

## **CORPORATE CODE OF ETHICS**

### **Introduction**

The MF Trasformatori Code of Ethics approved by the Board of Directors with resolution on December 10, 2013 identifies a core set of values which shall serve as a permanent reference for all employees and associates of MF Trasformatori while conducting business and related work activities.

It is the responsibility of all company employees and associates to comply with the principles and policies of the Code of Ethics in the management of relations and to encourage its dissemination. MF Trasformatori undertakes, with respect to all recipients of the Code of Ethics, to:

- ensure its dissemination by making it available to all recipients;
- ensure regular revisions in order to adapt it to the evolution of the mores of civil society and the laws in force;
- adopt an adequate sanction system to penalize violations of the provisions of the Code of Ethics;
- adopt appropriate procedures for reporting, verification and response to possible violations;
- ensure the confidentiality of the identity of anyone who reports violations, without prejudice to the requirements of law;
- periodically verify compliance with the Code of Ethics by its recipients.

### **Recipients of the Code of Ethics**

The provisions of the Code of Ethics shall apply, without exception, to all employees of MF Trasformatori and all those who, directly or indirectly, permanently or temporarily, establish relations with, or work to pursue its objectives (hereinafter the "Recipients").

The Code of Ethics is an integral part of the employment relationship and therefore all recipients shall undertake to:

- act in line with the provisions of the Code of Ethics;
- report all violations of the Code of Ethics to the Supervisory Board as soon as they become aware of them;
- adequately inform third parties of the obligations imposed by the Code of Ethics, enforce compliance, and take appropriate measures in the case of non-compliance.

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## PART ONE

### Ethical Principles

**1) Integrity:** The relationships and behaviours of the recipients of the Code of Ethics shall be based on the principles of honesty, fairness, integrity, transparency and mutual respect, as well as being open to verification and based on accurate and complete information.

**2) Loyalty and fidelity:** MF Trasformatori maintains a relationship of trust and mutual fidelity with each of its employees.

The relations between MF Trasformatori employees and between them and third parties shall be characterized by the utmost loyalty, which consists in keeping one's word and agreements, acting with a sense of responsibility in the promotion and protection of corporate assets, and in the application of conduct based on good faith in all activities and decisions.

**3) Principle of legality:** In the sphere of its activities and the conduct of its business, MF Trasformatori shall assume compliance with the law and national and international regulations as a guiding principle, in a framework of integrity, fairness and confidentiality. It also seeks to reconcile the pursuit of market competitiveness with compliance with the regulations on fair competition and to promote the correct and efficient use of resources consistent with social responsibility and adequate environmental protection standards.

**4) Confidentiality:** Information of a confidential nature, relating to data or knowledge belonging to MF Trasformatori shall not be acquired, used or disclosed except by authorized persons. In addition, in accordance with the law on privacy matters, Recipients shall undertake to protect the information generated or acquired and avoid any misuse or unauthorized use of it. Therefore, unless it is already of public domain, it is forbidden to use, disclose, or communicate without specific authorization and without complying with the corporate procedures, the aforementioned knowledge, information, or data for purposes unrelated to the performance of the recipient's duties or in any case for personal gain or the benefit of third parties.

**5) Respect for the dignity of the person:** MF Trasformatori respects the fundamental rights of individuals, protects their moral integrity, and guarantees equal opportunities. In both internal and external relationships no discriminatory conduct shall be permitted based on political opinions, trade union membership, religion, race, nationality, age, gender, sexual orientation, health status, or any other personal characteristic of the individual. MF Trasformatori condemns any activity that might place or hold persons in conditions of slavery or servitude and recognizes the primary importance of the protection of minors and the repression of all forms of child labour.

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**6) Protection of health and safety in the workplace:** MF Trasformatori promotes conditions and work environments that protect the physical and psychological integrity of people.

MF Trasformatori recognizes the correct application of the legislation in force and the technical standards related to it, together with activities intended to inform and train its workers as well as their involvement, as essential tools for achieving, maintaining and improving the working and environmental conditions that allow for the protection of the safety and health of employees, associates and other third parties within the company.

Every Recipient shall comply with the laws and corporate provisions (including by way of a non-limiting example the Company's Rules and the Safety Manual) aimed at protecting health and safety.

**7) Environmental protection:** MF Trasformatori complies with the laws and regulations relating to the environment and contributes to the sustainable development of the region, including through the use of the best available technologies, the constant monitoring of business processes, and the identification of industrial solutions with the lowest impact on the environment when choosing materials and resources, product packaging, etc.

**8) Equal opportunities:** Professional development and the management of personnel and associates are based on the principle of equal opportunities. The recognition of Recipients' achievements, professional potential, and skills are the essential criteria for career advancement and salary increase.

**9) Impartiality and absence of conflicts of interest:** Recipients shall avoid situations and/or activities that may lead to conflicts of interest with those of MF Trasformatori or that could interfere with their ability to make impartial decisions in the best interest of the company.

## PART TWO

### Code of conduct

The rules of conduct are intended to indicate those behaviours to engage in when carrying out business activities in order to abide by the contents of the Ethical Principles.

These rules are divided into:

- 1) ethics in the management of business activities;
- 2) work ethic and the protection and enhancement of human resources.

#### Ethics in the management of business activities

MF Trasformatori manages its affairs by applying the principles identified in this Code of Ethics and requires its employees to comply with these principles in all circumstances regardless of the materiality or importance of the business and the market conditions.

##### 1) Transparency of accounts

MF Trasformatori recognizes the importance of transparency, accuracy and completeness of accounting information and endeavours to have a reliable accounting system to correctly represent the management results and to provide the tools to identify, prevent, and manage, as far as possible, operational and financial risks.

The accounting records shall be based on accurate, comprehensive and verifiable information, shall reflect the nature of the transaction to which they refer in compliance with the external principles (law, accounting principles) and internal policies and procedures, and shall be accompanied by the supporting documentation necessary to enable objective analysis and assessments.

In financial statements, reports and other communications required by law, it is expressly forbidden to include or present data not corresponding to the truth (even if subject to evaluation) and to omit information, the disclosure of which is required by law, on the economic, equity or financial situation of MF Trasformatori.

##### 2) Customer Relations

MF Trasformatori directs its activities to the satisfaction and the protection of its customers, appropriately responding to requests that may improve the quality of products and services offered.

*In communications with customers, MF Trasformatori shall pursue the following objectives:*

- clarity and simplicity;
- regulatory compliance, never using elusive or incorrect practices;
- completeness, so as not to overlook any element that could be relevant for the customer while making a decision;

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- truth and transparency, excluding the use of misleading information.

MF Trasformatori associates, in their relationships with customers, undertake to:

- promptly respond to customer complaints and evaluate their suggestions;
- require customers to comply with the principles of the Code of Ethics;
- promptly report to their supervisor any customer behaviour that appears contrary to the principles of this Code of Ethics.

### 3) Relations with suppliers

MF Trasformatori is committed to making use of suppliers that possess the best characteristics in terms of quality, innovation, cost, service, reliability, and ethics.

Employees of MF Trasformatori are required to select suppliers on the basis of the ethical principles set out in this Code. In particular, they are required to:

- follow internal procedures for the selection and management of relations with suppliers;
- not discriminate between providers, enabling all those who are eligible to compete for the award of contracts and making their choice based on objective criteria;
- require the cooperation of suppliers in ensuring the best balance between quality, cost, and delivery times;
- apply the stipulated contractual conditions;
- require suppliers to comply with the principles of the Code of Ethics;
- promptly report to the supervisor any supplier behaviour that appears contrary to the principles of this Code of Ethics.

### 4) Relations with external associates

External associates (agents, consultants, representatives, etc.) are required to observe the principles of this Code of Ethics.

In relation to their duties, all employees of MF Trasformatori, shall:

- carefully assess the opportunity to make use of external associates;
- only select associates with appropriate qualifications;
- obtain guarantees regarding the fulfilment of the best ratio between performance, quality, cost, and time from external associates;
- operate within the laws and regulations in force;
- apply the contractual conditions; with regard to remuneration paid to external associates, it shall be proportionate to the service provided indicated in the contract;
- maintain a dialogue with external associates, in line with best business practices;
- require external associates to respect the principles of the Code of Ethics;
- promptly report to the supervisor any external associate behaviour that appears contrary to the principles of this Code of Ethics.

### 5) Relations with the Public Administration

MF Trasformatori condemns corruption, bribery, misappropriation, fraud, and embezzlement and shall take all appropriate measures to prevent the commission of these offenses.

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Business negotiations shall be conducted in accordance with the law and in accordance with the principles of loyalty, fairness, transparency and accountability.

In relations between MF Trasformatori and Public Administrations, the Recipients shall act in accordance with legal provisions and ethical standards. Relations shall be managed without resorting to illegal means.

Practices including corruption, illegitimate favours, collusion, and requests for personal benefits for oneself or for others are explicitly prohibited.

MF Trasformatori condemns all such behaviours, whether performed by members of corporate bodies, employees, external associates, or other third parties.

## 6) Competition

MF Trasformatori shall refrain from anti-competitive behaviours and shall observe the provisions on fair competition in the market.

For the purposes of this Code, anti-competitive behaviour means any misleading, fraudulent or unfair conduct, practice or decision, contrary to free competition or otherwise detrimental to the standards of good faith and fairness in legal relations.

## 7) Relations with Political Parties, Trade Unions and Associations

MF Trasformatori shall not provide financial or economic support to political parties, movements, committees and political organizations/trade unions, or their representatives and candidates in any manner.

## Work ethic and protection and enhancement of human resources

### 1) Recruitment of personnel.

The search for and selection of personnel shall be carried out respecting the privacy of applicants and applying the criteria of objectivity and transparency, ensuring equal opportunities and avoiding favouritism.

MF Trasformatori does not make use of child labour in the production of any goods or in the provision of any services, where child labour is defined as the service of people under 16 years of age, who would be prevented from going to school and/or conduct a life suitable for their age. In addition, MF Trasformatori undertakes to guarantee workers between 16 and 18 years old effective conditions to favour learning, training, professional growth and development, as well as suitable health and safety conditions in the workplace.

All personnel are employed with a regular employment contract in accordance with applicable legislation; MF Trasformatori does not tolerate any form of undocumented, illegal or clandestine work.

When a person is hired and during the initial period of integration into the company, each employee shall receive adequate information in relation to the rules governing the employment relationship, the rules and procedures relating to safety and health in the workplace, MF Trasformatori corporate policies and the rules of the Code of Ethics, in order to ensure immediate knowledge and promote speedy integration into the life and culture of the company.

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## 2) Freedom of association

MF Trasformatori undertakes not to prohibit, impede, or penalize union activities, providing personnel with the appropriate conditions to practice this right in the workplace. It also undertakes to provide its employees with the ability to publicly negotiate according to the current legislation, without fear of interference or restrictions.

The freedom to join a trade union shall be ensured by not exerting pressure on those who join one and without discrimination of any kind, recognizing the elected representatives as privileged speakers, ensuring them the place and time to carry out their trade union activities.

## 3) Disciplinary Practices

MF Trasformatori undertakes to:

- Not apply disciplinary measures contrary to the dignity and respect of the individual person, limiting the measures to the provisions provided for by the legislation in force.
- Treat all employees with dignity and respect, strictly excluding the use of any type of unusual and/or physical disciplinary practice. Disciplinary practices shall comply with all applicable local laws and regulations established for workers.
- Prevent any form of "psychological terror" and/or "sexual harassment", that is, pressure and psychological conditioning through verbal and/or gestural allusions, not use unfavourable working conditions as "punishment", and not be superficial or hasty in applying disciplinary practices.

## 4) Work hours

Work hours shall comply with the number of hours specified in the collective bargaining agreement, and overtime, when necessary, shall be paid appropriately and never exceed 8 hours per week.

In particular, it is important to plan the work carefully, trying to rationalize production processes, to correctly establish the workforce needed so as to avoid forcing personnel to work excessive overtime and to ensure them the enjoyment of their holidays.

Employees shall be guaranteed at least one rest day a week.

## 5) Compensation

MF Trasformatori ensures its employees a wage not less than that required by law and a salary good enough to ensure a decent life.

## 6) Internal Communication

MF Trasformatori considers internal communication and exchange of information and experiences to be essential elements for its effective operation.

Internal communication is the primary and direct responsibility of each department manager in the sphere of the proper management of interpersonal relationships with employees and associates.

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## 7) Protection of Company Assets

Employees are responsible for the safeguarding of corporate assets assigned to them and shall work diligently to protect them by acting responsibly and in line with company procedures.

Employees shall never allow others to misuse MF Trasformatori's assets and/or resources.

MF Trasformatori personnel and associates are required to use the IT tools available to them exclusively for business purposes and never for private and/or personal reasons, in compliance with applicable regulations and company procedures.

In particular, MF Trasformatori condemns the use of computer networks for the use and exchange of pornography and child pornography.

MF Trasformatori condemns any illegal conduct in relation to network systems, including the use of unauthorized or unlicensed software, forged official or private documents, unauthorized access to an IT system, unauthorized possession or disclosure of access codes of IT systems, the interception, impediment or interruption of communications, etc.

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## PART THREE

### Implementation provisions

#### **Duties of executive officers**

Managers and executives in general shall observe all the provisions set out for personnel, behaving in such a manner as to set an example for employees and associates so as to communicate that compliance with the Code of Ethics is an essential part of the daily work carried out.

Managers and executives are required to ensure that personnel comply with the above requirements, adopting the necessary measures toward this end and implementing the necessary verifications. Such verifications shall also be carried out directly and with a periodicity appropriate to the type of activity in question.

#### **Training and communication**

The Human Resources Department is responsible for developing and implementing appropriate means of internal communication for the dissemination and awareness of the Code of Ethics. Similar communication programs shall be designed to communicate the contents of the MF Trasformatori Code of Ethics to external third parties and to bring to the attention of those concerned the procedures for reporting violations.

#### **Non-compliance and sanctions**

The violation of the duties provided for in this Code harms the relationship of trust established with MF Trasformatori and can lead to disciplinary, legal, civil and/or criminal measures as provided for by law and by collective bargaining agreements.

In the most serious cases, the violation may result in the termination of the employment contract, if committed by the employee, or the termination of the relationship, if committed by a third party. Failure to comply with this Code of Ethics impacts and influences the employee's assignment of duties and position, as well as evaluations and payment of possible economic incentives.

In the case of violations by managers and executives, the most appropriate measures shall be implemented in accordance with the provisions of the Collective Bargaining Agreement for Industrial Managers.

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