



SAPES
DRIVING COMPONENTS

Code of Ethics

Ethics Vigilant	Mrs. Margherita Beltrami
CONTACTS:	
E-Mail	margherita.beltrami@sapes.eu
Dedicated internal postmail	to kind attention of Mrs. Margherita Beltrami, Via E. Miglio, 11 – 38089 Storo (TN)
Phone	0465 686100 int. 127

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LETTER FROM CEO

Dear Colleagues,

The Code of Ethics represents the enunciation of the most significant corporate values in which we believe and highlights the rights, duties and responsibilities of all those who, for any reason, work with Sapes: directors, auditors, employees, consultants, agents, business partners and, more generally, all those who collaborate with the company regardless of the nature of the collaboration itself.

We want the constant application of the principles contained in this code of ethics to be a precise commitment of all those who work in Sapes, confident that this important step constitutes the achievement of one of the improvement objectives necessary to allow the company – and therefore all of us - to look to the future with confidence.

Giulio Gadaldi

1. INTRODUCTION

I. The Company

Sapes S.p.A. (hereinafter referred to as Sapes or Company), founded in 1996 as a 1933 small engineering company for the production of steel parts for the aeronautical sector, today is a European leader in the forging of special steels for Safety Components of steering and transmissions for cars, trucks and tractors.

With a strong focus on customer satisfaction, it offers the market products that meet the strictest international standards and at the same time guarantee high quality, innovation and technology, with great attention to safety.

II. Objectives of the Code of Ethics

The Code of Ethics (hereinafter also referred to as the Code) aims to direct the management of Sapes according to criteria of respect for the law, as well as loyalty, professional correctness and economic efficiency in the internal and external relations of the Company, in order to promote univocal lines of conduct aimed at satisfying the needs of the stakeholders and consolidating a positive corporate reputation.

By approving this Code, Sapes declares that it inspires its activity to the principles contained therein, in order not to undertake, or continue, any relationship with anyone who proves not to share the spirit of the Code or who violates its principles and rules of conduct. This document aims to summarize, also in the light of the Legislative Decree no. 231 of June 8, 2001, the values, the corporate culture and the rules of conduct that Sapes sets as the basis for conducting its business. In no way the pursuit of the company's interest can disregard the respect of the regulations in force and the contents of the Code of Ethics.

III. Scope of application

The Code of Ethics guides the conduct and is therefore binding for the behavior of all the Collaborators of the Company. The Collaborators are the members of the Board of Directors, the employees and all those who, for various reasons, act in the name or on behalf and in the interest of Sapes, regardless of the legal status of the relationship.

IV. Document structure

The Code of Ethics is divided into the following 3 parts:

- **Ethics Charter:** formalizes the mission, values and principles that constitute the foundation of Sapes' culture;
- **Behavioural Rules:** highlights the areas of responsibility and the behaviours to be adopted in order to comply with the principles set out in the previous point;
- **Control and monitoring:** Identifies those responsible for implementing the Code of Ethics and explains how to apply the values and standards of behavior defined so that they are confirmed as daily practice.

2. ETHIC PAPER

I. Mission and Vision

Sapes pursues the profitable growth of its activities in the national and international field, respecting the values of ethics and sustainability. Sapes aims at an "exemplary" Customer Satisfaction to be more and more the reference point at European level in the production of spherical head shafts for steering systems and transmission shafts for automotive and industrial vehicle applications.

Our success must be based on technological innovation, on the highest quality of products and on the commitment to provide our customers with excellent services: we rely on the competence, motivation and responsibility of our staff. We pursue the profitable growth of our activities in the national and international field, respecting the Values learned from 1933 until today, always aware of having the precise obligation to choose always, without any exception, for the good and future prosperity of the Company, facing the existing Change with courage and determination.

II. Sapes Values and Principles

Business Ethics

Legality - All Collaborators are required to comply with the laws and regulations in force in the countries in which they operate, with the Code of Ethics and with the internal company rules, applying them with rectitude and fairness.

Integrity - In its relations with third parties, Sapes commits itself to act in a correct and transparent way, avoiding misleading information and behaviors such as to take undue advantage of others' positions of weakness or lack of knowledge.

Loyalty - Relationships with outsiders, with co-workers and between co-workers must be based on the utmost loyalty, which consists of acting with a sense of responsibility and applying an attitude of complete good faith in every activity or decision.

Transparency - All of the Company's actions and relationships with its stakeholders must be carried out ensuring correctness, completeness and timeliness of information along the lines dictated by laws, best market practices and within the limits of protecting the Company's know-how and assets.

Respect for people's dignity - Sapes respects people's fundamental rights, protecting their moral integrity and guaranteeing equal opportunities. In both internal and external relations, behaviors that have a discriminatory content based on political and trade union opinions, religion, race, nationality, sex, sexual orientation, health status and in general any intimate characteristic of the human person are not allowed. All other forms of discrimination, corruption, forced child labor are also prohibited.

Modern slavery - is a crime and a violation of basic human rights. It takes different forms, such as slavery, forced and compulsory labor and human trafficking, all of which have in common the deprivation of a person's freedom by another individual in order to exploit them for personal or commercial gain. Sapes has a "zero-tolerance" approach to modern slavery and is committed to acting ethically and with integrity in all its business dealings and relationships and practices and applies effective systems and controls to ensure that modern slavery does not affect its business or supply chains at all.

Work ethics and the protection and development of employees

Commitment to improvement - Collaborators commit to Sapes to give the best of their professional skills and to improve them with the tools offered by the Company.

Confidentiality - Collaborators undertake to treat all information obtained in relation to the performance of their work as confidential and, therefore, not to disclose it except to the extent of the use of such information for the performance of their work and in accordance with the principle of Transparency.

Absence of Conflict of Interest - Employees shall ensure that all business decisions are made in the best interests of the Company, avoiding any conflict of interest between personal or family business activities and their duties at the Company.

Health and Safety - Sapes promotes working conditions and environments that protect the psychophysical integrity of people, and encourage proactiveness, creativity, active participation, ability to work in a team and assumption of responsibility.

Professional development - Recognition of the results achieved in line with the principles of the Code, of the professional potential and of the skills expressed by individuals constitute the essential criteria for career

advancement.

Commitment to sustainable development and responsibility towards the community

Promotion of sustainable development - For Sapes, the protection of the environment is a fundamental value of the community and it is compatible with the company's development. Sapes, therefore, is committed to operate in compliance with the regulations in force by applying the best available technologies, to promote and plan a development of its activities aimed at enhancing the natural resources and preserving the environment for future generations.

Responsibility towards the Community - Sapes operates taking into account the needs of the communities in which it carries out its activities and contributes to their economic, social and civil development.

III. Sapes stakeholders

Sapes's stakeholders are all those groups of individuals composed of people, organizations and communities that influence the Company's activities or are directly or indirectly affected by them.

Shareholders: they are all those subjects who have contributed goods or services for the joint exercise of Sapes' economic activity, in order to share its profits.

Collaborators: these are the members of the Company's Board of Directors, employees and all those who, for various reasons, act in the name of or on behalf of and in the interest of the Company, regardless of the legal status of the relationship.

Customers: they are all those who use, for various reasons, the products and services offered by Sapes.

Partners: they are all those subjects with whom Sapes has, for various reasons, collaboration relationships aimed at the development of commercial activities in Italy and abroad.

Suppliers: are all those who, for various reasons, provide goods, services and resources necessary for the realization of activities and who contribute to determining the quality of Sapes products.

Lenders: these are the credit institutions that provide financial support to Sapes' investment choices.

Public Administration: In the broadest sense, these are all those subjects, under public and private law, who perform a public function or a public service. By public function we mean the activities, governed by rules of public law, pertaining to legislative, administrative and judicial functions and characterized by the exercise of authoritative and certifying powers. By public service we mean activities regulated in the same forms as the public function, but lacking the authoritative or certifying powers typical of the latter.

Community: it represents the local community with which Sapes relates and, in general, the whole civil society with which the Company has or could have exchange relationships.

3. RULES OF CONDUCT

I. Shareholders

Sapes protects the entrepreneurial risk through a policy aimed at safeguarding the solidity in a perspective of sustainability in the medium to long term, promoting compliance with the principles of fairness and transparency. The Company observes high standards of good corporate governance to protect its value and reputation, as well as in the interest of the Shareholders.

II. Contributors

Representation and collaboration - All Sapes's collaborators are required to act with rigor and professional commitment, in order to safeguard the Company's reputation, establishing relationships based on trust and mutual collaboration with every interlocutor, internal or external. The collaborators guarantee, in the daily conduct of their activities, to enhance the reliability, efficiency and excellence that characterize the style of Sapes.

Honest and transparent conduct - Collaborators are required to behave with integrity in compliance with the laws, regulations and internal procedures in force. The conviction that they are acting to the advantage of Sapes cannot, in any way, justify conduct in contrast with the principles laid down in this document, the general observance of which is of fundamental importance for the proper functioning and prestige of the Company.

Conflict of Interest - A conflict of interest arises when a Sapes employee uses his or her position for personal gain or when personal interests conflict with the interests of the Company. Therefore, each employee must avoid any involvement that interferes, or may interfere, with his or her ability to impartially evaluate decisions on behalf of Sapes. By way of example, a conflict of interest is:

- accept money, favors or benefits from persons and/or legal entities that intend to enter into economic agreements with Sapes;
- to carry out work activities of any kind with suppliers, private and public bodies that could jeopardize the performance of work for Sapes;
- Making or encouraging decisions in the exercise of one's corporate role for the benefit of one's relative or relative-in-law.

Information processing

Transparency and correctness of information: the collaborators must ensure the truthfulness, transparency, accuracy and completeness of the documents and information provided in the performance of the activities for which they are responsible. Sapes condemns any behavior aimed at altering the correctness and truthfulness of the data and information contained in the financial statements, reports or other corporate communications required by law and addressed to the public, the control authorities, the Board of Auditors and the auditor.

Protection and Confidentiality of Information: the Collaborators must guarantee the utmost confidentiality on strategic, confidential or intellectual property information of Sapes. The Company guarantees the proper management of confidential information and requires its collaborators to maintain absolute secrecy on any confidential information concerning the Company or third parties.

Protection of personal data: the Company protects the personal data acquired in the performance of its activities concerning its collaborators and third parties. Sapes treats such data in compliance with the regulations in force and with the moral protection of people.

Traceability and correctness of operations - All operations and transactions, understood in the broadest sense of the term, must be authorized and recorded in compliance with the principles of honesty and impartiality. It is the duty of all the collaborators to operate with due diligence and to guarantee that the activities carried out are supported by documentary and/or IT evidence, also in order to allow the congruity and legitimacy of the operation, as well as to identify who authorized, carried out, recorded and verified it. Sapes promotes the principle of correct behaviour in business activities, also with reference to the types of crime provided for in the Model of organization, management and control adopted pursuant to the Legislative Decree 231/2001.

Gifts and benefits - Sapes's collaborators cannot ask for gifts, money or other benefits for themselves or for others, even through a third party, nor accept them, except for utility items of modest value or in compliance with normal business practices and courtesy, from anyone who has benefited or who may benefit from the Company's activity. Collaborators may not offer gifts, money or other benefits to any person from

whom they may obtain favourable treatment in the conduct of any activity connected to Sapes, thus ensuring an advantage for the latter.

Company's resources and tools - The collaborators of Sapes are required to work diligently to protect the company's assets (tangible and intangible), making an appropriate use of them and adopting behaviors that prevent their inappropriate use by third parties. With regard to the use of computer systems, each collaborator is responsible for the security of the systems used and must comply with the regulations in force and the terms of the applicable license agreements. The use of software that does not comply with company standards is not permitted, unless authorized in writing by the relevant departments. Employees shall refrain from introducing illegal copies of software into the Company's computer system.

Working environment - Sapes adopts all the safety measures required by the technological evolution in order to guarantee a safe and healthy working environment, in full compliance with the regulations in force concerning the prevention and protection of accidents at work. The Company promotes the diffusion of a culture of conscious safety, encouraging responsible behaviors from all the Collaborators, in order to preserve, above all with preventive actions, their health and safety.

To this end, Sapes carries out interventions of a technical and organizational nature concerning the assessment of risks, the adoption of the best technologies, the monitoring of work methodologies and the provision of training and communication interventions.

The collaborators of Sapes are required to scrupulously respect the rules and obligations deriving from the reference regulations on health and safety, as well as to comply with all the measures required by the internal procedures. Sapes commits itself to guarantee the respect of the conditions necessary for the existence of a collaborative and non-hostile working environment and to prevent discriminatory behaviors of any kind. The cooperation of everyone is required in order to maintain a climate of mutual respect for the dignity, honor and reputation of each one.

Personnel selection, **recruitment and assessment** - The selection of personnel is subject to verification that the candidates fully comply with the professional profiles required. The competent Department takes appropriate measures to avoid favoritism, nepotism or forms of patronage.

Personnel are hired on the basis of regular employment contracts, since no form of employment relationship which does not comply with current regulations or in any case circumvents them is permitted. Recruitment takes place in full respect of the law and of the applicable CCNL, since no form of employment relationship not in compliance with the regulations in force is allowed. Sapes respects the laws and contracts regarding working hours, including overtime, and recognizes the right to a fair remuneration. Employees are aware of the terms and conditions of their employment.

Freedom of opinion, association and collective bargaining - Sapes respects freedom of expression, association and the right to collective bargaining: workers have the right, without distinction, to join a union or form a union of their choice and to bargain collectively. Workers' representatives suffer no discrimination and have the right to carry out their representative function in the workplace.

III. Customers

Quality and excellence - Sapes aims to satisfy the best and legitimate expectations of its customers by providing them with products and services of excellence and quality, in compliance with the rules to protect competition and the market. The pursued objective is to guarantee an immediate, qualified and competent answer to the needs of the Customers, by complying with correctness, courtesy and collaboration.

Negotiation and contractual fairness - Sapes's priority objective is to fully satisfy the needs of its customers, also in order to create a solid relationship inspired by the general values of fairness, honesty, efficiency and professionalism. Within the framework of the relationships with the customers, all the collaborators of Sapes commit themselves to operate within the framework of the regulations in force and to always respect the commitments and the obligations they have undertaken, and they also respect the truthfulness of advertising and other communications.

Sapes commits itself not to have any preclusion towards any subject; however, it is forbidden to have any relationship, direct or indirect, with subjects suspected or known to belong to criminal organizations or in any case operating outside the law.

The contracts stipulated with the customers, and in general every communication addressed to them, are based on criteria of simplicity, clarity and completeness, avoiding the use of any misleading practice. In case of unforeseen events, Sapes commits itself not to exploit situations of dependence or weakness of the counterpart.

Gifts or acts of courtesy and hospitality towards Clients (or possible Clients) are permitted to the extent that the modest value of the same does not compromise their integrity and independence. In any case, these types of expenditure must be authorised and documented.

Sapes condemns any behaviour, by anyone, consisting in promising or offering directly or indirectly to

customers (or possible customers) gifts and benefits (money, goods, services, favours or other benefits).

IV. Partners (agents and representatives)

Evaluation of the Partners - Sapes is committed to working with Partners of established reputation and experience, and to establishing its relations with them in compliance with this Code.

All Partners, within the defined contractual relationships, are required to act with professional rigor as well as in compliance with the regulations in force and with this Code. Sapes expects its partners to behave correctly, diligently and in compliance with the provisions of the law, with particular attention to compliance with the regulations and good practices concerning the protection of health and safety in the workplace and respect for the environment, as well as the protection of intellectual property, industry and trade.

Fairness in negotiations - Relations with the Partners are based on fairness and transparency in negotiations, trying to foresee the circumstances that could significantly affect the established relationship. In case of unforeseen events, Sapes commits not to exploit situations of dependence or weakness of the counterpart and expects the same behaviour from its Partners. Gifts or acts of courtesy and hospitality towards Partners (or possible Partners) are allowed as long as their modest value does not compromise their integrity and independence. In any case, such types of expenditure must be authorized and documented.

Sapes condemns any behaviour, by anyone, consisting in promising or offering directly or indirectly to Partners (or possible Partners) gifts and benefits (money, goods, services, favours or other utilities).

V. Suppliers of goods and services

Objective evaluation - The process of selecting suppliers, based on objective and documentable criteria, is carried out in compliance with internal procedures, reference regulations and the principles of fairness, cost-effectiveness and quality.

Fair negotiation and contractual equity - Sapes sets up the contracts with its suppliers in a fair, complete and transparent way, trying to foresee the circumstances that could significantly affect the established relationship. In case of unforeseen events, Sapes commits itself not to exploit situations of dependence or weakness of the counterpart and expects the same behaviour from the Suppliers. The individual Suppliers must declare that they share the principles stated in this document and commit themselves to respect them. Violation of the principles set forth in this document constitutes a breach of contract and will result in termination of the relationship.

Gifts or acts of courtesy and hospitality towards Suppliers (or possible Suppliers) are allowed to the extent that their modest value does not compromise their integrity and independence. In any case, these types of expenditure must be authorized and documented. Sapes condemns any behaviour, by anyone, consisting in promising or offering directly or indirectly to suppliers (or possible suppliers) gifts and benefits (money, goods, services, favours or other benefits).

VI. Funding bodies

Transparency and compliance with commitments - Lenders are the entities that provide financial support to Sapes' investment choices. The Company ensures the truthfulness and timeliness of the information requested by the lenders, so that their investment decision is based on the truthful representation of their patrimonial, economic and financial situation. With regard to the loans received, Sapes strictly respects the commitments taken with the lending institutions, meeting agreed deadlines on time.

Gifts or acts of courtesy and hospitality towards Lenders (or possible Lenders) are permitted to the extent that their modest value does not compromise their integrity and independence. In any case, these types of expenditure must be authorized and documented. Sapes condemns any behaviour, by anyone, consisting in promising or offering directly or indirectly to Lenders (or possible Lenders) gifts and benefits (money, goods, services, favours or other benefits).

VII. Public Administration

Integrity and independence in relations - Sapes's conduct is inspired by the principles of legality, correctness and transparency, in order not to induce the Public Administration to violate the principles of impartiality and good performance to which it is bound. In order to guarantee the utmost clarity in institutional relations, such relations shall be maintained exclusively by company representatives who have been granted appropriate powers and who are not in situations of conflict of interest with respect to the representatives of the institutions themselves. Gifts or acts of courtesy and hospitality towards representatives of Governments,

Public Officials and public employees are allowed to the extent that their modest value does not compromise their integrity and independence. In any case, these types of expenses must be authorized and documented. Sapes condemns any behaviour, by anyone, consisting in promising or offering directly or indirectly gifts and benefits (money, goods, services, favours or other utilities) to members of the Italian or foreign Public Administration, their relatives or relatives-in-law, from which an undue interest and/or advantage can be gained.

Transparency and collaboration - In case of investigations or audits by the Public Administration, the behaviour of each Collaborator will be inspired by availability and transparency. Relations with the Judicial Authorities and the Tax Authorities will be based on the utmost collaboration, in full respect of their institutional role. Collaborators undertake to avoid behaviour that could be interpreted in a misleading way or, in any case, as corrupt attempts. It is considered a violation of this Code of Ethics, as well as of the law, to induce any person, by violence, threat or by offering or promising money or other benefits, not to make statements or to make false statements before the Judicial Authorities.

Public funding - It is forbidden to use contributions, subsidies or funding obtained from the European Community, the State or other public bodies for purposes other than those for which they may have been granted. Sapes condemns any behaviour aimed at obtaining, from the Public Administration, any kind of contribution, financing, subsidized loan or other disbursement of the same kind, by means of declarations and/or documents that have been altered or falsified for this purpose, or by means of omitted information or, more generally, by means of artifices or deception, including those carried out by means of a computer or telematic system, aimed at misleading the disbursing body.

VIII. Community

Attention to the environment and to health and safety at work -Sapes has always been committed to the respect of the environment and to the prevention of pollution, the prevention of accidents at work and the protection of workers' health and safety among the reference values of its corporate policy. These values have always been part of the corporate culture and have always guided the strategic, political and operational choices of the Company.

The integration of quality, environment and safety management systems on production sites has the following general objectives: to make the company's operating practices consistent with the policy oriented to respect quality, people, environment; to improve the company structure in order to make it more effective and efficient and to protect individuals, identifying and delimiting their responsibilities; to progressively reduce acceptable risks, with the aim of decreasing environmental accidents, injuries or diseases, focusing on risk prevention.

Fair Competition - Sapes recognizes the value of free, open and fair competition. Therefore, the Company's Associates are committed to compliance with the relevant laws. It is forbidden to obtain information about competitors by unlawful or unethical means.

Relations **with the trade unions** - Sapes relates to the trade unions on the basis of principles of fairness and transparency, within the framework of the legal provisions and those contained in the applicable CCNL.

Mass-media - Data and information pertaining to Sapes and addressed to the mass-media can only be disclosed by the company departments delegated to do so or with their authorization. In any case, external communication must be truthful, complete and not tendentious. Any form of pressure on the media aimed at obtaining favourable attitudes from them, as well as the use of misleading advertising tools, is prohibited.

4. CONTROL AND MONITORING

I. Vigilance

The person appointed to supervise the application of the Code is the Ethical Supervisor. The Ethical Supervisor coordinates with the competent Bodies and Functions for the correct implementation and the adequate control and monitoring of the contents of this document. The corporate bodies and their members, the employees, the collaborators and the third parties who act on behalf of Sapes are required to give their utmost cooperation in favouring the performance of the functions of the Ethical Supervisor.

II. Knowledge and application

This Code is brought to the attention of all recipients by means of appropriate communication activities, including publication on the company website. Any doubts regarding the application of this document must/should be promptly discussed with the Ethics Supervisor.

III. Reporting violations

Recipients are required to report any violations of the Code, preferably in non-anonymous form, to the Vigilant Ethics via the dedicated postmail box, by traditional e-mail or by telephone.

Vigilant Ethics	Mrs. Margherita Beltrami
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E-Mail	margherita.beltrami@sapes.eu
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Phone	0465 686100 int. 127

Vigilant Ethics will promptly assess the report, also by contacting the sender, the person responsible for the alleged violation and any other person potentially involved. La Vigilante Etica and Sapes guarantee the confidentiality of the identity of the person making the report, without prejudice to legal obligations, as well as protection from any kind of retaliation.

IV. Disciplinary Measures

It is the duty of the Ethics Supervisor to verify and ascertain any violations of the duties provided for in this document. In the event of an ascertained violation, the Vigilante Etica will inform the Management Committee and, in agreement with the latter, will impose, with consistency and impartiality, sanctions proportionate to the violation and in conformity with the regulations in force regarding labour relations.

V. Changes and updates

Any amendments and/or additions to this Code of Ethics must be made initially by the Sapes Board of Directors.