.

9.1.2 RELATIONSHIPS WITH POLITICAL AND TRADE UNION ORGANIZATIONS

KGR S.p.A. does not promote or discriminate directly or indirectly any political or trade union organisation. The company refrains from providing any contribution, direct or indirect, in any form, to trade unions and political parties, movements and organisations except for those due according to specific law provisions.

9.1.3 PRESENTS, BENEFITS AND PROMISES OF FAVOURS

KGR S.p.A. forbids to all the Recipients to accept, offer or promise, also indirectly, money, gifts, assets, services, performance or favours not due for the relationships with public officers, persons in charge of public service or private subjects, to influence their decisions, in view of preferential treatments or undue performances or for any other purpose.

Any request or offer of money or favours, of any kind, (including e.g. presents or gifts of not of moderate value) unduly expressed to those, or from those, who work on behalf of KGR S.p.A. within the relationships with the Public Service (Italian or of foreign countries) or with private subjects (Italian or foreign) shall be immediately reported to the Management and to the company function in charge to adopt the consequent measures.



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9.2 RELATIONSHIPS WITH CUSTOMERS, CONSULTANTS, SUPPLIERS, NEGOTIATION COUNTERPARTIES, BUSINESS AND/OR FINANCIAL PARTNERS, ETC.

9.2.1 BUSINESS CONDUCT

In its business relationships KGR S.p.A. respects the principles of fairness, honesty, efficiency, openness to the market, respect of the law and of the values established in the Code of Ethics and demands a similar behaviour to all those with whom it has commercial and/or financial business relationships of any kind, paying, to this end, special attention when choosing the negotiation counterparties, the suppliers, the business partners, the consultants, etc.

KGR S.p.A. refrains from any type of relationships, direct or indirect, with subject (physical or legal person) who is known or suspected to be part or who carry out any form of support activity to criminal organisations of any kind, including mafia-style organisations, those involved in human smuggling or in child work exploitation, as well as subjects or groups operating with terrorism goals.

Particular attention shall also be dedicated to the relationships involving the reception or payment of amounts of money or other utilities: KGR S.p.A., in order to prevent to perform, even unintentionally, any operation involving money, assets or other utilities that result from crimes, refrains from receiving for any reason, payment in cash, bearer securities or through unauthorized intermediary or by interposition of third parties that make the identification of the payer subject impossible, i.e. from having relationships with subjects based or operating in Countries that do not ensure corporate transparency, an in general terms, from performing operations that prevent the reconstruction of the financial flow.

The selection of the negotiating counterparties, of the business and financial partners, of the consultants and the suppliers of assets, goods, performance and services shall occur on the basis of objective, transparent evaluation criteria that can be documented, in compliance with this Code of Ethics and with the procedures envisaged by the specific procedures, in written form. In any case, the selection shall occur only on the basis of objective parameters such as quality, economy, price, professionalism, expertise, efficiency and if adequate warranty exists as to supplier, provider or consultant honesty. KGR S.p.A. in particular, commits not to establishing relationships of any kind with subjects known or suspected to exploit child work or personnel not regularly employed or who work in breach of the laws and regulations protecting labour rights. Special attention shall be dedicated to the context of the relationships with subjects working in Countries where there are no laws sufficiently governing the workers, as to child work, female and immigrant labour, verifying the effective existence of adequate health and safety conditions.

Special attention is required and imposed in business transaction, also in compliance with specific procedures, for the payment and reception of money, assets or other utilities. It is however forbidden to carry out payments in cash.

The Company reserves the right to perform audit activities to check the compliance with the contractual obligations.



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industrial engineering – automations – welding systems

Via N. Cena 65 10032 Brandizzo (Torino) Italia
e-mail: info@kgrspa.it – internet: www.kgrspa.it

Tel. +39 011/91798.1
Fax +39 011/9137370

9.2.2 PRESENTS, PAYMENTS IN KIND AND BENEFITS

Within the business relationships with consultants, customers and suppliers, etc., payments in kind, benefits (both direct and indirect), presents, acts of courtesy and hospitality, except of nature and value such as not to compromise the company image and such as that cannot be interpreted as aimed at obtaining a preferential treatment, are forbidden. In any case, any present, acts of courtesy and hospitality shall be communicated and subjected to the decision of the person in charge.

The manager, the auditor or the employee receiving presents that go beyond the common courtesy relationships, to the end of acquiring preferential treatment for the performance of any business activity, shall immediately inform the Board of Directors or, for the employee, his/her line manager who will immediately inform the corporate function in charge that, after carrying out appropriate inspections, will see to manage the communication to the outside.

9.2.3 PROTECTION OF THE ENVIRONMENT

KGR S.p.A. is aware that the environment is a primary asset to be protected and to this end the Company plans its activities looking for a balance between economic initiatives and essential needs to protect the environment. In this context, KGR S.p.A. limits the environmental impacts of its activities referring to the ISO14001 standard.



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10 CORPORATE DISCLOSURE

10.1 Availability and access to information

KGR, within the limits established by the regulations in force, supplies in a timely and complete manner, all the information, clarification, data and documentation required by shareholders, customers, suppliers, supervisory public authorities, institutions, bodies and other stakeholders during the performance of their functions.

Any important corporate information shall be communicated in a timely manner both to the corporate bodies in charge of controlling the social management, and to the supervisory authorities.

A clear and complete corporate disclosure is a warranty, among other things, of the appropriateness of the relationships: with the shareholders, who should be able, in compliance with the regulations in force, to have access to information data; with the third parties that enter into contact with the company, that need a representation of the economic, financial and capital situation of the company; with the supervisory authorities, the auditing bodies and the internal control bodies that shall effectively perform the audit activities, to protect the business partners as well as all the market.



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11 BREACH OF THE CODE OF ETHICS – SANCTIONARY SYSTEM

11.1 Breach notification

With reference to the information about a performed, attempted or requested breach of the rules contained in the Code of Ethics and in the relevant procedures, it will be responsibility of the company to ensure that nobody, within the work environment, may be subject to retaliation, intimidation, discomforts and discrimination of any kind for having reported to the managing director the breach of the content of the Code of Ethics or of the processes envisaged by the specific procedures. Furthermore, following to the notification, the company will promptly carry out adequate inspections and adopt sanctionary measures.

11.2 Sanctionary system

11.2.1 GENERAL PRINCIPLES

The violation of the principles established in the Code of Ethics and in the procedures envisaged by the internal protocols affects the trust-based relationship between KGR S.p.A. and the Recipients.

Such violations shall therefore be sharply pursued by the company, in a prompt and immediate way, through adequate and commensurate disciplinary actions, irrespective of any penal relevance of such behaviours and by establishing a penal proceeding in the cases that may constitute criminal offence.

The effects of the violations of the Code of Ethics and of the specific protocols shall be kept in serious consideration by all the Recipients: to this end, KGR S.p.A. provides for the dissemination of the Code of Ethics, the internal procedures and regulations and information about the sanctions envisaged in case of breach and on the modalities and procedures of application. The Company, to protect its image and to safeguard its resources will not establish relationships of any kind with subjects that do not intend to work strictly respecting the regulations in force and/or that refuse to behave according to the values and principles envisaged in the Code of Ethics and to comply with the procedures and regulations envisaged by the relevant protocols.

11.2.2 EMPLOYEES AND MANAGERS

The behaviours of the employees that violate the single rules of behaviour established in this Code of Ethics are defined as disciplinary offense.

With reference to the sanctions applicable to such employees, these are included in those envisaged by the company disciplinary Regulation, in respect of the procedures under article 7 of the statute of workers and of any special regulations that may apply.

With reference to the above, the Code of Ethics refers to the categories of sanctionable actions envisaged by the existing sanctionary system.

Such categories describe the sanctioned behaviours, depending on the relevance acquired by the single types taken into consideration and the sanctions actually envisaged for having committed the offence depending on its severity.



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11.2.3 MANAGERS

In case of breach, by the managers, of the ethical principles defined in this Code, the most suitable measures will be applied against the responsible party, in accordance with the provisions of the National Collective Labour Agreement for the Industry Executives.

11.2.4 ADMINISTRATORS

In case of breach, by the administrators, of the ethical principles established in this Code, the Board of Directors will adopt the most suitable measures consistently with the severity of the breach and according to the powers envisaged by the law and/or the statute (request of convening or convening of a meeting having in its agenda suitable measures against the subjects responsible for the breach, etc.).

11.2.5 PARTNERS, CONSULTANTS, COUNTERPARTIES AND OTHER EXTERNAL SUBJECTS

Any behaviour adopted within a contractual relationship by collaborators, consultants, partners, counterparties or other external subjects in contrast with the lines of conduct indicated in this Code may determine, thanks to the enforcement of specific provisions, the termination of the contract.

Brandizzo,

Signature
Employer