

TEM Electric motors Srl

Società soggetta ad attività di direzione e coordinamento da TEMFIN S.r.l.

Via Beretta N°1 42024 Castelnovo Sotto (RE) ITALY Tel. 0522-682723 /688173 Fax.0522-688131



THE CODE OF ETHICS

The Code of Ethics and all relevant Instructions apply to everyone in the Company and those who conduct business on behalf of TEM.

Employees are expected to assume personal responsibility for performing their duties with fairness and integrity, to have an understanding of the Code of Ethics and to refer to it regularly, to have a detailed knowledge of its provisions that apply specifically to their job and to consult their direct manager, if in doubt.

Managers' responsibilities go beyond those of other employees.

They must actively promote the Code of Ethics in the workplace, showing commitment through their actions. They must be vigilant in preventing, detecting and responding to any violation of the Code of Ethics, and protect employees who report violations.

RESPECT LAWS AND REGULATIONS

Tem's reputation for integrity is built on its respect for laws, regulations and other requirements that apply to the conduct of business in all countries in which it is present. It is the personal responsibility of TEM employees to know the laws, regulations and requirements relating to their job. Any breach of these laws may lead to civil and criminal prosecution. Activities which could involve the Company in unlawful practices are prohibited.

To ensure our high ethical goals, we require compliance with certain standards that exceed those required by applicable law. Among others, TEM is attached to the spirit and the letter of laws governing human rights and labour, health and safety standards, environment protection, prevention of corruption, fair competition, taxation and the accurate communication of financial information.

TEM will promote as established of the United Nations Universal Declaration of Human Rights, the International Convention on the Economic and Social Rights, the International Convention on Civil and Cultural Political Rights, the UN Convention on the Rights of the Child, the Convention of the United Nations in order to eliminate all the forms of discriminations against the women and the Convention of the United Nations in order to eliminate all forms of racial discrimination.

APPLY THE PRINCIPLES OF HONESTY AND FAIRNESS

Many of TEM's activities are not the subject of laws, regulations or other mandatory requirements, in which case principles of fairness and honesty must govern our conduct. It is each TEM employee's responsibility to apply these principles at all times.

No performance objectives should be imposed or accepted if they can only be achieved by compromising our ethical standards.

OUR RULES

The following rules are fundamental because any deviation from their application exposes TEM and those concerned to considerable risks.

1. Agreements and understandings with competitors

Competition laws or antitrust laws are intended to ensure open and fair competition among companies. Open and fair competition is in the best interest of TEM and benefits customers, consumers and society as a whole. Such laws must be complied with at all times. Severe civil and criminal sanctions can be imposed on the company and on individuals if such laws are broken.

TEM employees must not participate in any agreement with competitors that have the intent or effect of fixing prices, distorting a bidding process, dividing a market, limiting production or boycotting a customer or supplier. TEM employees must not exchange sensitive information with competitors in infringement of the competition laws.

2. Prevention of corruption and bribery

TEM's policy is to prohibit all unlawful payments and practices.

TEM employees must conform to all relevant laws of the countries in which they are present. This means they must not offer or provide, directly or indirectly, any pecuniary or other advantage to a public official, political party, employee or agent of a customer in the public or private sectors or employee or agent of a lending agency or bank, in violation of any legal requirements or TEM's ethical principles, with a view to obtaining or retaining business or securing any facility or favour that infringes regulations.

It is besides forbidden to offer or provide any advantage or respond to solicitations from any party claiming real or implied influence on an agent in the public or private sector and offering to use that influence to obtain any favourable decision or market share. Facilitation payments are used to facilitate mandatory administrative procedures and formalities normally carried out through the proper legal channels.

To avoid any confusion or misunderstanding with regard to acceptable limits, TEM prohibits any such practices.

3. Internal control and disclosure of information

Internal control is key as it is designed to provide reasonable assurance to the management at every level in regard to the quality and reliability of financial and business information along with conformity to the applicable laws and regulations, and internal rules in force.

The integrity of our financial and business information is essential to run our operations legally, honestly and efficiently. As a consequence, all financial and accounting information must be correctly recorded in the TEM's books and accounts.

Employees are individually responsible for the records and reports they write and the information they provide (including information entered into information systems). Records should be retained in compliance with TEM's Records Policy. Management must ensure that the data recorded in the system is perfectly in line with the information due to be published, with the results of the period and with the financial position at the end of the period.

4. The role of Employees

TEM shall honour its commitment that no employee will suffer a change of status, harassment or any other form of discrimination as a result of disclosing information in good faith.

At every level of the Company, employees must ensure that any records, reports, or information they use or communicate to management enable TEM to make full, fair, accurate and timely disclosure in reports, documents and other public communications.

In no case should any financial or business records be subject to fraudulent treatment. Fraud, or the act or intent to cheat, steal, deceive or lie, is both dishonest and, in most cases, criminal. Fraud can include, but is not limited to: submitting false expense reports, forging or altering checks, misappropriating assets or misusing TEM's assets, unauthorised handling of transactions, mishandling petty cash, making an entry on records or financial statements that is not in accordance with proper accounting standards.

5. Relationships with our business partners

• Customers

TEM must treat all its customers honestly and fairly, regardless of the size of their business. TEM is committed to providing customers with high-quality products and services that meet their needs.

TEM gives detailed information on its products and services in its advertising, public statements and offers to individual customers. Employees who negotiate contracts must ensure that any statements, communications and presentations made to customers are accurate and truthful.

Customer confidential, sensitive or private information must not be disclosed by a TEM employee to any person except as required or permitted within a project or contract.

• Suppliers and sub-contractors

Purchasing decisions are based on objective assessment of the supplier's or sub-contractor's reliability and integrity and on the overall value of the offering in view of short and long-term considerations and objectives. For the interest of TEM, the purchase of goods and services is based on the merits of price, quality, performance, delivery and suitability. The purchaser endeavours to ensure that a situation of dependence is not established with suppliers and sub-contractors, and therefore systematically develops credible alternatives. Care must be taken to avoid conflicts of interest and any appearance of partiality. Kickbacks are prohibited.

TEM requires its suppliers and sub-contractors to strictly comply with all applicable legal requirements related to their activities and business environment. TEM requires its suppliers and subcontractors to sign its Charter for Sustainable Development, underpinned by respect for human rights, employee health and safety, ethical rules, in particular those related to anti-corruption and fair competition, environmental protection and compliance with applicable laws and regulations.

●Sales consultants

In order to avoid any occurrence of bribery or unlawful practices exposing TEM to liability, relations with sales consultants are guided by strict internal procedures.

Consultant means any representative, business development consultant, agent, sponsor or lobbyist involved directly or indirectly in activities pertaining to sales or project execution. It refers also to third parties acting on behalf of TEM, including, but not limited to, lawyers, tax advisors, customs agents, engineers, financial advisors, who interact with customers or any public or private authorities.

● Export controls and trade restrictions

Local, national or international laws, regulations or similar requirements establishing embargoes, boycotts or other trade restrictions on goods, services, software or technology are enacted from time to time. In the case TEM exporting goods and services or performing services outside their own countries (including technical assistance or training), must strictly comply with all applicable Export Control laws of the country in which they are present. Special care needs to be given for dual-use items (products, software and technical data which can have an application both in the civil and military fields). Employees involved in international trade must ensure they comply with the latest applicable regulations and seek guidance from their Legal department.

Failure to observe these laws and regulations could expose both the Company and the employees involved to severe penalties, including prohibition of future exports.

●Money laundering

Money laundering is the processing of criminal proceeds in order to disguise their illegal origin.

In compliance with all laws related to this matter, TEM conducts business with reputable partners. Employees need to be cautious with the way payments are made to detect if irregularities may exist and with partners who demonstrate suspicious behaviours in their operations.

● Conflicts of interest

Conflicts of interest distort judgement. TEM employees must avoid any situation that involves or may involve a conflict between their personal interests (or those of family members or relatives) and those of the Company.

To protect employees and TEM from actual or apparent conflicts of interest, employees must not make or hold any investments in a supplier, customer, competitor, consulting company or any business partner if the nature of such investments might affect a business decision taken on behalf of TEM. Employees must not deal directly with a business partner that can be a customer, a supplier, an agent, a consultant or any other third party, if they or their family members or relatives have an interest in such third parties. If such situations arise, employees must clearly inform Tem Unit manager of the matter and obtain written approval to proceed.

Employees must refrain from accepting outside work from a supplier, customer or competitor and should not be involved in any outside work that may adversely affect their performance or judgement on the job. Employees must disclose any outside employment to their manager.

● Gifts and hospitality

TEM aims to ensure that any business decisions taken by its employees, customers or suppliers are made solely through the proper business channels — fundamentally based on competitiveness, performance and the quality of the products and technologies it offers — and are not driven by any form of personal improper advantage or conflict of interest. In some cultures, good business relations may sometimes involve the exchange of symbolic gifts and hospitality. Employees must not offer, accept or authorise a family member or relative to accept gifts, money, loans, invitations or any other form of special treatment from anyone involved in business dealings with the Company, if the ultimate goal is to influence business decisions. Employees may accept or offer, on behalf of TEM, an occasional business meal invitation or an occasional non-pecuniary symbolic gift of low value if it can be reciprocated on another occasion.

Any employee required to offer or accept a gift or invitation of value as a result of protocol, courtesy or other reasons must first inform his or her Unit manager and the Legal department.

A SOCIALLY RESPONSIBLE COMPANY

TEM applies its policies and standards in all countries in which it is present. TEM respects the cultures of local communities with which it interacts and takes into account the interests of its different stakeholders.

● **Protecting the environment**

TEM has given itself the ambition and the means to make a significant contribution to environmental protection through the supply of its products and put in its core activities the supply of technology and advanced which allow to improve the management of natural resources, significantly reduce emissions and greenhouse gas effects and enhance the quality of life, while contributing to economic and social progress. TEM also communicates to its customers information on the environmental impact of its products. TEM designs its equipment for minimum consumption of energy, eliminates hazardous products and favours materials that can be recycled.

TEM includes the environmental impact in the criteria for major decisions. At manufacturing site and office, this impact is managed in line with the rules set out in the legislation in vigor (Environment, Health and Safety). In their day-to-day activities, all employees contribute to this collective effort.

● **Community relations**

TEM takes into account the social, economic and environmental interests of local communities. TEM encourages its employees to build relations with local institutions, universities and schools.

TEM encourages its employees to volunteer and play a role in the local community. Activities undertaken by employees on their own initiative are done so in their name and in their own time. Conflicts of interest are to be carefully avoided.

● **Political contributions and activity**

Political contributions are often subject to national laws and vary from country to country.

Even when legally permitted, such contributions can be a source of abuse or otherwise perceived as a questionable practice. TEM's policy is not to make contributions, financial or in kind, to political parties or organisations, or to individual politicians. TEM respects the rights of its employees to participate as individuals in their community and civic affairs. This must be done at a personal level, in their own time and at their own expense, consistent with applicable laws. TEM's stationery, funds and other property must not be used for personal political activities.

Employees need to carefully separate their own political activities from TEM activities and avoid any conflict of interest.

● **Charitable contributions**

Charitable contributions made in the TEM's name or using its financial resources are permitted as long as they comply with applicable laws and regulations. Contributions should have relevance to the community in which TEM operates and must effectively serve the purpose of the charitable organisation concerned while enhancing TEM's reputation as a good citizen. Charitable contributions must be properly recorded.

● **Sponsorship**

Sponsorship is part of the marketing and communication strategy. It is authorised in compliance with applicable laws and regulations and solely within the framework of the TEM 's communications policy.

Human Resources

It is TEM's policy to fully comply with the United Nations Universal Declaration of Human Rights and with the International Labour Organization's Fundamental Conventions.

In line with these principles, TEM applies a human resources policy based on fair treatment and respect for individuals, their dignity, rights and individual liberties, and promotes their involvement in company life. TEM promotes all forms of dialogue with both individual employees and their representatives.

● **Health and safety**

TEM is committed to providing a safe and healthy work environment at its site. That level is set out in the Safety Document policy and apply to employees and sub-contractors working at TEM's site or under TEM's supervision at customer sites. Measures to offset any risk related to health and safety issues are applied at all sites and throughout projects.

These measures are implemented in partnership with the relevant bodies and committees.

Employees are responsible for reporting any hazardous situations they may witness, or any incidents indicating such risks, and for helping to implement preventive measures. Safety guidelines must be strictly adhered to.

● **Security of employees**

TEM does its utmost to protect its employees, wherever they are working.

• Social relations

TEM respects the right of all employees to form and join trade unions and workers' organisations of their choice and to organise and bargain collectively. TEM respects the role and responsibilities of the social partners and commits to communicating and negotiating openly to address issues of collective interest.

• Equal opportunity and diversity

TEM & TEM employees are required to comply with all laws and regulations forbidding any discrimination with respect to age, race, gender, ethnic origin, nationality, religion, health, disability, marital status, sexual preference, political or philosophical opinions, trade-union membership or other characteristics protected by applicable law.

TEM does not tolerate any form of harassment, sexual, physical or psychological, coercion or bullying. If employees observe or experience any form of abuse, they can report it to their HR management. No adverse action can be undertaken against employees making

such a good faith report. The recruitment process is exclusively based on the applicant's qualifications and skills. Remuneration is solely determined on the basis of the employee's contribution to the Company.

The recruitment, training and personal development of employees from different backgrounds is an important asset for TEM.

• Career management for employees

TEM aims to promote personal development through regular face-to-face interviews between employees and their managers. These interviews help focus on required skills, achievements, development plans and career paths according to individual needs and aspirations and business needs.

Training programmes and collaborative ways of working also contribute to this process.

Looking for solutions adapted to the skills of employees is maintained throughout their career, even in the event of reorganisation.

• Data privacy

TEM and each of its employees must be particularly attentive to laws and regulations concerning privacy and protection of information concerning individuals, employees or third parties and comply with them.

Employees who have access to personal data shall be only those whose function and responsibility specifically include the handling of personal data; the right of access is restricted according to the nature and scope of the individual function and responsibility.

TEM does not communicate personal information to third parties, except to the extent necessary and permitted by applicable laws or regulations.

Protecting TEM's assets

All TEM employees should do their utmost to protect the TEM's assets. TEM's funds and assets must not be used for illegal purposes or for purposes not related to TEM's activities.

Employees should not appropriate any of TEM's assets for their own use or make them available to others for a non-TEM use. Employees must not use TEM's assets for personal gain or personal business, nor may they allow any other person not employed to use them.

Misappropriation or theft of these assets may give rise to sanctions and may constitute a violation of law, giving rise to civil or criminal prosecution. TEM's assets are not only physical or tangible items (such as funds, supplies, patented inventions, or computer networks); they also include intangibles (such as ideas, concepts or knowhow) which employees develop in the course of their work for TEM.

In addition, assets cover customer/supplier lists and other market data, along with any information to which employees have access as a result of their work responsibilities.

• Respecting confidential information

Employees who may have access to confidential and proprietary data relating to TEM's business activities, including information on customers and suppliers must only be those whose function and responsibility specifically include the handling, use and communication of such data. The right of access is restricted according to the nature and scope of the individual function and responsibility. Moreover, any employee who comes into possession of confidential or proprietary information must keep such information confidential and use it only for authorised purposes.

Examples of confidential information include, but are not limited to, results, forecasts and other financial data, human resources and personal data, information with respect to acquisitions and divestitures, new products and orders.

Examples of proprietary information include, but are not limited to, business strategies, product improvements, technical information, systems, inventions, trade secrets or know-how developed or acquired by TEM.

This definition includes matters covered by secrecy agreements.

Employees who are not sure whether they may properly disclose or act on information in their possession should seek guidance from their manager.

Employees' obligations with respect to such information continue beyond their term of employment.

• Intellectual property

TEM's intellectual property rights which include patents, know-how, trade secrets, trademarks, domain names, industrial designs and copyrights, are one of its most valuable assets, and are therefore protected by law, whenever possible. Employees have a duty to safeguard these assets. TEM ensures that valid intellectual property of others are respected and not infringed by its employees.

• Using Company communications resources

The Company's communications resources — email, voicemail, internet, telephone (including mobile phone) and other means of communication — are the property of TEM and are to be used for professional purposes. Their use for private purposes is based on the recognition that private and business lives are closely linked and that the right balance between the two is beneficial to TEM and its employees. However, such use should be limited to what is reasonable and necessary in the circumstances.

Employees are strictly forbidden from using the TEM email system or the internet or any other means of communication for any improper purpose, and must avoid the transmission or receipt of messages or images that may be viewed as insulting, offensive or demeaning to the individual.

Unless approved in advance by the General Managing, employees are not authorised to represent TEM on internet social networking platforms like social forum web sites, blogs or chat rooms.

Awareness and training

These principles are conveyed through rules, procedures and instructions, along with relevant training to promote the widest possible distribution within the Company. The Code of Ethics is available to all TEM and is published on the TEM internet site www.tem-electric-motors.com for all persons interested in. TEM values and ethics are included in the induction programme for new employees.

The Code of Ethics cannot cover every conceivable situation to which an employee could potentially be exposed.

Each of us must use common sense and judgement in applying these principles, refer to existing rules and guidelines, and seek advice from direct manager, if in doubt.

Consequences of violations of corporate policies

All employees are personally responsible for ensuring that their conduct and that of those reporting to them fully complies with this Code of Ethics.

Violations of certain instructions may have a severe and/or lasting impact on TEM's image, business relations and financial situation. Where circumstances warrant, TEM may seek civil or criminal prosecution and apply relevant internal measures.

OUR CORE VALUES

This team spirit, supported by the desire to **develop each employee**, extends to our collaboration with our partners and customers. Mutual trust between colleagues and management is essential for the proper conduct of our business and the efficient management of our projects.

This trust is built on the **responsibility** given to each decision-maker, the **delegation** of authority given and the **belief** of all employees in the importance of their role in the Company's well-being and development. It is also built on the **openness** of each individual to his or her professional environment, ensuring **transparency**, which is vital in the management of risks. TEM commits to delivering products and services to its customers which meet their expectations in terms of price, quality and delivery schedules. To meet our commitments to our customers, action is a priority for all of us.

Action is built on **strategic thinking**, underlined by our sense of **customer orientation**, integrated into our daily activities and into each project. Action involves adopting a **sense of urgency** in our activities, **speed of execution** to differentiate us from our competitors. **Leadership** is essential to drive action.

Managing Director

