

Bonfiglioli Engineering S.r.l.

CODE OF

ETHICS

Approved on [●] 2014

TABLE OF CONTENTS

Definition and Application	1
Competition	3
Compliance with Law in General; International Business	5
Environment, Health and Safety	9
Securities Laws and Government Contracts	10
Government Investigations	11
Political Contributions and Political Activity	12
Conflicts of Interest	13
Financial Practices	17
Safeguard Company Property	18
Fair Employment Practices	19
Our Responsibilities	21
In General	22

Definitions and Application

Code of Ethics

This code of ethics (the “Code”) applies to Bonfiglioli Engineering S.r.l. (the “Company”).

Organismo di Vigilanza

The bodies of reference for application of this Code are: (i) the so-called Organismo di Vigilanza (the “OdV”), appointed by the Company in accordance with the Legislative Decree no 231/2001 (the “Law 231”), is responsible for examining notice of possible violations, promoting appropriate investigations and inquiries, reporting its findings to the relevant company bodies and the Human Resources Department in order for them to take the appropriate disciplinary measures, and (ii) the Human Resources Manager, who is responsible for promoting awareness of this Code and taking – in coordination with the OdV – the appropriate measures in the case of breach of this Code.

The OdV is also the point of reference for interpretation of key aspects of this Code.

Modello 231

This Code forms an integral part of the Company’s organisation and management model, so-called *Modello 231*.

Application

Compliance with the requirements of this Code must be considered an essential part of the obligations of the employees, including in accordance with and for the effects of Sect. 2104 of the Italian Civil Code. This Code does not supersede the terms of any employee manual or policy adopted at any time by the Company, but is additive to such manuals and policies. In the case of a conflict between the terms of this Code and any such other manual or policy, the more restrictive terms shall apply.

Definitions and Application (cont.)

The Company ensures this Code is widely circulated to all employees, collaborators and to the public in general, including through the Company's website [●]. Moreover the Company ensures the incorporation in each employment contract of specific clauses setting forth the duty to comply with the provisions of the Code.

The Code will be enforced against all employees regardless of their position with the Company.

External collaborators (including consultants, representatives, intermediaries, agents, etc.) shall comply with the principles contained in this Code.

Discipline

Any violation of this Code may constitute non-fulfilment of the work relationship. Disciplinary actions can include, among others, oral or written reprimands, suspension or termination. Such disciplinary actions may also be taken when an employee fails to report or withholds relevant information concerning a violation of the Code, laws or regulations, in each case, when such action is a violation hereof.

Competition

The Company will compete fairly and ethically for contracts and other business opportunities. The Company will not use any illegal or unethical practices, such as improperly obtaining proprietary information of a competitor, or price-fixing, coercion or collusion, in an attempt to obtain business.

Don't Engage In Unfair

Competition

Antitrust laws promote vigorous competition, free from unreasonable restraints. Antitrust laws exist in the European Union, as well as virtually in all countries with sophisticated free market economies. Failure to comply with these laws may result in serious consequences for the Company involved and the offending employees, including heavy fines and imprisonment.

Avoid Unnecessary

Contact With

Competitors

In general, agreements with competitors are suspect. Certain agreements with competitors, such as agreements about price, terms of sale, amount of production, allocation of markets, allocation of territories or allocation of customers, are illegal. Other types of agreements with competitors, such as joint ventures, may also be illegal. An illegal agreement can exist on the basis of an unwritten understanding. Therefore, employees should avoid communicating with competitors unless there is a legitimate reason; in that case the Company should be careful not to do anything that could be misinterpreted later.

Avoid Certain Customer

Relationships

Relations with customers can give rise to legal problems. Price discrimination, promotional payments, certain types of exclusive dealing arrangements, minimum resale price maintenance, resale restrictions, refusals to deal and tying arrangements are examples that may involve legal problems.

Competition (cont.)

Exercise Caution In Business

Conduct

This Code is not intended as a comprehensive review of the antitrust laws, and is not a substitute for expert advice. In all of your dealings, be guided by the following rule: whenever a transaction involves a competitive restraint in any form, consult with the OdV as early in the process as possible.

Do Not Obtain or Use

Information About Competitors

Improperly

Employees will not attempt to improperly obtain or use a competitor's proprietary information or any procurement - sensitive information. This includes information on a competitor's prices, bids or proposals in circumstances where there is reason to believe the release of such information was illegal or unauthorized. If you receive such information, don't read it or use it and turn it over to your supervisor immediately.

Confidential information of former employers possessed by our new employee should not be disclosed to us and, if disclosed, should not be used by the Company.

Compliance with Law in General; International Business

The Company will comply with all applicable laws. The penalties for noncompliance can be severe, both for the Company and the involved employee.

In General

No officer, employee or representative of the Company may, directly or indirectly, break or seek to evade any laws, regulations, ordinances, procedures, codes, or orders (individually, “law,” and collectively, “laws”) that are applicable to the Company in each relevant jurisdiction through or in which it does or seeks to do business. That an illegal act is a “customary business practice” in any country is not sufficient justification for violation of this provision.

Don't Make, Offer or Receive

Unlawful Payments or

Bribes

There are broad bribery prohibitions under Law 231. All officers, employees and representatives of the Company shall (i) comply with Law 231 and this Code, and (ii) not do or omit to do any act or thing which constitutes an offense under Law 231 and this Code or which causes the Company to be in breach of and/or to commit an offense under Law 231 and this Code.

Compliance with Law in General; International Business

(cont.)

In furtherance of the foregoing and not by way of limitation, no officer, employee or representative of the Company shall directly or indirectly offer, promise, pay, give, or authorize the giving of anything of value or any advantage (a) to or for the benefit of a government official in order to influence a government official for the purpose of obtaining or retaining business or an advantage in the conduct of the business, in each case, for the Company, or (b) to obtain any improper benefit for the Company, to induce someone to perform a relevant duty improperly or to otherwise act in bad faith, as a reward for acting in the ways described or where acceptance of the advantage itself would be improper. In addition, no officer, employee or representative of the Company shall directly or indirectly request or accept anything of value or any advantage as a reward for acting, or as an inducement to act, improperly in relation to the awarding of business by the Company.

Know Your Sales

Representatives/Distributors

The Company will enter into arrangements only with firms or individuals that are bona fide commercial sales representatives, distributors or consultants. The Company will not make such arrangements with any firm in which a government official or employee (or relative or spouse thereof) is believed to have an interest without having first consulted the OdV.

Agreements With Sales

Representatives/Distributors

Must Follow Certain

All new agreements with sales representatives, agents or distributors should be in writing and should include a commitment by the other party to comply with Law 231 and this Code.

Requirements

Compliance with Law in General; International Business
(cont.)

**Commissions and Pricing Must
be Reasonable and Consistent
with Normal Practice**

Commissions and fees must be reasonable in amount and consistent with normal practice for the industry and the line of products or the services to be rendered. Sales prices to distributors must be at market rates. Payments to representatives will never be made in cash and will be made to the representative at its business office in the country where it is located. Any proposed commission or payment arrangement for a transaction or series of related transactions that is in an amount that is substantially greater than previously paid in the same region or that is outside the ordinary course of business should be reviewed by the OdV in advance of any such commitment being undertaken.

**Abide By Import/Export
Controls**

The European zone countries and many other countries have controls that restrict, to varying degrees, the import and export of goods, services and technical information to various other countries, as well as the re-export of products from other countries. Employees must comply with these laws as applied to their businesses, and obtain the necessary import/export licenses.

Environment, Health and Safety

The Company is committed to conducting its global operations in an environmentally sound and responsible manner and to providing a safe and healthy workplace for its employees and the public.

Know the Law and

Have a Program

Employees have an obligation to learn and comply with all environmental, occupational health and safety laws and regulations applicable to their work. Each facility must have environmental, waste disposal and employee safety programs that ensure compliance with all applicable laws and regulations.

Handle Hazardous Material

Properly

The handling, storage, manufacture, transportation and disposal of any hazardous, toxic or radioactive material or waste must meet all legal and regulatory requirements. Failure to do so can pose serious harm to employees, the community and the environment, and can have serious legal consequences that may damage the Company's reputation and business.

Securities Laws and Government Contracts

While the Company is all privately held, employees must abide by all applicable securities laws because they may become aware of material non-public information concerning companies with which the Company do business.

Comply With

Securities Laws

Employees will not buy or sell the securities of any company on the basis of material, undisclosed information obtained in the course of their employment with the Company, or communicate such information to others. Material information is anything not known or available to the general public that an investor might consider in deciding whether to buy or sell securities.

Abide by Laws Applicable to

Contracts with any Government

Employees that have contracts with any government must be aware of the specific laws and regulations applicable to government contractors and government contracts. These cover areas such as procurement integrity, fraud, waste and abuse, false statements and classified information. Guidance should be sought from the OdV.

Government Investigations

Employees should cooperate with all appropriate government investigations.

Cooperate With

Government Investigations

The Company will cooperate with all appropriate government investigations, consistent with the legal safeguards available to those persons and organizations under investigation. If any government investigator requests an interview or access to documents or gives a employee any written document, you may state that your company will cooperate, but you must immediately contact the OdV for guidance. This is true whether the request is oral or written and whether the request is given to you while you are at your place of work or not. This applies to inquiries regarding a possible violation of law by the Company, any employee or any other person or company.

There are criminal sanctions that can be imposed on any person who submits false or misleading information to the government, any person who destroys, falsifies or alters company documents with the intent to impede, obstruct or influence any pending or future government investigation or in relation to any matter within the jurisdiction of a government agency, or any person who attempts to cause another person to provide false or misleading information to a government investigator. Therefore, it is critical to have the OdV provide coordination and supervision of the interaction with and responses to any government investigation.

Political Contributions and Political Activity

Although employees are encouraged to vote and to participate in political activities outside of the company premises and outside their work time, such activities must be conducted in strict compliance with applicable laws. Employees should avoid even the appearance that the Company is seeking or receiving undue political advantage.

Do Not Use Company Money or Assets for a Political Contribution

Neither the Company nor any employee may use company funds to make any direct or indirect political contribution to parties, candidates or lawful political groups in any country. The Company will not reimburse employees for political expenses, including, for example, direct contributions or the cost of fund-raising tickets for political functions even if business was discussed. In addition, company facilities or property may not be used in connection with such activities.

Do Not Lobby Government Officials for Company Business Without Approval

Employees may not contact or communicate with government officials for the purpose of influencing legislation on behalf of the Company unless the OdV specifically approves such contact or communication. If approved, any contact or communication must be in accordance with applicable law.

Keep Personal Political Activities Separate from Company Business

Seeking or holding political office may give rise to situations where an employee's community obligations and work obligations may conflict. In such situations, employees should avoid participating in decisions, whether as employees or public officeholders, which present such conflicts.

Conflicts of Interest

Conflicts of interest can arise in virtually every area of company operations. Employees must avoid personal interests that conflict with interests of the Company or that might influence or appear to influence them in performing their duties.

Employees Have a

Duty of Loyalty

Employees are expected to have a duty of loyalty to his or her employer. Employees will not have any business, financial or other relationship with suppliers, customers or competitors that might impair, or appear to impair, the independence of the employee or the company.

Anytime you may have a conflict of interest (even if you do not believe an actual conflict exists), you must make full written disclosure of the activities in question to the OdV. Similarly, employees will not take advantage of a business opportunity or investment that relates to the operations of the Company if it was learned about in the course of working for the Company.

Outside Activities Should Not

Cause Conflicts

Activities that the Company engage in outside of its employment can give rise to conflicts of interest. The following types of outside activities can create conflicts and should be avoided:

- Ownership or substantial management control by an employee or employee's family member of an entity that does business with the Company or that is a competitor of the Company
- Performance by an employee or an employee's family member of services for any outside person or entity that does business with the Company.
- Outside employment or other paid activities (including serving on the board of another

company) that conflict or might be reasonably expected to conflict with the normal duties of the Company employee

- Serving on the board of directors of a company that competes with the Company.

Exceptions to the above activities may only be granted if approved by both the OdV and the President or CEO of the Company.

Do Not Give or Receive

Inappropriate Entertainment

Gifts and Payments

All employees must assure that any meals, refreshments, entertainment or gifts that they provide to, or accept from, people with whom their employer has business contacts are appropriate. Accordingly, employees and their family members should not accept or give:

- gifts of more than modest value;
- loans (other than from established banking or financial institutions on market terms);
- excessive entertainment;
- cash gifts (including cash equivalents, such as stocks or bonds); or
- substantial favors,

from or to any outside concern or individual that does or is seeking to do business with the Company, that is a competitor, or that is a customer or potential customer of the Company.

Conflicts of Interest (cont.)

No meals, entertainment, gifts or favors will be given or accepted when such actions are offered in exchange for favorable treatment or when they create an appearance of impropriety.

The Italian Government and various Italian public entities, as well as other governmental bodies throughout the world, have rules that prohibit their employees from receiving even nominal meals, gifts and other benefits from suppliers. No gifts, meals, entertainment or benefits whatsoever will be provided to government employees or to employees of entities affiliated with any governmental body in violation of applicable law. Employees need to learn the rules associated with such governmental employees prior to providing them with gifts, meals, entertainment or other benefits; and all such gifts, meals, entertainment or other benefits must be disclosed in advance to the OdV.

Under no circumstances should gifts, meals or entertainment invitations be solicited by Company employees (or members of their family) from anyone doing business with or seeking to do business with the Company.

Conflicts of Interest (cont.)

Employees are urged to consult with the OdV before accepting or giving any gift or entertainment where they have a question as to whether it meets the guidelines set forth above.

Know Rules Applicable to

Government Employees

Employees need to learn the rules associated with government employees prior to providing them with gifts, meals, entertainment or other benefits.

Former government employees and military officers working for the Company (and their supervisors) should familiarize themselves with the relevant laws and regulations which may prohibit them from representing the Company with the government or taking on assignments relating to matters on which they worked while in government.

Financial Practices

All records, reports and other documents of the Company must be prepared accurately and truthfully. This applies both to everyday documents, such as expense reports, manufacturing records, accounting entries and bank account records, and to less routine documents, such as contract proposals and other presentations to management and customers.

Comply With

Accounting Policies

All entries, reports, vouchers, bills, invoices, expense accounts, payroll, service records and other data must be accurate and sufficiently descriptive of the underlying transaction and must conform to the accepted accounting practices established by the appropriate company officials. The description of entries should reflect the economic reality of the underlying transaction. Under no circumstances should false, fictitious or deceptive entries be made in any company record.

Put Company Money In

Company Accounts

Except for approved petty cash funds, all company, subsidiary and affiliate funds must be retained in properly authorized and identified company accounts. Absolutely no undisclosed or unrecorded fund or account shall be established for any purpose whatsoever, even for the perceived good of the Company.

Bid Honestly

The Company will not submit or concur in the submission of any claim, bid, proposal or other related document that contains false information. In addition, should the Company sell to the Italian government or any governments outside Italy, the Company will comply with applicable procurement laws and regulations of those governments.

Safeguard Company Property

Employees are personally responsible and accountable for the protection of company assets and the proper expenditure of company funds. Employees are also responsible for the proper use of property over which they have control, including both company property and funds and property that others have entrusted to us. Company assets must be used only for proper purposes, both during and after employment with the company.

Protect Proprietary and Confidential Information

The Company is responsible for protecting company proprietary information and proprietary information entrusted to the Company by others. The Company will disclose it to others in the Company only if they need to know it in order to perform their jobs and only if they are informed that it is proprietary. The employees will disclose it to persons outside the Company only under an agreement protecting its confidentiality. In addition, The Company will comply with the terms of any agreement under which the Company obtained proprietary information from others. Failure of employees to protect such information may subject them to legal action from both the Company as well as from third parties whose information was improperly used.

Guard Against Inadvertent Disclosure

Care must be taken not to: lose confidential information; disclose it through casual conversation, company gossip or improper disposal; or leave it unattended on computers, desks, copiers or fax machines.

Fair Employment Practices

The Company has a fundamental responsibility to show respect and consideration for all fellow employees. This means that employees should at all times be treated fairly and with dignity. In addition, their beliefs and concerns should be respected.

Do Not Engage in Discriminatory

Conduct

The Company is an equal opportunity employer as a matter of law, ethics and good business practice. Neither the Company nor any employee will discriminate against another employee or prospective employee, or make disparaging comments or criticisms, on the basis of race, color, religion, sex, national origin, age, handicap, disability, veteran status, sexual orientation or any other status protected by law. These principles apply to all aspects of the employment relationship, including application and initial employment, promotion, transfer, selection for training opportunities and the application of service, retirement, seniority and employee benefit plan policies.

The Company will comply with all applicable fair employment laws that may forbid discrimination on the basis of other protected characteristics. The Company will make reasonable accommodations for disabled employees where such accommodation would enable the employee to perform the essential function of the job and will comply with other applicable laws relating to disabilities.

Do Not Engage in

Harassment

Sexual and other forms of discriminatory harassment will absolutely not be tolerated.

Fair Employment Practices (cont)

Maintain a Drug Free

Workplace

Any use or possession of illegal drugs and narcotic substances by any employee is strictly prohibited. Under no circumstances will such drugs or substances be brought onto company premises or be used by an employee while engaged in company business. Similarly, employees will never work while impaired by alcohol.

Our Responsibilities

All employees have important responsibilities with respect to this Code.

All employees need to:

- Learn the provisions of this Code that relate to their work, and follow them at all times.
- Be sensitive to and be able to recognize situations that could lead them or others to engage in improper actions, and avoid such situations.
- Promptly report any behavior that violates this Code and any concerns about a possible violation or request to violate this Code.

Managers and supervisors must also:

- Maintain a work environment that encourages open communication regarding ethical problems and concerns, and prohibits retribution or retaliation for raising any such problems or concerns.
- Make a personal commitment to operate in accordance with the highest standard of ethical business conduct, and communicate this commitment to our employees.
- Make sure employees understand that performance is never more important than ethical business conduct.
- Encourage employees to seek assistance and guidance in advance whenever they have questions or concerns about a particular situation or course of conduct.
- Take prompt remedial action when required.
- Be familiar with the resources available to assist in the resolution of legal and ethical questions and concerns.

In General

Conduct in violation of the Code is considered activity outside the scope of an employee's authority. The Code represents an effort to meet and exceed the requirements of the law and industry practice.

Employee Obligation to Report Possible Violations; How to Report an Issue; Confidentiality; No Reprisals

Employees must all be alert and sensitive to situations that could result in actions by ourselves or others that might violate laws or the Code. Employees who believe that their own conduct or that of a fellow employee may have violated any laws or the Code have an obligation to report the matter.

Generally, such matters should be raised first with the immediate supervisor, who in turn will promptly review the matter with the OdV. This may provide valuable insights or perspectives and encourage resolution of problems within the appropriate work unit. However, if any employee would not be comfortable discussing the matter with his or her immediate supervisor or if he or she do not believe his or her supervisor has dealt with the matter properly, the employee should raise the matter with the OdV.

A reporting employee's identity will not be disclosed without his or her permission unless disclosure is unavoidable in order to properly conduct an investigation, subject to the requirements of local law.

Regardless of how a report is made, the reporting employee will be informed, if possible, of the outcome of the investigation relating to his/her report.

There will be no employment retaliation taken against an employee as a reprisal for making a good faith complaint or disclosing information in good faith. However, if a reporting individual was involved in improper activity, the individual may be appropriately disciplined even if he or she was the one who disclosed the matter (and the matter may be reported to appropriate authorities). In such a case, a voluntary disclosure would be given favorable consideration by the Company in determining the appropriate discipline.

The OdV may be contacted by calling the +39 0532 [●], or by sending an email to odv@bonfiglioliengineering.com

Where to Go for Additional Information or Assistance

If any employee has a question relating to the Code, or to any other legal or ethical issue, generally he or she should first raise the matter with his or her supervisor. In some cases, the supervisor will need to refer questions elsewhere in the organization for resolution.

If for some reason the employee would not be comfortable seeking guidance from his or her immediate supervisor, or if he or she does not believe his or her immediate supervisor has provided proper guidance, the Employee should contact the OdV or contact the Human Resources Department.

If an employee confronts a particular situation in which he or she believes that an exception to the Code is appropriate, he or she should discuss the matter with his or her immediate supervisor. If the immediate supervisor agrees that an exception is appropriate, the supervisor will request the approval of the OdV. In no event will an exception ever be provided if it is in violation of applicable law.

Third Party Rules

Many customers of the Company have codes of conduct of their own, and employees who deal with employees of those customers should be aware of those rules and act in compliance with them

The General Rule

It is important to emphasize that if a employee is ever uncertain about whether an action he or she is considering, or a situation he or she might be involved with, might be inconsistent with this Code or the law or might be inappropriate for any reason, the employee should seek guidance and not take the action or allow the situation to continue until he or she is sure it is appropriate.