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“ **The craftsman** represents the special **human condition of being engaged**”.

Richard Sennett<sup>1</sup>, *The Craftsman*

## *Foreword*

Richard Sennett's definition of the craftsman significantly sums up the ethical spirit cultivated in ILME.

In fact, ILME was founded and has grown thanks precisely to utmost personal engagement, thereby becoming worldwide leader.

To be personally engaged, to take personal care of all corporate processes, to monitor carefully and personally each activity at risk: these are much more than good corporate practices at ILME, they are ethical principles that should always be respected. The company's reputation and success depend on the attention of each and every person.

Talent, ability, competence, expertise, mastery, pride in one's work: these elements, which are usually typical of a craftsman's work, must be accepted as operating principles in order to work at ILME.

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# 1. Introduction

The **Code of Ethics** adopted by the company **ILME** (Industria Lombarda Materiale Elettrico herein after referred indistinctly as ILME) sets out the ethical principles that characterize the **daily activities** of this Company. An ethical conduct should be intended as an habitual way of acting, a constant use of one's skills, a consolidated practice in one's daily activity.

ILME has adopted this Code of Ethics since it awares that **business conduct should always be guided by specific ethical principles**.

Therefore, this Code should be regarded as an actual working tool that reminds all its recipients of how they should behave, thereby enabling ILME to preserve its reputation acquired over decades of business in the market, always respecting people, laws, rules and the common good.

The Code of Ethics is an official document and is part of the documentary organization of ILME and of the Organizational Model regulated by Legislative Decree 231/2001. The Code of Ethics is one of the fundamental tools of the Organizational Model adopted by ILME so as to avoid, through virtuous conduct, any criticism and any ensuing liability for either company.

The Code, taken as a whole and together with all the specific implementing procedures approved by the Company, is an integral part of any present and future employment contract, pursuant to Article 2104 Italian Civil Code.

The violation of its provisions amounts to a disciplinary offence and will be pursued and sanctioned as such by the Company in accordance with Article 7 of Law 300/1970, and may imply compensation for any damage caused thereto.

As regards collaborators, consultants and self-employed workers acting in favour of ILME, their signature of this Code or, in any case, their acceptance of its provisions and principles, are a prerequisite for the execution of any type of contract between them and the Company; the provisions that are so signed and, in any case, approved, even de facto, are an integral part of such contracts. For these reasons, any third party violation of specific provisions of the Code may, depending on its severity, justify the Company' termination of its contractual relations with these parties and may be identified ex ante as a cause for automatic contractual resolution pursuant to Article 1456 Italian Civil Code.

## 2. The Company

**ILME** was founded in Milan in 1945, where the Headquarters are still located today and where its production sites are also located.

It has been designing and manufacturing **complete solutions for industrial connections** for over 75 years.

It operates with its own subsidiaries in the key countries driving the progress of automation and is today among the leaders in the sector worldwide.

Automation systems, railway, wind and marine equipment, robots, energy production plants are the key environments where ILME products guarantee performance and reliability.

Create value with a **strong commitment towards professional excellence** and with a **responsible approach** towards the community, fully **respecting the environment** it operates in **are the principles at the basis** of the Company's sense of service.

# 3. Adoption of the Code of Ethics and recipients of the Code

**The Code of Ethics is intended for a variety of recipients:**

- corporate bodies and their members;
- executives, employees, providers of services, even on a temporary basis, without any exception;
- consultants, any collaborators, attorneys-in-fact and any other parties, even external to the companies, acting in the name and on behalf of ILME.

The Recipients of the Code are required to be familiar with its content and to abide by its provisions as set out below.

First of all, the recipients should be acquainted with the Code of Ethics and should be aware of the offences that the Company's Organizational Model intends to prevent.

For this reason, the Company's executives are given the task of ensuring the actual implementation of the Code and of distributing it inside and outside the Company, making sure it is given or made available to all its recipients.

In addition to complying, as required, with the law in force and with collective contracts, the recipients undertake to suit the performance of their duties to the purposes and provisions of this Code in their relationships both within the Company and with parties external thereto, specially Public Administrations and other Public Authorities.

An **essential prerequisite** for any fruitful collaboration with ILME is its collaborators' and other third parties' compliance with the **principles and provisions set out in this Code**.

# 4. Principles and rules of conduct

The business of ILME is guided by the ethical principles listed below, starting from the belief that:

*“Learning to work well enables people to govern themselves and so become good citizens”.*

Richard Sennett<sup>2</sup>, *The Craftsman*

## 4.1 Human rights and human dignity

The Company recognizes **the centrality and importance of human beings** and of the contribution of each individual, in sharing individual skills, as a founding element of business growth. For this reason, the Company undertakes to ensure a **working environment that protects and makes the most of everyone’s qualities**. As far as the workplace is concerned, the principle of personal engagement as an essential element of responsibility and of personal involvement in the Company’s growth, relies on the old precept whereby: *“For the craftsman, the workshop is his house”*.

Similarly, the workers at ILME should feel they’re working in a safe and protected workplace which guarantees their dignity and an appropriate treatment.

ILME does not and undertakes not to discriminate against anyone, whether directly or indirectly, on the ground of trade union membership, political or religious belief, race, language or sex, and recognize the absolute value of the fundamental principles of the Constitution of the Italian Republic.

These principles signify that the Company does not enter into negotiations and does not grant assignments that can offend or are contrary to the fundamental principles underlying human dignity, and does not cooperate with partners, including international ones, which violate these principles, specially the exploitation of child labour and the protection of every worker’s basic rights. In accordance with these principles, ILME, when hiring or promoting staff, ground its assessments only on the latter’s **merit, skills, professional ability**, and on the correspondence between the profiles required and personal characteristics, in accordance with pre-set procedures.

## 4.2

### Compliance with the law, regulations and ethical principles

The Company undertakes to adopt **virtuous behaviour**, in compliance with the law and with any regulation. This commitment and obligation are accepted by all executives, employees, collaborators, professionals, consultants and anyone acting on behalf of the Company.

## 4.3

### Environmental protection

#### **ILME respects the environment.**

The Company, endorsing Article 9 of the Constitution, takes environmental protection into account when choosing its technologies, programmes and strategies.

The Company and all the recipients of this Code are required to abide by the law and not to act against environmental protection laws, specially Legislative Decree No. 152/2006.

## 4.4

### Quality - Integrity

ILME is aware that **quality** and **reliability** are the basis for solid and proper corporate growth.

The Company's credibility should be based on good **reputation that can be acquired in time only** by adopting honest, consistent, and qualitatively irreproachable behaviour. Honesty, integrity and quality are strictly connected.



## 4.5 Health and safety at work

ILME believes that the health and safety of workers and of the workplace are a priority which all necessary resources should be invested in, without spending limits.

The protection of workers finds in the prevention of occupational accidents and diseases, an application of the general principles enshrined in Articles 4, 32 and 35 of the Constitution.

The Company guarantees compliance with safety regulations and ensures that the tasks that are assigned in the field of occupational health and safety, either to external consultants or to Company managers, are carried out exclusively on the basis of proven and appropriate skills and experience in this field.

Therefore, for the **purpose of ongoing risk prevention**, ILME undertakes to strengthen and spreads the **culture of safety**, raising all staff members' awareness of the risks involved and promoting their responsible behaviour.

## 4.6 Transparency and truthfulness in the management of financial flows, taxation, corporate operations and budgets

ILME ensures full compliance with the principles of **transparency** and **truthfulness** in every corporate ambit and process, in particular in its administrative and corporate management.

To this end, it takes steps to ensure that each operation and activity is lawful, authorised, consistent, documented, verifiable, in accordance with the principle of traceability and with corporate procedures. Transparency requires not only compliance with ethical principles and values, but also the adoption of processes that allow all those concerned to acquire information necessary to reconstruct operations. Therefore, any collaborator who carries out transactions involving sums of money, goods or other economically quantifiable assets belonging to the Company, should reasonably provide appropriate evidence to allow for the above operations to be checked.

The organization of ILME is **based on compliance with the law and with the principles of financial transparency**, honest dealing and good governance. The Company undertakes to comply with all accounting and financial procedures to avoid irregularities, unlawful acts and the violation of specific regulations, with particular reference to the regulations on money laundering, receiving stolen goods and using money or assets of dubious origin. ILME ensures the punctual payment of all taxes due and the correct submission of the related returns.

The principles of transparency and truthfulness imply also the duty of the Company to give true, complete, transparent and understandable information so as to enable its recipients to make informed decisions.

Therefore, no budgets, reports or other corporate communications regulated by law, whether intended for the Company's members or the public, will include untrue material facts, even where subject to assessment, or omit information whose disclosure is required by law, on the economic, capital or financial situation of the Company, in such a way as to mislead its recipients on the said situation, possibly causing a capital loss to the Company's members or creditors, with the intention to deceive the Company's members or the public and to achieve an unfair profit for the Company itself or third parties.

The budget of the Company and its consolidated budgets should always comply with these principles.

## Transparency in the event of a conflict of interest

Any activity or situation that gives rise or that might give rise, even only potentially, to a conflict between the individual interests of all collaborators and those of ILME, should be avoided. In the event of a conflict of interest, even a potential one, whether internal or external to the Company's business, each party involved must **refrain from adopting a conflicting conduct**, giving prompt notice to the Chief Executive Officer who will evaluate the existence, on a case-by-case basis, of any incompatibility or prejudice.

## 4.8 Respect for and protection of the market

ILME believes that it is essential for the market to characterize itself fairly and loyally for all industrial operators, in the spirit of Article 41 of the Constitution. Actual market freedom, which provides **opportunities for personal participation and affirmation through merit and quality products**, can be ensured only by conducts that are in line with the ethical principles of this Code. All laws that regulate the market should be complied with, and utmost collaboration should be offered to the Authorities regulating the market itself.

## 4.9 Respect for competition

ILME respects every form of lawful competition, does not put in practice any act of unfair competition, and carries out negotiations respecting the prerogatives of others, without falsifying data, documents or other information to gain an advantage over its competitors. ILME believes that **only the quality of its products can make its own market grow**.

## 4.10 Respect for and protection of industrial property

ILME **constantly invests in new ideas** and new patents as key elements for its industrial development. The Company carries out new projects in full compliance with the regulations on the protection of industrial property, trademarks and patents.

## Confidentiality

ILME protects the confidentiality of any data and information which its employees and collaborators might become aware of, and it regards confidentiality as an essential element to strengthen its customers' trust.

The employees and collaborators are required to keep **strictly confidential** any research project, information, document, study, initiative, project, contract, etc., which they become aware of by reason of the services performed thereby, with particular reference to information that might compromise the interests of ILME and of its customers.

All information, in particular that acquired when pursuing activities for customers, should be regarded as confidential and shall not be disclosed to third parties or used to obtain a personal, direct or indirect benefit. Personal data may only be disclosed to those who actually need to be aware thereof to carry out their specific duties.

All employees and/or collaborators are required to abide strictly by this principle, even after termination of their employment or collaboration, however this takes place, subject to the time limits laid down in law or in their contract. ILME ensures compliance with Legislative Decree 196/2003 as amended.

## Proper use of technology and of the computer system and copyright protection

ILME prohibits the use of computer and communications systems that is not **intended for social utility** and that is not respectful of people, their dignity and the environment in which they live.

It is also forbidden to download or make unauthorized copies of software or other programmes without a regular licence, thereby violating copyrights. Subject to Article 15 of the Constitution, the Company undertakes to install supports that signal anomalies, alterations, viruses or anyone's access to prohibited or unauthorized Websites.

## 4.13 Fairness, transparency and obligations in dealing with the Public Administration

The principles that guide and shape the Company's daily relationship with the Public Administration are and should be those of transparency, fairness and honesty.

Even more than in other operating areas, the **relationship** with public bodies and with the authorities connected thereto should be **characterized by duty**, this meaning an absolute obligation to **act consistently** with the above mentioned ethical principles and with the reputation of ILME. Any contributions, subsidies or funds granted by the European Union, the Government or another Public Body, even of little value and/or amount, should be used solely and exclusively for the purposes for which they were requested and granted. It is forbidden to use or to submit applications or requests that include false, altered, fake or incomplete statements, in order to obtain public disbursements, contributions or funds at favourable conditions or to be unduly granted concessions, authorizations, licences or other administrative acts.

All employees and collaborators of ILME cannot make or accept gifts that might affect the service received or supplied.

Therefore, no kind of gift, courtesy or favour that may be intended, albeit only potentially, to obtain a favourable treatment in any stage of the business of ILME, is allowed, especially if it is offered to the Public Administration. The same rules and precautions should apply to invitations to lunch/dinner, trips and events in general.

## 4.14 Cooperating with Law Enforcement agencies

ILME requires its employees and collaborators to meet the requests of law enforcement agencies with **true and not omissive statements**, providing all the necessary information for investigation purposes.

## Fair dealing with Customers

Anyone working at ILME should **liaise with customers according to the principles of fairness, honesty and transparency**. The Company should provide commercial information that enables its customers to be fully aware of the negotiations entered into therewith. No data on the situation of the Company should be distorted or untrue.

## Quality of Suppliers

ILME defines its collaboration with suppliers according both to current regulations and the principles of this Code, and to **the best quality standards** of the goods and services required.

The suppliers of goods or services of each Company must guarantee the origin of their products, the absolute quality there of, and the experience and professional expertise necessary to ensure that, in the conduct of their business, the workers' health and safety as well as the environment are duly protected.

# 5. Implementation method and supervision plan

5.1

## Distribution, communication and effectiveness of the Code

ILME undertakes to distribute this Code of Ethics both inside and outside its Company, bringing it to the **knowledge of all the Recipients** however involved in the corporate mission, by taking specific communications/training actions, such as posting the Code in a place that all employees can have access to and publishing it on their Website.

Anyone who comes into contact with third parties for commercial, institutional, social, political or any other type of relationship, acting in the name or on behalf of ILME, is required to demand compliance with the principles of the Code, where appropriate.

5.2

## Obligations of all employees

Each employee and collaborator of ILME must be familiar with the provisions contained in this Code or referred to thereby. Anyone who is aware of alleged unlawful behaviour is required to inform his superiors or the Supervisory Board appointed pursuant to Article 6, Legislative Decree No. 231/01 and/or the Human Resources Manager.

Employees are also required:

- **to refrain** from conduct that is contrary to such provisions and rules;
- **to contact** their superiors or the Supervisory Board and/or the Human Resources Manager for any necessary clarifications on the application of the Code or of its related regulations;
- **to cooperate** in the event of investigations so as to verify and punish any violations.

Executives and department managers are also required:

- **to make sure** that the individuals who are under their direct or indirect responsibility comply with the Code;
- **to ensure** that their behaviour is exemplary for their employees;
- **to report** immediately to the Human Resources Manager or to the Supervisory Board any notices or needs of their subordinates by sending email to **odvilme@gmail.com** whose consultation is reserved only for members of the Supervisory Body (**discipline on whistleblowing**).

## Supervisory Board

The control as to the **adequacy, effectiveness** and **suitability** of the Organizational Model regulated by Legislative Decree 231/01, which this Code of Ethics is an integral part of, is guaranteed by the Supervisory Board, whose appointment is provided for by Article 6 of the same Decree.

In particular, subject to the provisions of the specific document called “Regulation of the Supervisory Board”, the Supervisory Board is required:

- to check compliance with the Code of Ethics in order to reduce the perpetration of the offences regulated by Legislative Decree 231/01;
- to take care of and coordinate the updating of the Code of Ethics, even by submitting its own proposals for amendments and/or updates;
- to promote and monitor initiatives that are designed to foster the communication and distribution of the Code of Ethics to all those who are required to comply with its provisions and principles;
- to comment on any alleged violation of the Code of Ethics which it is aware of, reporting any infringements to the competent corporate bodies.

## Sanctions

In the event of violations of the Code of Ethics, ILME will take disciplinary measures against those responsible therefor, where expressly provided for, acting in accordance with the law and regulations in force, which may even lead to dismissal of the perpetrators in addition to compensation for any damage caused by the violations.

Should the members of corporate bodies fail to comply with the rules of the Code of Ethics, the competent corporate bodies may take the most appropriate measures provided for and allowed by law.

The infringement of the rules of the Code by the Company’s employees amounts to a breach of their employment obligations, with all ensuing contractual and legal consequences, even as regards the relevance there of as a disciplinary offence. Any infringement by suppliers and external collaborators will be punished in accordance with their contract, subject to any more relevant violations of the law.



# 6. Final provisions

## 6.1

### Conflict with the Code

Should even only one provision of this Code be in conflict with the provisions of internal regulations or procedures, the Code will take priority over any of these provisions.

## 6.2

### Changes to the Code

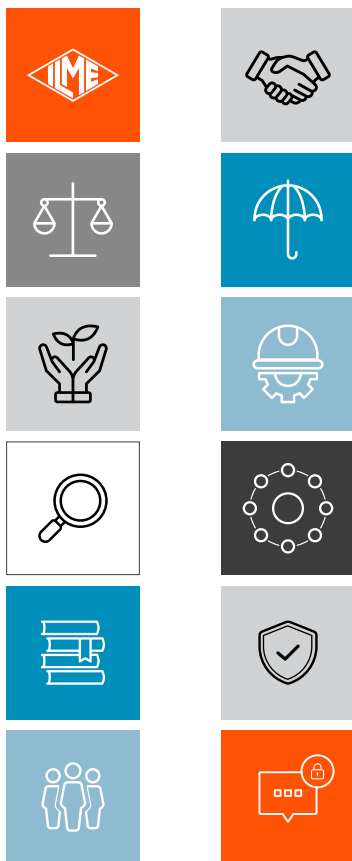
Any change and/or addition to this Code will be made in the same manner as that adopted for its initial approval by the Board of Directors of the Company. This Code is verified and possibly updated, at least once a year, by the Board of Directors of the Company, even at the suggestion of the Supervisory Board.

## Biography

<sup>1-2</sup> Richard Sennett was founder director of the New York Institute for the Humanities and is now University Professor at New York University and Academic Governor and Professor of Sociology at the London School of Economics.

He is a senior fellow of the Center on Capitalism and Society at Columbia University. He has won the Amalfi and Ebert prizes for sociology and in 2006 was awarded the Hegel Prize by the City of Stuttgart.

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**ILME S.p.A.**  
Via Marco Antonio Colonna, 9  
20149 Milano - Italy  
[www.ilme.com](http://www.ilme.com)

