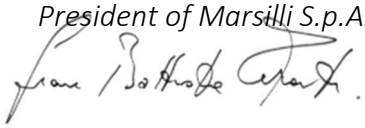
SUPPLIER CODE OF CONDUCT

LETTER FROM THE PRESIDENT

Founded in 1938 as a company for the production of winding machines, Marsilli is now a multinational group with offices in Europe, America and Asia, and a comprehensive network of sales all over the world. In its activities, an ethical approach to business is paramount for the application of the company values in management activities and in the relationships with its stakeholders. Marsilli has therefore adopted this Supplier Code of Conduct as an integral part of its organizational and management model, and as a guideline and reference for everyone who, at various levels, operate as our Suppliers. Marsilli strongly believes in development based on economic, social and environmental sustainability and ethical approach to business. In this regard, I urge those who, for various reasons, are Marsilli suppliers to respect and enforce this Supplier Code of Conduct, as a synthesis of the values we believe in and which inspire us in our daily work.

Gian Battista Parati

President of Marsilli S.p.A.



1 Preamble.

Marsilli is convinced that, in order to meet the principles of economic, social and environmental sustainability, development must rely on an ethical approach to business. Awareness of one's role, transparency, honesty, innovation, social and environmental responsibility are ethical principles in which the Company believes and the fruit of a stronger and established cultural identity underpinned by the values in which Marsilli recognizes. This identity, the result of a well-established entrepreneurial style, has been shaped and strengthened over more than 80 years of business, experiences and relationships, becoming one of the resources upon which our business culture was built. With this in mind, Marsilli defined a Code of Ethics of the Group that, inspired by the values in which it believes, establishes a series of basic principles to act daily in the pursuit of its objectives. These principles, embracing the concept of sustainability at its highest expression, translate into rights, liabilities, rules of conduct and previsions that all stakeholders (employees, suppliers, customers, communities and local authorities, etc.) are required to know and observe as soon as they interact with the Company. This Supplier Code of Conduct is a direct consequence of the Code of Ethics of the Group and aims at raising awareness in this significant category of stakeholders so that, in compliance with the Sustainable Development Goals (SDGs) listed in the 2030 Agenda, they:

- ensure fair and safe working conditions to their workers;
- enforce and ensure non-discriminatory principles;
- operate respecting and protecting the environment;
- operate in compliance with the law, with integrity, transparency and fairness;
- carefully consider the needs of the local communities where they operate.

With this document, Marsilli also wishes to reiterate that each business has the duty to comply with rules and regulations but under no circumstances can acting within the constraints imposed by rules and regulations justify behaviors contrary to the embraced principles and values.

2 Recipients of the Supplier Code of Conduct.

Recipients of this Code are all Suppliers of goods and/or services that have contractual relationships with companies of the Marsilli Group.

By establishing the contractual relationship, the Supplier undertakes to comply with the principles set out hereafter, to share the contents of this document with its coworkers and to promote, within the supply chain, behaviors that ensure compliance of these principles, encouraging monitoring of such compliance at all levels of the supply chain.

3 Regulatory framework.

This document is inspired by the values and principles expressed in the Code of Ethics of the Group and in the Labour, Safety and Human Rights Policy, and the provisions of documents issued by the following international organizations:

- United Nations Universal Declaration of Human Rights.
- International Covenant on Economic, Social and Cultural Rights (ICESCR).
- International Covenant on Civil and Political Rights (ICCPR).
- Conventions of the International Labour Organization (ILO).
- United Nations Sustainable Development Goals (SDGs) represented in the 2030 Agenda signed on 25 September 2015.

4 Compliance of management with applicable regulations and contractual agreements.

The Supplier undertakes to operate fairly and in good faith, in compliance with the applicable law and contractual agreements.

Goods and services provided by the Supplier must comply with all technical and legal standards universally applicable .

In order to allow Marsilli to evaluate the Supplier, the latter undertakes to provide, upon specific request, documentation and information deemed necessary, in addition to allowing inspection visits to its premises, as better specified in the specific paragraph of this Code.

5 Working conditions and human rights.

5.1 CHILD LABOUR.

Child labour is defined as work performed by young people who, according to the applicable law of the country where they work, are under the legal age.

Use of child labour is prohibited. Therefore, it is forbidden to recruit, for any reason, young people who are under the legal age, as stated above.

This prohibition may be waived as follows:

- integration of young trainees in order to provide them with work experience consistent with their course of study;
- recruitment of young people who have completed their studies and will reach the legal age by the year of their employment.

5.2 FORCED OR COMPULSORY LABOUR AND GUARANTEE OF "FREE EMPLOYMENT".

The Supplier shall build working relationships in full compliance with the applicable law. Under no circumstances shall they resort to unregulated or unlawful forms of labour, including forced and compulsory labour, and participate, in any form, in human trafficking.

The Supplier must guarantee to all workers, regardless of their position, the enjoyment of freedom of movement, refraining from exercising physical or psychological coercion (restrictions, abuse, threats, etc.) and guaranteeing them prior notice of working and economic-contractual conditions.

The Supplier shall refrain from requiring workers to leave their documents at the workplace, pay sums of money or deposits instrumental to the creation or performance of the working relationship, as well as hinder the free termination of the latter. It is absolutely forbidden to charge costs or other fees to applicants during the selection or recruitment of personnel, for any reason. Acceptance of job applications cannot be made contingent on applicants being charged any fees or costs.

5.3 HUMAN TRAFFICKING

Human trafficking is defined as the act of transporting, exploiting and trafficking people through deception and coercion thus constituting a state of slavery. The Supplier agrees not to participate, in any form or capacity, in activities directly or indirectly related to human trafficking, as defined above.

5.4 FIGHT AGAINST ILLEGAL RECRUITMENT.

It is absolutely forbidden for the Supplier to resort to any form of illegal recruitment.

5.5 SALARY AND WORKING HOURS.

The Supplier must comply with the laws, regulations and, where present, collective labour agreements and, in any case, must ensure fair regulatory treatment and compensation to workers, based on criteria that reflect the practices and values of the local market and proportionate to the quality and quantity of the work performed. Obligations arising from the employment relationship must be formalized in an employment contract that complies with applicable regulation.

The Supplier shall refrain from paying its workers by cash, using rather means of payment that guarantee traceability of transactions and verification of the sums due.

5.6 SOCIAL SECURITY AND INSURANCE.

The Supplier shall provide workers with insurance against accidents at work and occupational diseases, and social security as provided for by the applicable law.

5.7 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING.

The Supplier recognizes the workers' right to free association and collective bargaining as means of promoting discussion between the parties aimed at the protection of legitimate interests.

5.8 DISCRIMINATION.

The Supplier undertakes to condemn all forms of discrimination against workers based on:

- gender;
- ethnicity;
- religion;
- colour;
- political opinions;
- trade union beliefs;
- philosophical beliefs;
- sexual orientation;
- language;
- nationality.

Criteria aimed at the worker's maximum respect must be applied at all stages of the relationship management, while paying attention to protect their dignity and privacy.

5.9 EQUAL OPPORTUNITIES.

The Supplier undertakes to guarantee equal opportunities for all workers. Economic, contractual and carrier proposals must be made solely on the basis of the workers' suitability with respect to the knowledge, experience, skills, personal inclinations and attitudes required for the tasks to be performed and/or the roles to be filled.

5.10 EDUCATION AND TRAINING

The Supplier undertakes to promote the development of skills and professional growth of workers without any discrimination, allowing them access to training and informative initiatives in line with the roles and tasks performed.

5.11 HEALTH AND SAFETY AT WORK

The Supplier is required to take the necessary measures to protect the workers' health and safety as provided for by the applicable laws, to protect their psychological and physical integrity by offering decent working conditions and safe and healthy working environments, and by undertaking to disseminate and reinforce among all workers a culture of safety based on the development of risk awareness, promoting responsible behaviours from all, even through the enforcement of specific provisions and instructions.

While ensuring the effectiveness of the protection measures taken, the Supplier shall operate by taking into account the degree of technical development, replacing dangerous elements with harmless or less dangerous ones, investing on prevention, prioritizing measures for collective prevention instead of measures for individual protection. Impact of the measures taken must be continuously monitored through safety indicators and the implementation of specific and appropriate control procedures.

5.12 REMEDIAL ACTIONS.

In case of violations of the principles established in this paragraph, the Supplier undertakes to take appropriate measures to eliminate the cause of the violation - as prohibited - to prosecute the offenders and protect the victims.

Some remedial actions may be:

- - On the issue of child labour, if for any reason, minors are found to be working, they must be immediately accompanied out of the company and their parents or legal guardians must be informed. Relevant authorities are also to be informed, so that these minors can be reintegrated into the training path provided by the law of the place of work.
- On the issue of forced labour and human trafficking, workers who are victims of such abuses must be supported so that, in cooperation with the relevant authorities, they are offered regular reintegration into work whenever possible.
- On the issue of discrimination and equal opportunities, discriminatory behaviour must be immediately eliminated and disciplinary measures taken against those responsible for discrimination.
- On the issue of free employment, victims must be informed of the abuse and reimbursed for the costs incurred.

6 Environmental protection

6.1 ENVIRONMENTAL PROTECTION.

The Supplier is required to comply with all applicable laws and regulations on environmental protection, with particular reference to waste and emission management, soil, water and air protection. In addressing the environmental management, the Supplier must draw on: a) the precautionary principle, i.e. adopting preventive behaviours aimed at containing the risk; b) preventive action, i.e. prioritizing harm prevention over remedy; c) remedy upstream of the process rather than downstream. The Supplier undertakes to implement initiatives aimed at continuous improvement, using all useful tools, precautions and procedures. This commitment extends to all levels of the supply chain, while encouraging monitoring of compliance, as better explained in a dedicated paragraph of this Code.

6.2 MANAGEMENT OF RESOURCES AND ENVIRONMENTAL IMPACT

The Supplier undertakes to implement the management principles aimed at protecting and exploiting natural resources through technologies and organizational approaches that encourage waste reduction and promote reuse and recycle of resources.

When asked, the Supplier agrees to provide Marsilli with information and documents necessary to estimate the environmental impacts of the activity performed.

6.3 WATER MANAGEMENT

The Supplier undertakes to minimize the impact on water resources by promoting water conservation, reducing consumption and preserving natural sources of supply.

6.4 MANAGEMENT OF WASTE AND AIR EMISSIONS.

The Supplier must ensure responsible and sustainable management of waste and air emissions, by reducing its carbon footprint and promoting recycling and circular economy. Air emissions must be monitored regularly from a qualitative and quantitative point of view in order to improve their quality and contain their volume.

The Supplier undertakes to reduce waste production and, in any case, to manage waste generated in compliance with the regulations, by providing their characterization and temporary storage in dedicated areas and spaces, by complying with the ban of mixing waste and arranging, as waste producer/holder, for their transfer to service providers in possession of adequate authorization and/or enrollment in the relevant Register.

6.5 OPTIMIZATION OF ENERGY CONSUMPTION AND EMISSION MANAGEMENT

The Supplier undertakes to monitor and reduce consumption of energy originated from fossil fuels and encouraging the use of renewable.

6.6 PROTECTION OF BIODIVERSITY

The Supplier undertakes to promote biodiversity intended as "the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems" (art. 2 United Nations Convention, 1992).

6.7 USE OF CHEMICALS.

The Supplier is committed, directly and throughout the supply chain, to responsible use of chemicals that complies with the industry standards and respects people, animals and the environment.

The Supplier, prior to direct use of chemicals, including for trials, undertakes to provide users with Technical and Safety Data Sheets compliant with the applicable regulation.

The Supplier undertakes to use and store chemicals in compliance with the applicable laws and manufacturer's requirements, thereby preventing emergencies (spills on the soil, into the sewage

system, bursts, fires, dispersion in the atmosphere, etc.) and risks to the health and safety of people and the environment.

6.8 EMERGENCY MANAGEMENT.

The Supplier must take all measures and precautions to prevent and, where applicable, manage emergencies that could potentially harm the environment and endanger people's health, including by providing first-aid means and tools in the workplace aimed at remedying damaging events.

7 Ethics and business practices

7.1 FAIR COMPETITION

The Supplier undertakes to do business in accordance with the principles of fairness, transparency and good faith, refraining from any deceptive practices and conduct that would breach the competition.

7.2 RELATIONSHIPS WITH THE PUBLIC ADMINISTRATION.

The Supplier shall build relationships with the public administration and supervisory bodies on sense of responsibility, cooperation and transparency, providing true and correct information.

7.3 CORRUPTION, EXTORTION, EMBEZZLEMENT AND MONEY LAUNDERING.

The Supplier shall operate in full compliance with legality, integrity and fairness, refraining from any form of payment or receipt of money or goods, in violation of applicable laws or regulations. Any gift given must respect the principle of modest value.

The Supplier must refrain from any behaviour aimed at gaining profit by means of artifice or deception, altered or forged documents and fraudulent actions intended to mislead third parties. The Supplier is required to take all measures in order to prevent money laundering of illicit origin.

7.4 CONFLICT OF INTEREST.

The Supplier undertakes to report the existence of conflicts of interest before, during and after the definition and performance of a contractual relationship.

7.5 PRIVACY AND CONFIDENTIALITY.

The Supplier must ensure confidentiality of third-party data and information, in compliance with reporting requirements imposed by the applicable law and regulations. Criteria of lawfulness and

fairness must be applied for their processing, as well as procedures that ensure protection of information and rights of the data subject, which must be stored only for the time strictly required to fulfil the expressed purpose.

The Supplier undertakes to identify, appoint and train persons authorized to process data. The Supplier ensures a fair, true and correct communication with all Stakeholders.

7.6 CYBER SECURITY.

The Supplier shall ensure protection of digital data and information from unauthorized access to its computer systems.

7.7 RESPONSIBLE SUPPLY.

The Supplier undertakes to foster sustainable economic, social and environmental growth, by preferring local suppliers and offering fair contractual conditions.

7.8 INTERNATIONAL TRADE.

The Supplier undertakes to comply with the international trade regulations governing the transfer, export, re-export and import of services and technology, as well any trade blockade with specific countries (embargo).

7.9 METALS AND OTHER ELEMENTS FROM CONFLICT ZONES.

Marsilli requires its suppliers to use natural resources based on sustainability principles. With this in mind, the trade and consequently the use in production activities of products or components containing metals (e.g.: '3T' - 'Tantalum', 'Tinn', 'Tungsten' - and Gold) or other elements extracted from conflict regions, identified according to the indications provided by the COMMISSION RECOMMENDATION (EU) 2018/1149 of 10 August 2018, must be avoided. Therefore, the Supplier undertakes to refrain from purchasing and using in its activities, either directly or indirectly, metals and other elements from conflict zones.

8 Relationships with local communities.

8.1 ETHICS AND TRANSPARENCY IN THE RELATIONSHIPS WITH LOCAL COMMUNITIES.

The Supplier ensures a relationship with local communities based on listening and dialogue, aimed at encouraging development which includes local needs within the framework of shared solutions.

9 Reporting violations and inspections.

9.1 DISSEMINATION OF THE CODE, REPORTING AND MANAGEMENT OF VIOLATIONS.

The Supplier is responsible for promoting dissemination of this Code within its organization and for establishing a system that permits the detection of violations and subsequent corrective actions, guaranteeing total confidentiality of the wistleblower's identity, as well as his/her protection from any act of retaliation or discrimination, for reasons directly or indirectly related to the report.

9.2 INSPECTIONS.

The Supplier allows Marsilli to carry out inspections, with access to specific documentation, to verify compliance with the principles set forth in this Code, with particular reference to the provisions on economic, environmental and social sustainability, regarding human rights, environmental protection, workers' health and safety, and any other subject thereof. Should the Supplier refuse the performance of the aforementioned inspections, Marsilli will be entitled to terminate the relationship with the Supplier free of charge to itself. In such event, the Supplier waives any claim for compensation against Marsilli.

Should the outcome of the checks performed by Marsilli be negative, the Supplier will need to take appropriate corrective action. Should the non-compliance persists, Marsilli will be entitled to terminate the relationship with the Supplier free of charge to itself until the non-compliance is resolved. In such event, the Supplier waives any claim for compensation against Marsilli.

10 Termination of the contractual relationship.

In the event of serious violations of the provisions of this Code, Marsilli will be entitled to terminate the relationship with the Supplier, free of charge to itself. In such event, the Supplier waives any claim for compensation against Marsilli.