



CODE OF ETHICS AND DISCIPLINARY SYSTEM

MODEL OF ORGANISATION, MANAGEMENT AND CONTROL (MOG)
ADMINISTRATIVE RESPONSIBILITY OF ENTERPRISES
(LEGISLATIVE DECREE NO. 231/2001)

Approved by the Management on the 20th of June 2016



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Introduction

GENERAL

The Ethics Code adopted by PANTALONE SRL is a set of principles and rules whose observance is of fundamental importance for the good functioning and improvement of the reliability of the Company. It represents the “Charter of Fundamental Rights and Duties” through which the Company:

- clarifies its own ethical and social responsibilities towards the different stakeholders, internal and external, such as: shareholders, employees, partners, suppliers, Public Authorities, Customers; etc.
- seeks balancing forms and/or balancing points between the multiple interests and legitimate expectations of stakeholders;

The adoption of this Code aims to satisfy, in the best way, the needs and expectations of the partners of the Company, pointing at recommend and promote a high level of professionalism and prohibit conduct which is contrary not only to the relevant legislative provisions, but also with the values that the Company intends to promote.

The individual and collective behaviour of the employees and collaborators of the Company must therefore be in line with the company’s policies and must be translated into concrete cooperation, social responsibility and respect of the current legislation following the standards of behaviour identified by the Code of Ethics.

The assumption of this Code completes and enriches the rules contained in the Company Regulations, and more precisely in:

- Quality Policy;
- Quality Management System Manual;
- Quality Management System Procedures.

SUBJECTS

The Code of Ethics is directed to all those employees or collaborators, who establish, directly or indirectly, with the Company relationships, in a stable or temporary way or however they operate to pursue the Company’s objectives. They will be indicated below as “subjects”.

Subjects who violate the principles and rules contained in this Code, violate the relationship of trust established with the Company.

All Subjects must know the Code of Ethics, to contribute to its implementation, its improvement and its dissemination. The Company undertakes to distribute



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to all employees and collaborators a copy of this Code and to disseminate its contents and objectives.



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Ethical principles and Company's Mission

The principles on which the Ethics Code is based are the following:

PRINCIPLES

- behaviour of the Company and its different interlocutors ethically correct and in accordance with the laws;
- employees and collaborators' loyalty to the Company;
- accuracy, courtesy and respect between colleagues;
- professionalism and professional diligence;
- respect for the environment and of health and safety of employees and collaborators.

Pantalone Srl strives to give concreteness to the values and principles contained in the Code, taking charge of the internal and external responsibilities and strengthening the trust, cohesion and corporate spirit. It is therefore engaged in training/information actions on the contents of the Code with the purpose of:

- promoting and strengthening the business culture based on recognised values;
- disseminating the rules, procedures and practices to be followed;
- extending consent to the basic principles of this Code.

The ethical standards of behaviour that the Company intends to pursue are the following:

- equity and equality in the treatment and recognition of the value of human resources;
- diligence, transparency, honesty, confidentiality and impartiality in the conduct of business activities;
- protection of the person and the environment.

MISSION

PANTALONE s.r.l., thanks to the experience gained, although specialized on some excellences, intends to maintain a general vocation proposing itself as a commercial institution aimed at different industrial sectors with the ability to supply all types of materials. For these reasons the Company, wishing to enhance the trust already gained on the market, it constantly increases daily efforts to achieve continuous improvement in the supply of products with a strategic perspective of expanding its offer especially in terms of large volume management capacity, improved performance for rapid delivery and appropriate sales support services.



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The Company also wanted to give greater depth to its activities obtaining the Quality Certification UNI EN ISO 9001, which pays particular attention to the organizational and management aspects of the Company, with precise references to internal resources and to various external stakeholders, such as the Customer and Suppliers. Being said that, the aim is to coordinate its processes and constantly evaluate the progress achieved regarding the established goals and the satisfaction of its customers.



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Rules and standards of conducts

GUIDING CRITERIA IN POLICIES FOR SUBJECTS

Pantalone Srl undertakes to guarantee:

IMPARTIALITY

- equal employment opportunities to all employees and collaborators on the basis of professional qualifications and performance skills, without discrimination based on ethnicity, religion, opinion, nationality, gender, age, physical and social conditions;

WORKING ENVIROMENT

- in internal and external working relationships, there is no sexual harassment or behaviour or initiatives that create an intimidating working environment, hostile or isolated for individuals or groups of workers, and that adversely affect the performance of other persons' work or impede others' prospects for work and/or careers, for mere reasons of personal competitiveness;

DEVELOPMENT

- the development of skills and competences of each employee and collaborator with training and refresher activities;

RESOURCES VALUE

- a fair treatment based on merit and competence criteria;
- protection of the information about employees and co-operators generated or acquired inside and outside the Company and activation of any useful measures to avoid the misuse of such information;

PRIVACY

- promotion and protection of health and safety of its employees and partners. It also undertakes to consider with particular attention the condition of those who feel uncomfortable in the presence of smoke, provided that smoking is strictly forbidden in the workplace except in those authorized, marked by special indications.

HEALTH AND SAFETY

Subjects undertake to observe:

RESPONSABILITY

- providing the contracted service, consistent with the tasks, objectives and responsibilities assigned, without delegating to other employees or collaborators the completion of activities or the adoption of decisions of their own;

DILIGENCE

- respecting working time, if employees, unless justified and limiting absences from the workplace to those strictly necessary; devote



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*WORKING
ATMOSPHERE*

adequate resources, in terms of time and dedication to the tasks assigned to the pursuit of the relevant objectives, if co-operators;

- adopting a respectful and sensitive attitude towards others, avoiding service under the effect of alcohol, drugs or any substances of similar effect during the course of the employment;
- contributing to the creation of a professional climate in which all colleagues feel positively involved in the achievement of the Company's objectives;
- using the goods and resources made available in accordance with their business use and in order to protect their conservation and functionality, as each Subject is considered directly and personally responsible for the protection and conservation of the goods and resources entrusted to him for the performance of his duties; therefore they also undertake not to use the office telephone lines for personal needs, except for emergencies, and comply with the provisions of the Company Regulations for the use of the computer system, of the Internet and e-mail; they also undertake not to use the company vehicles for the performance of personal tasks and not to transport persons external to the Company, unless expressly authorized by the same;
- using the utmost caution and care regarding the use of non-public information arising from the performance of their duties. The information and any other material obtained in the performance of their work are the property of the Company. Subjects undertake not to disclose, use or communicate information and/or any other kind of news, documents, data, etc. relating to the acts and operations proper to each task or responsibility which are of a confidential nature without specific authorization;
- avoiding all situations and activities in which a conflict of interests can manifest between personal economic activities and tasks performed in the Company or interests of the Company itself. If, however, situations of conflict or potential conflict arise occasionally, maximum communication and transparency to the manager or contact person is required for any necessary action;

HONESTY

CONFIDENTIALITY

*CONFLICT OF
INTERESTS*



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GIFTS

- accepting or offering directly or indirectly acts of commercial courtesy, such as gifts, payments and benefits, only when they are such that they cannot be interpreted as aimed at acquiring advantages for themselves or for the Company in an improper way. Employees or collaborators who receive/offer gifts such that they cannot be ascribed to normal polite relationships must inform directly their manager or the contact person and refuse;

**ADMINISTRATIVE
RESPONSIBILITY**

- participating at risk prevention, environmental protection and health and safety process with regard to themselves, colleagues and third parties.

Transparency, accuracy and completeness of the balance sheet information are particularly important. In this regard, each employee must cooperate to ensure that the management facts are correctly represented.

The information contained in periodic “reports” or in the account sheets, both general and analytical, must follow the principles of transparency, correctness, completeness and accuracy.

Accounting records shall be based on accurate, exhaustive and verifiable information. Each entry in the books shall reflect the nature of the operation, represent the substance thereof and shall be based on appropriate supporting documentation to enable:

- an easier accounting recording;
- the identification of different levels of responsibility;
- Accurate reconstruction of the operation.

Employees and collaborators who become aware of forgeries about the account sheets or documentation which the accounting records are based on shall report the matter to the person or office responsible, who may in turn involve the Supervisory and Control Body. In the event that the mentioned deficiencies concern the person directly responsible or the contact function, the employee or collaborator must address directly to the Supervisory and Control Body.

If the report is deliberately unfounded, the Company may initiate disciplinary proceedings for the employee or terminate the relationship with the co-operator.



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Criteria for policy guidance towards third parties

*RELATIONSHIP
WITH CUSTOMERS
AND SUPPLIERS*

Employees and collaborators must adequately inform third parties of the content of the provisions of the Ethic Code, in order to align their behaviour with these provisions.

Each Subject is obliged to carry out his tasks with the aim of obtaining the maximum Customer's satisfaction. When requested, each Subject is required to provide assistance and information in a courteous, polite, correct and comprehensive manner.

The selection of suppliers and the determination of purchase conditions shall be based on an objective assessment of:

- Required goods and services quality;
- Required goods and services prices;
- The ability of the counterparty to timely provide and guarantee goods and services of a level adapted to the needs of the Company.

*RELATION WITH
THE PUBLIC
ADMINISTRATION*

The assumption of commitments with the Public Administration is reserved exclusively to the Corporate Functions assigned to this. Subjects do not have to promise, offer or accept payments or assets to public officials to promote or favour the interests of the Company, unless they are acts of commercial courtesy of a moderate value and such that they cannot be interpreted as aimed at acquiring advantages for themselves or for the Company in an improper way.

In the case of tenders/proposals from public officials, the employee or collaborator shall report to his or her responsible person or competent official and refuse.

In the course of relationships (contacts, requests, negotiations, etc.) with the Public Administration is not allowed to the personnel appointed by the Company, internal and external, to try to improperly influence the decisions of the counterparty.

In the course of tenders with the Public Administration, it is necessary to operate respecting the rules and the correct commercial practices, as also the rules of the competition.



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The Company undertakes to ensure that its own employees and collaborators behave correctly towards the tax authorities.

The Company cannot be represented, in its dealings with the Public Administration, by third parties (consultants, etc.) when conflicts of interest may arise. It is Company's responsibility to disseminate the contents and objectives of this Code of Ethics among all the subjects (internal and external) so that they apply the Company's ethical directives.

In the course of relations (contacts, requests, negotiations, etc.) with the public administration, it is not allowed to undertake, directly or indirectly, the following actions:

- examine or propose employment and/or business opportunities which may benefit public authorities;
- solicit or obtain confidential information that may compromise the reputation or integrity of one or both parties;
- offer or supply gifts.

*RELATION WITH
POLITICAL, TRADE
UNION AND MASS-
MEDIA
ORGANISATIONS*

Pantalone Srl does not make contributions, direct or indirect and in any form, to parties, movements, committees, trade unions and political organizations, nor to their representatives and candidates.

Relations with the press are held by authorized functions and are carried out in accordance with the communication policy defined by the Company. The information provided must be truthful, complete, accurate, transparent and homogeneous.

Employees and collaborators must refrain from making statements or interviews about the Company to representatives of the press and other media without permission of the responsible persons.



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Controls

The internal control system consists of all the tools necessary or useful to direct, manage and verify the activities of the enterprise, directing it towards the achievement of its goals and adequately countering the risks. The control system as a whole must provide reasonable guarantee that the laws of the State, internal procedures, company codes, the achievement of the goals, the protection of the assets and resources of the Company, the management according to criteria of effectiveness and efficiency, as well as the reliability of the accounting and management information towards the internal and external of the Company. The Company undertakes to define a procedural system suitable to reduce the risk of violation of the Code, assigning appropriate responsibilities and resources to an internal supervisory and control body to be able to develop the appropriate guidelines in addition to the various corporate functions.



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Breach of the Ethics Code

The rules contained in the Ethics Code supplement the behaviour that the employee is obliged to observe, by virtue of the civil and criminal laws in force and the obligations provided by collective bargaining. The violation of the rules of the Code affects the relationship of trust established with the Company and, as it is assessed as breach of the contractual obligations of the employment relationship or professional collaboration, pursuant to the Art. 2104 of the Civil Code, may lead to disciplinary, legal or criminal actions; in the most serious cases the violation can lead to the termination of the employment relationship, if it is made by the employee, or to the interruption of the relationship, if it is carried out by a collaborator or third party (supplier, etc.).



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Disciplinary System

MEASURES AGAINST DIRECTORS AND MAYORS

In case of breach of the model or adoption of behaviors and/or acts that contrast with the dispositions or the principles of the Model of Organization, Management and Business Control (MOG) by administrators and/or mayors of Pantalone Srl, the Supervisory and Control Body informs the Management and/or the Board of Directors and the Board of Statutory Auditors, who will take the most appropriate initiatives, including, for example, the convocation of the Shareholders' Meeting for the adoption of the most suitable measures allowed by law, as well as by statute and/or individual contract. Without prejudice to any exercise of shares provided for under company law by directors (revocation and action of liability), disciplinary measures against administrators may consist of a formal reminder (censorship), automatic mechanisms for suspending office for a specified period, the suspension of the office after deliberation of the Board of Directors, the denial of the capacity of independent administrator, depending on the gravity of the violation contested.

MEASURES AGAINST EXTERNAL PERSONS

Provided that for the purposes of this Model of Organization, Management and Control the activities and the work of autonomous/external nature to the Company take over as they are connected with the Pantalone Srl in force of contractual relationships, any behaviour of external collaborators (companies, consultants, partners, various independent collaborators, etc.) that is contrary to the guidelines and rules of conduct indicated in the model, previously notified in a formal way, and/or likely to involve the risk of committing one of the offences for which the administrative liability of the entities is provided, determines the consequences provided by the contract in terms of sanctions, penalties, termination of the contractual obligation. For this purpose, special clauses (including express termination clauses) are included in contracts (supply, cooperation, procurement, etc.) to ensure the enforceability of the behaviours prescribed in the Model by the external collaborators.



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MEASURES AGAINST MANAGERS

In the event of a breach by the managers of the requirements of the Model or of the adoption, in the performance of the activity in the areas at risk, of behaviour not complying with the requirements of the Model, or in cases where the manager allows employees who are subject to his hierarchy or functionally to adopt behaviour which is not in accordance with the Model and/or in breach thereof, the most appropriate measures will be applied in accordance with current contractual and legal legislation.

MEASURES AGAINST EMPLOYEES

The sanctions applicable are those provided for Title IV of the Regulation Annex A) to Royal Decree 148/1931.



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Methods of implementation

Responsibility for the implementation of the Code of Ethics is entrusted to the Board of Directors, which operates through an internal body in a staff position with respect to the Board, called the Supervisory and Control Body. The Board of Directors appoints the Body, whose three members can be renamed and hold office for three years.

The requirements of the Body are as follows:

- autonomy and independence, the members do not carry out operational activities, since such involvement could undermine the judgment objectivity in case of verifications or produce economic and financial decisions;
- professionalism, that is, with the necessary competences for the effective performance of the assigned tasks, both technical-specialist and consultancy but only for circumscribed fields of investigation;
- Continuity of action, the Body should be able to devote the necessary time to the performance of the assigned tasks

The tasks of the Body are as follows:

- ensure the widest dissemination of the Ethics Code to all subjects;
- inform the Board of Directors of the state of implementation of the Code at least once a year;
- ensure that the Code of Ethics and the concrete behaviour of employees and collaborators are consistent and therefore ascertain any news of violation, involving the subjects and the functions concerned in the appropriate measures;
- verify the adequacy of the Code and of the rules introduced with it to the prevention of unwanted behaviours from the Company
- carry out analyses on the maintenance over time of the soundness and functionality requirements of the Code of Ethics and the behavioural rules introduced therewith;
- update the Code to keep it always adapted to the reality of the Company.



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Company information

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