



SILK FAW AUTOMOTIVE ITALY GROUP S.R.L.

CODE OF ETHICS

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CODE OF ETHICS

(INTEGRAL PART OF THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL, PURSUANT TO THE ITALIAN LEGISLATIVE DECREE NO. 231/2001)

MESSAGE FROM THE MANAGING DIRECTOR

Silk-FAW is a bold and ambitious reality with the aim to represent an advanced Business Model of the future: not just in terms of technological innovation - certainly part of its DNA - but mainly because it addresses a new generation of young people that increasingly cares about ethical issues, as well as social and environmental sustainability for conscious luxury.

The company was created with the intention to invest in the talent of future generations and that aims to be a multicultural crossroads that collects the best from every country. We are certainly rooted in the Italian Motor Valley, but cultural contamination must become one of our strengths to stimulate the innovative dimension of the Company.

Therefore Ethics, competence, merit, innovation, excellence, multiculturalism, and sustainability are essential conditions to achieve our goals and determine our success.

Hence, this Code of Ethics represents our common commitment to align our daily activities with the values of Respect, Inclusiveness, Promotion of Human Resources, Integrity, Transparency and Sustainability towards the community and the territory.

Katia Bassi

Managing Director

SILK-FAW Automotive Italy Group S.r.l.

A handwritten signature in blue ink, appearing to read "Katia Bassi".

I. INTRODUCTION

1. AREA OF APPLICATION

This Code (hereinafter referred to as the "Code of Ethics") defines the commitments and ethical responsibilities in the conduct of its corporate and business affairs assumed by all parties who have any type of relationship, permanently or temporarily, with Silk-FAW Automotive Italy Group s.r.l. (hereinafter also "Silk-FAW" or "Company").

The Code of Ethics, although formally constituted by an external document to the corpus of the Organization, Management and Control Model pursuant to Legislative Decree 231/01, is to be understood as an integral part of the same.

The principles and provisions of this Code of Ethics are binding on all the following recipients:

- the members of the Board of Directors, when pursuing corporate objectives in all resolutions adopted.
- the members of the Board of Statutory Auditors, in the performance of their control activities and verification of the formal correctness and substantial legitimacy of corporate activities and of the functioning of the internal control and risk management system.
- all employees and all collaborators with whom contractual relationships are established, for any reason, including occasional and/or temporary services.
- all those who maintain relationships of any kind with the Company, whether free of charge or against payment, including consultants, agents, attorneys, and anyone who works in the name and on behalf of the Company.

2. RECIPROCITY

Compliance with laws, transparency and good governance, trust, good faith, and cooperation with stakeholders and zero tolerance towards corruption are the ethical principles that inspire the Company - and from which its code of conduct derives - in order to effectively and fairly compete on the market, to improve the satisfaction of its customers and to develop the skills and professional growth of its human resources. In particular, the conviction of acting in some way in favour of the company does not justify the assumption of behaviours that conflict with the said principles. All recipients, without distinction and exception, are therefore committed to observe and enforce these principles within the scope of their functions and responsibilities. This commitment requires that even the Subjects with whom the Company has any kind of relationships, act with rules and methods inspired by the same values. It is forbidden for any employee, regardless of position or status, to avail themselves of the collaboration of third parties to carry out actions that, as an employee, he/she would be prohibited from performing directly.

3. VALIDITY

This Code of Ethics comes into force from the date of its adoption by resolution of the Board of Directors and has an unlimited duration. Any changes and/or additions must be approved by the Board of Directors.

II. GENERAL PRINCIPLES

4. COMPLIANCE WITH LAWS AND REGULATIONS

Silk-FAW operates in full compliance with the laws of the Countries in which it operates in accordance with the principles established by the Code of Ethics. Moral integrity is a constant duty of all those working for the Company.

The Recipients are required, within the scope of their respective competences, to be aware and observe the laws and regulations in force in all the Countries in which Silk-FAW operates. This also includes attention to and compliance with the regulations governing competition, both on the national market and internationally. The relations of the Recipients with the Authorities and Public Institutions must be based on the utmost correctness, transparency, and collaboration, in full compliance with the laws and regulations and their institutional functions.

Furthermore, regardless the various legislations, the Company is committed to respect some fundamental principles, in particular those contained in the most important documents shared at international level on human and workers' rights, respect for the environment and the fight against corruption: the Universal Declaration of Human Rights; the International Labour Organization's Declaration on Fundamental Principles and Rights at Work; the Rio Declaration on Environment and Development; the United Nations Convention against Corruption.

5. VALUES OF THE COMPANY

Silk-FAW, in its long-term and short-term activity, conforms to the values of Respect, Inclusiveness, Human Resources Development, Integrity, Transparency and Sustainability towards the community and the territory.

5.1 Respect

Silk-FAW is committed to adopt a respectful behaviour both internally and externally.

In terms of relationships within the company, it is committed to safeguarding, first of all, the health and safety of employees, suppliers, customers, visitors, consultants and those who get in touch the Company in the places where it operates.

Silk-FAW promotes, in general, the well-being and respect of people, guaranteeing working conditions that respect human dignity.

Externally, for the Company, respect means maintaining professional relationships with third parties with whom it has business relationships, but also with local institutions and with the media

as interlocutors to be considered, informed and involved. Finally, it means operating in a way that is compatible with the surrounding natural and human environment, in the interest of the community.

5.2 Inclusivity

Silk-FAW is committed to ensuring a working environment free from any form of discrimination or harassment, based on age, sex, state of health, race, political opinions, religious beliefs, sexual orientation, gender identity or other personal or social conditions, and promotes inclusion and protects diversity among its collaborators, convinced that cooperation between people with different cultures, perspectives and experiences are a fundamental element for the acquisition and mutual exchange of new skills and for the acknowledgement of the contribution made by each individual.

This commitment is granted to all subjects who in various ways interact with the Company.

5.3 Enhancing the value of Human Resources

The Company protects and appreciates the value of the people who work and collaborate with the Company, in order to improve and increase the capital of competences and skills owned by each employee, with the aim of fostering the innovative dimension of the Company itself and determine its competitiveness and success.

Respect, equality, and merit recognition are fundamental values of the Company, where each employee or collaborator share their human, creative and experiential qualities according to a sense of collective responsibility towards the Company.

Silk-FAW also promotes personnel training, by offering specific training tools and professional updates.

5.4 Integrity

Silk-FAW undertakes to promote and disseminate an ethical and law-abiding culture both inside and outside the company, by guaranteeing above all a consistent behaviour towards employees and collaborators, inspired by the principles of correctness, integrity, impartiality, professionalism, collaboration, loyalty, transparency and mutual respect.

5.5 Transparency

Silk-FAW is committed to provide the utmost transparency in terms of actions, communication, and information, to guarantee reliability towards all internal and external recipients, with whom the Company has relationships. Business management must be clear and verifiable. Communication, especially towards external stakeholders, shall follow established procedures and must be simple, understandable, timely and truthful and, if made public, easily accessible to everyone.

5.6 Sustainability

5.6.1 Protection of the Environment

The Company contributes to protecting the environment through scheduling activities that seek a balance between economic initiatives and inalienable environmental needs, in compliance with national and international regulations on this matter.

5.6.2 Responsibility towards the community and the territory

Silk-FAW takes into account the needs of the community and the territories in which it carries out its activities and contributes to the promotion of the quality of life and economic, social, cultural and civil development.

6. CONFIDENTIALITY

Silk-FAW pays the utmost attention to ensuring the confidentiality of information and privacy of everyone, as well as the protection of personal data of the individuals who are part of the Company and those who come into contact with it, in the course of their business activities, in compliance with the current legislation.

The use of Corporate information having an impact outside of the company can only be disclosed by expressly authorized figures. Corporate security policies and procedures include additional requirements to safeguard information and computer systems.

7. CONFLICT OF INTEREST

The Company is aware that the presence of conflicts of interest may result in a lower quality service to the detriment of customers as well as incompatibility with its ethical values.

"Conflict of interest" means any situation in which a member of the Company (at any hierarchical level), due to interests or activities that may generate an immediate or deferred advantage for himself/herself, his/her family members or acquaintances, acts not in accordance with ethical requirements and/or is conditioned in his/her ability to operate in the exclusive interest of the Company.

An example list (not exhaustive) of situations which might cause conflict of interest includes:

- act as a partner, consultant, representative, agent, director or board member of another company that is a competitor, supplier, partner or subcontractor of Silk-FAW.
- be involved in the purchasing process of the Company, or control over the execution of supplies, and interact in the performance of their duties in society, with members of their family, relatives and / or similar or with third parties with whom you have relationships of a personal nature.
- take advantage personally - or through family members - of business opportunities of which you are brought to the attention while performing your duties within the Company.
- hire, promote or be direct superior of a family member or a person with whom you have a close personal relationship.

Any Silk-FAW employee who notices or thinks he/she is involved in a conflict of interest or feels embarrassed to manage a professional situation due to external influences or does not feel free in his/her decisions and in the performance of his/her duty, must report the case to his/her manager and to the Supervisory Body so that the situation is clarified, and get indications on how to behave.

8. LOYALTY

Silk-FAW requires all employees and collaborators to behave loyally, diligently and in compliance with the employment contract and company regulations. This means pursuing with commitment, timeliness, and diligence the tasks assigned; working in compliance with procedures, the Code of Ethics and, for those in charge of managing people, undertaking to ensure their collaborators respect and apply these regulations, providing assistance if necessary.

9. ENVIRONMENT AND SAFETY AT WORK

Silk-FAW is committed to guaranteeing safe and healthy working environments to all Recipients, and especially to employees and collaborators, above all by spreading the knowledge of the legislation and the culture of safety at work, as well as being a supportive and responsible organization towards the environment.

Any person involved must comply with all safety rules and procedures. All employees or collaborators are obliged to promptly communicate to his/her hierarchical superior any dangerous situation and/or discrepancies from the implemented procedures that have been distributed.

The Company therefore scrupulously complies with the laws and regulations on health, safety, and environment, and ensures that these rules are observed by all employees and collaborators.

10. OPERATIONAL FRAMEWORK

To ensure maximum transparency and efficiency of its work, Silk-FAW operates according to the following criteria:

- a clear and formal allocation of powers and responsibilities, consistent with the tasks assigned.
- the separation of functions, according to which an operation must be authorized by a different subject than the one who will perform or supervise it. In any case, this principle must allow the efficient management of corporate activities.
- the definition of suitable rules of conduct to guarantee the exercise of company activities in compliance with laws, regulations, and the integrity of company assets.
- the provision of regulatory documentation for individual company activities, divided into powers of attorney, powers and delegations, procedures.
- the traceability of operations (both related to operational and control activities), aimed at ensuring that every operation, transaction and/or action is verifiable, documented, consistent and appropriate.

III. RELATION WITH THIRD PARTIES

11. RELATIONS WITH BUSINESS PARTNERS

The Company's main objective is to create value for its business partners, mainly by establishing a solid and lasting relationship with the customers based on innovation and quality.

In relations with its shareholders, Silk-FAW maintains a profile of the highest fairness, transparency, impartiality, and fairness.

12. RELATIONS WITH EMPLOYEES

12.1. Human Resources for Silk-FAW

Human Resources are fundamental for the existence of the company and a critical factor to successfully compete on the market. Ethics, respect, competence, merit, innovation, excellence, internationality, multiculturalism, sustainability are therefore indispensable to achieve the Company's objectives and represent the characteristics required by Silk-FAW to its directors, auditors, employees and collaborators in various capacities.

12.2. Recruiting Policies

For the purpose of contributing to the development of business objectives and ensure that these objectives are pursued by all, in compliance with the ethical principles and values by which Silk-FAW is inspired, the company policy is aimed at selecting each employee and collaborator in various capacities according to the values and characteristics set out above.

Silk-FAW therefore offers equal employment opportunities, ensuring fair treatment based on individual skills and abilities. As part of the selection process – conducted in compliance with equal opportunities and without any discrimination regarding the private sphere and opinions of the candidates – the Company works to ensure that its human resources are consistent with the profiles that are effectively required by the company, avoiding favouritism and facilitations of any type and bases its selections exclusively on the criteria of professionalism and skills.

Silk-FAW personnel is employed under a regular employment contract, in accordance with the laws and collective agreements. In particular, the Company does not allow nor tolerate the establishment of employment relationships – including those established by external collaborators, suppliers, or business partners – in violation of the relevant legislation.

12.3. Development of professional skills

Over the course of the work relation, the Company undertakes to create and maintain all the necessary conditions so that the skills and knowledge of everyone can be further expanded in compliance with these values, based on the recognition of merits and equal opportunities, providing specific programs aimed at professional updating and the acquisition of wider skills.

For this reason, each employee is required to cultivate and solicit the acquisition of new skills, abilities, and knowledge, while managers of the Organizational Units must pay the utmost attention to enhancing and increasing the professionalism of their collaborators by creating the conditions for the development of their skills and the realization of their potential. Personnel

management, like the selection process, is inspired by principles of fairness and impartiality, avoiding favouritism or discriminations, in compliance with the professionalism and skills of the worker.

In pursuing company targets, the worker must be aware that ethics are a major interest of Silk-FAW and that, therefore, behaviors that are in contrast with the law, with the Code of Ethics or with the Organization, Management and Control Model pursuant to Legislative Decree 231/01 will not be tolerated.

12.4 WORK ENVIRONMENT AND PRIVACY PROTECTION

Silk-FAW is committed to creating a working environment that guarantees to all Recipients, in particular to employees and collaborators at any level, conditions that respect health, safety and personal dignity and in which the characteristics of individuals cannot give place to discrimination or conditioning.

The Company, in full compliance with the Code regarding the protection of personal data and the legislation aimed at protecting the privacy of all Recipients and, more generally, of all those who have contact with the Company for any reason, adopts specific rules aimed at prohibiting undue communication and / or dissemination of personal data in the absence of the prior consent of the interested party. More specifically, respect for the dignity of the employee shall also be ensured through the protection of privacy in the correspondence and interpersonal relationships between employees, through the prohibition of interference in conferences or dialogues and through the prohibition of interference or forms of control that may infringe upon individual rights.

Silk-FAW is committed to safeguarding the moral integrity of all its employees and/or self-employed co-workers, guaranteeing their right to dignified working conditions and the full exercise of political and union rights. The Company safeguards workers from acts of psychological violence or mobbing and counteracts any behaviour or attitude that is discriminatory or damaging to the individual, his/her ideas, and preferences. More specifically, in employment relationships it is absolutely forbidden to resort to harassment of any kind or, more generally, to engage in conduct capable of compromising the serene performance of the assigned functions and however detrimental to the dignity of the worker.

The Company also adopts appropriate measures and initiatives to ensure the security, integrity, correct use and functioning of the systems, programs, or computer or telematic data of the Company or third parties, also protecting the intellectual property rights relating to the use of computer and telematic programs and data and, more generally, of intellectual property, and the integrity of the information made available to the public through the Internet.

13. RELATIONS WITH THE PUBLIC AUTHORITIES AND PUBLIC ADMINISTRATIONS

The relations pertaining to the Company's activities with public officers or representatives of public service - working on behalf of central or peripheral Public Administrations, or of legislative bodies, Community institutions, international public organizations and any foreign State - with the judiciary, with public supervisory authorities and with other independent authorities, as well as with private partners concessionaires of a public service, must be based on and managed in a spirit of collaboration, in absolute compliance with the laws and regulations in force, the principles

established by the Code of Ethics, so as not to compromise the integrity and reputation of both parties.

Attention and care shall be applied in relations with the above-mentioned recipients, more specifically for operations related to: tenders, contracts, authorizations, licenses, concessions, requests for and/or management of any financing in any currency from any public institution (national or European), relations with supervisory authorities or other independent authorities, representatives of the Government or other Public Administrations, social security institutions, tax collection bodies, bankruptcy bodies, civil, criminal or administrative proceedings, access to and use of computer or telematic systems or data, as well as electronic documents.

In order to avoid any action in conflict with the provisions of the law or however harmful to the image and integrity of the company, the operations referred to above and the related management of financial resources must be undertaken by the specifically authorized company structures in due compliance with the laws and principles established in the Code of Ethics and in full compliance with any specific procedures.

In the context of relations with Italian and foreign institutions, Silk-FAW undertakes to represent its interests and to express its needs in a correct and transparent manner, in strict compliance with the principles of independence and impartiality of the choices of the Public Administration and so as not to mislead it or mislead its determinations.

In order to ensure maximum transparency in relations, contacts with international interlocutors are maintained exclusively by the recipients authorized to do so and, in a way, to guarantee the correctness and traceability of the contact. With regard to requests of any kind coming from the judicial authority and, more generally, to any contact with said Authority, the Company undertakes to provide maximum collaboration and to refrain from conduct that may cause hindrance or prejudice, in full compliance with the laws and regulations in force and in accordance with the principles of loyalty, correctness and transparency.

In the event of actual or presumed infringements of the rules of conduct towards the Institutions, it is the duty of the employees to promptly inform their direct superior or other similar subject and, if necessary, or however in serious cases, the Board of Statutory Auditors directly. However, in the course of a relationship, including commercial relations with the Public Administration, in Italy or in other countries, Silk-FAW is committed to:

- not to offer employment and / or commercial opportunities in favour of the officers of the Public Administration involved in the negotiation or in the relationship, or to their family members or similar.
- not to offer gifts or benefits of any kind unless they are acts of modest value in compliance with the company value limits provided.
- not solicit or obtain confidential information.

Acts of commercial courtesy, such as gifts or forms of hospitality, or any other form of benefit (including in the form of donations), are allowed only if of modest value, and such as not to compromise the integrity and reputation of the parties as well as conforming to customs. However, such acts must always be authorized and adequately documented and traceable and must not in any case be able to be interpreted, by a third party and impartial observer, as intended to obtain advantages and favours in an improper way.

14. RELATIONS WITH CONSULTANTS, SUPPLIERS, AND CUSTOMERS

14.1 Business conduct

In business relationships Silk-FAW is inspired by the principles of loyalty, fairness, transparency, efficiency, compliance with the law and the values expressed in the Code of Ethics and requires similar behavior from anyone with whom it maintains commercial and/or financial relations of any kind, paying particular attention to this end in the choice of negotiating counterparties, suppliers, business partners, consultants, etc.

The selection of suppliers and the definition of purchase conditions for goods and services is regulated by values of competition, objectivity, correctness, impartiality, fairness, having regard to price, quality of the good and service rendered, guarantees of assistance and, in general, of an accurate and precise evaluation of the offer. Regarding the formulation of contracts, Silk-FAW undertakes to specify in a clear and comprehensible way to the contractor the conduct to be maintained in all the circumstances expected and to comply with the contractual agreements and commitments, in exchange for the execution of the tasks and works in the manner established by the parties.

Silk-FAW refrains from maintaining relationships of any kind, even if indirect or through an intermediary, with (natural or legal) subjects who are known or presumed to be part of or carry out in Italy or abroad activities or support in any form in favor of criminal organizations of any nature, including those associated with the mafia, human trafficking, child labour, or trafficking of weapons, as well as those engaged for the purpose of terrorism, such as conduct which may cause serious harm to a country or an international organization, carried out for the purpose of intimidating the population or forcing public authorities or an international organization to perform or refrain from performing any act or destabilizing or destroy the fundamental political, constitutional, economic and social structures of a country or an international organization.

Attention and care shall also be applied to relationships involving receipt or transfer of any sums of money or other benefits: In order to prevent the risk of undertaking, even unknowingly, operations of any nature involving money, assets or other utilities that are the proceeds of crime, Silk-FAW shall refrain from accepting for whatever reason any payments in currency or cash and equivalent, bearer securities or through non-authorized intermediaries or through the interposition of third parties in order to make it impossible to identify the disbursing entity, or from having relationships with subjects based or in any case operating in countries that do not guarantee corporate transparency and, more generally, from carrying out operations such as to prevent the reconstruction of the flow.

Regarding commercial transactions, particular attention is required and imposed, also in accordance with specific protocols, in the receipt and disbursement of sums of money, goods or other utilities, as well as in verifying the effectiveness, adequacy and completeness of the services provided and received. However, it is forbidden to make cash payments. Consultants and/or intermediaries are required to report to the Company about the activities carried out. The Company reserves the right to request documentation proving compliance with applicable legislation.

14.2 Gifts and Benefits

In business relations with consultants, suppliers, negotiating counterparties, commercial and/or financial partners, etc., transfers in lieu of payment, (direct and indirect) benefits, gifts, acts of courtesy and hospitality are prohibited, unless they are of modest value and such as not to compromise the image of the company and cannot be interpreted as aimed at obtaining favorable treatment.

More specifically, any gift must:

- given or received in good faith and in relation to legitimate business purposes.
- not consist of a cash payment.
- not be motivated by the purpose of exercising unlawful influence or by the expectation of reciprocity.
- be reasonable and not be interpretable as being aimed at obtaining preferential treatment;
- be addressed to beneficiaries who play roles related to business activities and who meet the generally recognized reputation and integrity requirements.
- consider the profile of the beneficiary with regard to customs in institutional or professional relationships.
- be allowed by specific corporate provisions (e.g., gift catalogue, affiliated structures);
- comply with generally accepted professional courtesy standards.
- comply with applicable laws and regulations.

The Director, the Statutory Auditor or the employee who receive gifts that go beyond ordinary courtesy relationships, in order to acquire preferential treatment in the conduct of any company activity, must immediately notify the Board of Directors, the Board of Statutory Auditors or, for the employee, his/her hierarchical superior, who will immediately notify the specific company bodies for the appropriate checks and measures.

15. RELATIONS WITH COMPETITORS

Silk-FAW undertakes to protect the value of fair competition by refraining from misleading, collusive behavior and abuse of a dominant position. Anyone who operates, directly and/or indirectly, in the name and/or in the interest and/or for the benefit of the Company may not:

- use names or distinctive signs capable of causing confusion with names or distinctive signs legitimately used by others, or slavishly imitate the goods, services or activity of a competitor or other organization in general or perform by any other means acts likely to create confusion with the goods, services or activity of a competitor or other organization in general.
- Spread news and appreciation of the products, services or activity of a competitor or other organization in general, likely to cause discredit, or appropriate itself the merits of the products, services or activity of a competitor or other organization in general.
- make direct or indirect use of any other means that does not comply with the principles of professional correctness and is capable of damaging the organization of others.
- carry out acts of violence or threat against anyone, particularly against persons directly and/or indirectly linked to competing or other organizations.

IV. APPLICATION OF THE CODE OF ETHICS

16. DISSEMINATION THE CODE OF ETHICS

Silk-FAW promotes and ensures awareness of the Code of Ethics and its relevant updates. The information about and knowledge of the Code of Ethics – and of the Organization, Management and Control Model – firstly take place by distribution to employees and collaborators in various capacities, whom the Company asks to sign a declaration of acknowledgment at the beginning of the contractual relationship. Secondly, the Company provides for its employees and collaborators in any capacity and at any level, special training and updating programs also on the contents of the Code of Ethics.

17. ACTIVITIES OF THE SUPERVISORY BODY

The Board of Directors of Silk-FAW has entrusted the task of supervising the functioning and compliance with the Code of Ethics to the Supervisory Body (or Board of Statutory Auditors), endowed with autonomous powers of initiative and control and suitable tools to verify and supervise the adequacy and effective implementation as well as the updating of the Code of Ethics. Specifically:

- monitor and evaluate over time the validity of the Code of Ethics, on the basis of the approved corporate activity plan, after consulting the concerned company structures, by promoting all the necessary actions in order to ensure its effectiveness.
- issue binding opinions on the interpretation of this Code of Ethics.
- monitor the effective application of the Code of Ethics and detect, through internal audit activities, the behavioural deviations that may arise from the analysis of information flows and from reports received.
- promoting a suitable personnel training program, at the relevant corporate structures, through suitable initiatives for the dissemination of knowledge and understanding of the Code of Ethics.
- communicate any violations of the Code of Ethics to the competent bodies, in accordance with the provisions of the Disciplinary System, for the purpose of adopting any sanctioning measures.

18. REPORTING VIOLATIONS

Each interested party has the obligation to report any behavior of any nature (including omissive) in contrast with the principles and provisions of the Code of Ethics, by way of example:

- any violation of this Code of Ethics or of the Management and Control Organization Model.
- any anomaly or atypicality in the performance in normal activities.
- any conduct that may constitute a crime and/or violation of other applicable regulations, provisions, rules.

To facilitate the flow of reports and information to the Supervisory Body, a dedicated email is available: odv@silk-faw.com

This Body evaluates the reports received and ensures the confidentiality of the identity of the whistle-blower, without prejudice to legal obligations, and acts in such a way as to guarantee

whistle-blowers against any type of retaliation, understood as an act that can give rise even to the mere suspicion of discrimination or penalization, as well as protection from defamatory reports.

19. SANCTIONING SYSTEM

The violation of the principles established in the Code of Ethics compromises the fiduciary relationship between Silk-FAW and the Recipients. These violations will therefore be incisively, promptly, and immediately prosecuted by the Company, through adequate and proportionate disciplinary measures, regardless of the possible criminal relevance of such behavior and the establishment of criminal proceedings in cases where they constitute a crime.

The effects of violations of the principles set out in the aforementioned Codes must be taken into serious consideration by all Recipients: to this end, Silk-FAW distributes the Code of Ethics and informs about the sanctions provided for in the event of a violation and the methods and procedures of imposition.

To protect its image and safeguard its resources, the company does not maintain relationships of any kind with subjects, including third parties, who do not intend to operate in strict compliance with current legislation, and/or who refuse to behave according to the values and principles set out in the Code of Ethics and comply with company procedures.

20. SANCTIONING PROCEDURE

20.1 Directors and Statutory Auditors

In the event of violation of the Code of Ethics by one or more Directors and/or Statutory Auditors of Silk-FAW, the Supervisory Body pursuant to Legislative Decree 231/01 informs the Board of Directors and the Board of Statutory Auditors, who, on the basis of their respective competences, will proceed to take one of the following initiatives taking into account the seriousness of the violation and in accordance with the powers provided for by law and/or by the corporate bylaws.

- statements in the minutes of the meetings
- formal warnings
- revocation of the role/mandate
- request to call, or hold a Shareholders' Meeting adding the adoption of appropriate measures against the individuals responsible for the violation to the agenda, including the exercise of legal actions aimed at recognizing the responsibility of the director towards the Company and compensation for any damages suffered

20.2 Employees

In accordance with the provisions contained in the provisions contained in the National Collective Employment Contract employed in the private metalworking industry and plant installation (CCNL) and in the Company Disciplinary Code:

- Employees who violate the internal procedures provided for by the Code of Ethics, or adopt behaviors in contrast with the Code in the performance of activities in sensitive areas, shall receive verbal and written warnings, fines or suspensions from work without pay, according to the seriousness of the violation, having to acknowledge that such behavior violates the duties of the employee as identified by the CCNL and may prejudice the discipline and the morals of the company

- In the event of a serious breach of the Code of Ethics, when performing activities in risk areas, a dismissal with notice will also be inflicted on employees, who shall acknowledge that such behavior represents more serious violations than those identified in the previous point.
- The dismissal measure without notice is incurred by the worker who adopts a conduct that is not in line with the provisions of this Code of Ethics and univocally aimed at committing an offence that is penalized by the Decree, such as to determine the concrete application to the company of measures provided for by the Italian Legislative Decree 231/01, having to recognize in such conduct a very serious violation that causes the Company serious moral and/or material harm.

20.3 Measures regarding collaborators, auditors, consultants, partners, counterparties and third parties

Any conduct in the context of a contractual relationship by collaborators, auditors, consultants, partners, counterparties, and other subjects external to the Company in contrast with the guidelines indicated by the Code of Ethics, determines the unilateral withdrawal from the contractual relationship, by virtue of the clauses that Silk-FAW provides for in each contract.

In the event that the violations are committed by temporary workers or in the context of contracts for external works or services, the penalties will be applied to the worker, at the end of the positive assessment of the violations, by his/her employer (administrator or contractor) and the proceedings may also give rise to actions against the same administrator or contractor.

In any case, the Company may limit itself to requesting the replacement of workers who have committed the aforementioned violations, in accordance with the contractual agreements with the contractors and administrators,