
Code of Ethics

Law Decree 231/2001

Approved by the Board of Directors on
26/10/2007



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DEFINITIONS

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| Ethics and Security Consultant | E.S.C. |
| Internal Control Committee | I.C.C. |
| Managing Director | M.D. |
| General Manager | G.M. |

FOREWORD

Iseo Serrature S.p.A. operates in full compliance with clarity, transparency and legitimacy principles, respecting the interests of all subjects involved in their activity as well as the principles of human dignity. In particular, Iseo repudiate any discrimination based on sex, race, language, personal and social conditions, religious and political faith.

Accepting this standard as their own, Iseo Serrature pledge to observe its spirit and to conduct their business in accordance to the commitments set forth in the Code of Ethics.

The principles and regulations presented below, together with the corporate procedures in the different areas – referred to in the Annex -, are inspired by the Confindustria (Confederation of Italian Industry) guidelines and comply with the specifications of Law Decree 231/2001.

Iseo Serrature shall ensure an adequate training and awareness programme on the topics contained in the Code of Ethics and on its implementation, in order to enable its staff, administrators and collaborators to carry out their activities/tasks in accordance with the Code principles.

1. GENERAL PRINCIPLES

1.1. Recipients and fields of application.

The Code principles and provisions are an exemplification of the general obligations of diligence, fairness, loyalty and moral integrity concerning business conduct.

The Code principles and provisions are binding for Administrators, for all subordinate staff and for all people who work for the Company regardless of the type of relation, even temporary.

The Code shall be made known to third parties who receive tasks from the Company or who have stable or temporary relations with the Company.

The Code releases a set of principles which are fundamental and essential for normal operation, management reliability and corporate image.

All operations, behaviours and internal and external relations shall be inspired by the a.m. principles.

1.2. Staff obligations

All employees shall be acquainted with the Code rules and with the reference standard (law decree 231/2001) regulating the behaviours within their own function.

The Company staff shall:

- Avoid behaviours in contrast with these rules;
- Apply to their superiors in case of doubt about Code application;
- Promptly report to their superiors any news, either direct or reported by others, about a possible violation or a request for violation;
- Co-operate with the corporate hierarchical structure in charge of checking violations.

Should an employee reckon that a violation has not been adequately dealt with or that he/she has sustained reprisal, he/she can apply to the E.S.C.

The managers of every corporate Unit/Function shall:

- Be an example for their staff through their behaviour;
- Involve the staff to respect the Code and solicit them to raise questions about it;
- Operate in such a way as to make staff understand that compliance with the Code is an essential part of the quality of their performance;
- Accuretely select, within their scope of activity, employees and external collaborators so as to avoid to assign tasks to unreliable people as far as compliance with the Code is concerned;
- Take immediate corrective actions if necessary;
- Prevent reprisal.

1.3. Code relevance towards third parties

All Iseo Serrature employees, according to their tasks, shall:

- Inform third parties about the obligations and commitments set forth by the Code;
- Require from them the respect of the obligations directly concerning their activity;
- Take adequate internal or external actions in case of violation of the Code by third parties.

2. BEHAVIOURAL CRITERIA

2.1. General Criteria

The activity of Iseo Serrature S.p.A. is governed by clarity, transparency and legitimacy principles.

The Company staff and external collaborators, whose actions might in some way be linked to the Company, shall have correct behaviours in conducting their business for the Company and with Public Administration, regardless of market competition and of the importance of the treated transaction.

Corruption, illegitimate favours, collusive behaviours, direct and/or indirect pressures through third parties about personal and career benefits are forbidden.

Any information concerning corporate activity as well as external recipients and interlocutors shall be treated in full confidentiality according to the relevant internal procedures.

The protection and preservation of the goods (both tangible and intangible) which constitute the Company property is an essential value and the staff shall strive not only to safeguard these values but also to prevent their fraudulent or improper use. The use of these goods by the staff shall be limited to their function and authorised tasks. This also applies in case corporate goods are assigned for personal use (real estate, cars, mobile phones, laptops).

The Company acknowledges and respects the staff right to take part in investments, business or other activities outside the task carried out for the Company, provided they comply with the applicable law and are compatible with their obligations as employees/collaborators.

In any case, the employees of Iseo Serrature shall avoid any situation and activities which might hamper their ability to take decisions in an impartial way in the interests of the Company and in full respect of the Code rules. Any such situation leading to a conflict of interest shall be immediately reported to their superiors. In particular, all employees shall avoid conflicts of interests between personal and family business and their tasks within the Company.

Examples of situations determining conflicts of interests are:

- Economic and financial interests of the employees and/or their families involved in suppliers', customers' or competitors' activities;
- Use of one's position in the company or of information acquired at work to create conflict between personal and corporate interests;
- Any type of work carried out for customers, suppliers or competitors;

- Accepting money or favours from people or companies doing business with Iseo Serrature.

Without prejudice to the provisions set forth for Company employees, the Managers, in consideration of their responsibility, of the stronger identification with the Company and of the engagement level, shall previously report to the ESC Function and to their superiors any social task, investment or business they wish to undertake (the preliminary information obligation does not apply to ordinary operations in floating shares on regulated markets, without prejudice to other obligations). The ESC, together with the Manager and the superior, shall decide whether, also considering the manager's role, the proposed initiative is not in conflict with corporate interests and, should that be the case, shall release a written authorisation.

Further to the notice, the ESC shall take subsequent action, after informing the GM who, should that be the case, shall report to the ICC. The involved employee shall comply with this action. Failure to comply with this obligation, as well as failure to report a conflict of interest, constitute violations of the Code of Ethics and are subject to the penalties provided for in chapter 3.2.

It is forbidden to make or offer, either directly or indirectly, payments and material benefits to third parties, public officers or private individuals, to influence or compensate for an act from their office.

Any employee receiving an offer or a request for benefits by third parties, unless it is a commercial gift or has a minor value, shall inform his hierarchical superior.

2.2. Shareholders' and Market relations

The Company has adopted a system of corporate governance aimed at:

- Maximising long-term value for its shareholders;
- Monitoring corporate risks;
- Keeping transparency towards the market;
- Adapting the interests of all shareholders.

The shareholder, even potential, is not only a source of financing, but also a subject with his own opinions and preferences. Therefore, in order to take investment decisions and in corporate resolutions, he needs all the available relevant information.

The Company operates so that the economical and financial performances can safeguard and increase corporate value, in order to adequately remunerate risk that shareholders run; the Company creates the conditions for shareholders' awareness and looks after the availability of all data relevant for their decisions regardless of their shares, with special attention to statutory social communications. Information transparency, accuracy and completeness is particularly important as far as the Balance Sheet is concerned. To this regard, every employee shall co-operate in order to provide a correct representation of the Balance Sheet data.

All Company actions and operations shall be registered and it shall be possible to check the decision, authorisation and development processes.

Each operation shall be accompanied by documents so as to allow, at any time, an inspection assessing the reasons for the operation, its features, and the people who have authorised, made, registered and checked the operation.

Any employee who might become aware of falsification of accounts or of accounting documents shall report to his superior, who will be entitled to involve the internal control system auditing bodies. Should the a.m. violations concern a superior, a confidential written notice shall be sent to the higher hierarchical level. Should this information turn out to be unfounded, the employee shall be subject to disciplinary measure.

2.3. Personnel Policies

Iseo Serrature acknowledges that human resources constitute a vital factor for its development. Therefore, the human resources management is based upon the respect of personality and professional capabilities.

Employees (subordinate or collaborators) is recruited under a regular labour contract; any form of irregular work is not accepted.

When starting a new job every employee receives detailed information about:

- Tasks and function;
- Statutory and retributive elements governed by the National Collective Labour Agreement and by internal agreements;
- Information and training on safety and environmental standards;
- Personal data treatment.

Iseo Serrature operates in accordance to the principle of environmental protection and aims at safeguarding the safety and health of its staff by adopting all the necessary statutory provisions.

Iseo Serrature commits to defend the moral integrity of its collaborators by ensuring the right to work in an environment respecting the human being. For this reason the Company protects the staff against psychological violence and contrasts discriminatory or offensive behaviours.

Sexual abuse is forbidden, as well as behaviours or talks which may disturb a person's sensibility. At the same time, any behaviour or activity aimed at spreading sexual or ideological concepts are not allowed at work.

Staff (subordinate or collaborators) privacy is protected by a series of standards indicating the information that recipients are asked for by the Company as well as the treatment and registration modes, excluding any survey on staff ideas, preferences and private life.

These standards prohibit the spreading of personal data, unless otherwise provided for by the law, without the subject's prior consent and establish rules for the control, by each collaborator, of the privacy regulations; as far as sensible data are concerned, the Company has implemented all necessary measures in compliance with Law Decree 196/2003.

2.4. External relations

The Company employees shall respect the rules of this Code also in external relations. They shall inform any third party about the commitments and obligations set forth in the Code of Ethics and shall require the respect of the obligation which directly concern their activity.

The following categories are considered Third Parties towards Iseo Serrature:

- Suppliers
- External collaborators
- Competitors
- Customers
- The civil and economical background, both domestic and international
- Public Administration
- Political organisations and trade unions

2.4.1. Suppliers' relations

Purchasing processes are aimed at obtaining the maximum profit for the Company, granting the same opportunity to each supplier and are based upon loyalty and impartiality.

In tenders and supplies of goods and/or services the staff shall:

- Respect internal procedures for suppliers' choice and relations;
- Not bar a supplier's chance to be awarded a supply of the Company – provided the supplier meets all the necessary requirements- , adopting objective and transparent evaluation criteria;
- To observe the a.m. principle with the aim to foster trust with suppliers.

Contracts shall always be based upon extreme clarity. For instance:

- Short-term contracts for long-term projects shall not be accepted in order to avoid continuous renewals and consequent price increases; consulting contracts shall not be accepted without an adequate transfer of know-how;
- Getting suppliers to enter into a contract knowing that it will be unfavourable for them shall not be accepted.

To ensure utmost transparency and efficiency of the purchasing process, the Company provides for:

- An adequate traceability of the adopted choices;
- An adequate preservation of contract and tender documents for the periods fixed by the standards and/or recalled in the internal purchasing procedures.

2.4.2. Relations with external collaborators

External collaborators (including consultants, representatives, intermediaries, agent and so on) are asked to comply to the principles of the Code of Ethics.

For this purpose the staff, as far as their functions are concerned, shall:

- Observe the principles and internal procedures governing the choice and relations with external collaborators;
- Only choose qualified people and firms with a good reputation;
- To take into account the information received about the opportunity to use certain external collaborators;
- Promptly report to their superiors or to the ESC any possible violation made by external collaborators;
- Indicate in supply contracts, if provided for by the procedures, the obligation to respect the Code principles; in particular, external collaborators acting in the name and on behalf of Iseo shall respect the Code principles as if they were employees of the Company.

2.4.3. Competitors' relations

The Company strives to fight unfair competition by avoiding collusive behaviours and abuse of dominant position.

2.4.4. Customers' relations

The Company commits not to arbitrarily discriminate its customers.

Employees' and collaborators' behaviour towards customers shall be driven by availability, respect and courtesy with a view to build up a co-operative and professional relationship.

The Company commits to ensure adequate quality standards for the offered services/products and to periodically inspect their quality.

The Company employees shall:

- Observe internal procedures governing the management of customers' relations;
- Provide, with efficiency and courtesy, within the limits of contractual provisions, products and services which meet the customers' reasonable expectations and needs;
- Collect any additional requirements not stated in the contract and co-operate with other functions to offer prompt solutions at reasonable costs;
- Provide accurate and exhaustive information on Iseo's products and services so as to allow the customer to take aware decisions;
- Provide truthful information or advertising.

2.4.5. Relations with the domestic and international civil and economic background.

Iseo Serrature is well aware of the influence, even indirect, that its activities may have upon the community social and economical development and well-being, as well as of the importance of social acceptance in its own community.

For this reason, the Company conducts its investment in an environmentally sustainable way. Activities are planned in such a way as to achieve a balance between economic and environmental needs, monitoring their environmental and landscape impact and preventing risks for the population, not only in accordance with current regulations but also taking into account scientific research and the best know-how.

2.4.6. Public Administration and Public Staff.

Normal acts of courtesy in business practice may be considered unacceptable when addressed to Public Administration staff or officers.

It is forbidden to offer money or gifts to Public Administration managers, officers or staff or their relatives, both Italian and from other countries, unless these gifts are of a minor value and are offered in special occasions, do not hamper the integrity and the reputation of one of the parties and are interpreted, by an impartial observer, as a means to acquire benefits in an improper way. In any case, these expenses shall be authorised by the Function managers and adequately documented.

Establishing ambiguous relations with Public Administration and Public Staff is considered illegitimate, immoral and in contrast with Iseo Serrature's economic interests. As a matter of fact, it is illusory to think about obtaining benefits through shortcuts; in the long run, the cost of corruption and of similar practices can cause serious damages to the Company.

Therefore, the term corruption not only refers to illicit payments made directly, but also to illicit payments made through third parties, both in Italy and abroad.

It is forbidden to offer or accept any object, service, performance or favour of value in order to obtain a more favourable treatment from the Public Administration.

In those countries where offering gifts to customers or to others is an established habit, this practice is accepted provided that such gifts are of a minor value and of an appropriate nature, always in full compliance with current regulations. In any case, these practices shall never be such as to be interpreted as a request for favours.

In business transactions, requests or other relations with Public Administration, the involved staff shall not try to influence the counterpart's decisions through gifts or favours. This also applies to officers working on behalf of the Public Administration.

Tenders with Public Administration shall be dealt with in compliance with statutory regulations and fair business practice.

Should the Company use a consultant or a third subject as its representatives in the relations with the Public Administration, the same regulations applying to Iseo Serrature's employees shall also apply to the consultant and his staff and to the third subject.

Furthermore, in relations with the Public Administration, the Company shall not be represented by a consultant or a third subject when this could give rise to conflicts of interests.

The following actions are forbidden in business transactions, requests or other relations with Public Administration:

- To evaluate or propose job and/or business opportunities which may favour Public Administration staff in a personal way;
- To offer or provide gifts unless they are of minor value;
- To urge or obtain confidential information which may affect the integrity or the reputation of both parties.

The Company shall not recruit former Public Administration staff (or their relatives) who, in the previous 24 months, have taken part in business transactions with the Company or have backed the requests made by the Company to Public Administration. Special requirements shall require the ICC approval.

Any violation (effective or potential) made by the Company or by third parties shall immediately be reported to the competent internal functions.

2.4.7. Relations with trade unions and political organisations

Iseo Serrature does not pay direct contributions to political parties, committees and political /trade unions organisations and their representatives, except for minor amounts as provided for by current regulations and upon decision by the MD. The Company shall not refund those employees and collaborators who pay those contribution for personal reasons and shall take disciplinary measures towards those who promise or make payments at the Company's expenses. Such payments shall be reimbursed by the employee.

Employees and collaborators, except for the MD or upon his assignment, shall not have relations with political parties, movements, committees and political /trade unions organisations during working hours and/or in the name of or in the interest of the Company. The Company managers, because of their higher identification with the Company, shall do this outside the working hours and outside their work commitments, striving to avoid any misunderstanding on the personal nature of their relations.

3. IMPLEMENTATION

3.1. Control System

As far as Internal Control is concerned, Iseo Serrature has implemented an Integrated Management System (Quality, Environment, Safety and Privacy) in order to ensure and guarantee the adequacy of corporate processes.

The GM, together with the ESC, checks the Code of Ethics implementation.

A special Internal Control Committee has been created inside the Company Board of Directors with advisory and proposing functions and the following tasks:

- 1) To evaluate the adequacy of the Internal Control System;
- 2) To evaluate the operating plan drawn up by the ESC and receive periodical reports from the ESC;
- 3) To report to the Board of Directors about the actions taken and the adequacy of the Internal Control System;
- 4) To check the implementation of the Code of Ethics by making proposals to the Board of Directors in order to optimise the Code contents and to increase the degree of involvement;
- 5) To analyse any important Code violation reported by the ESC manager and evaluate the adequacy of the adopted measures.

The E.S.C. tasks are:

- 1) To check the correspondence in between the Code principles, current regulations, the Integrated Management System and the operating procedures for specific areas, either certified by independent bodies (Quality Management and Environmental System) or by internal bodies;
- 2) To check that internal proxies and appointments given to top figures in the Company, as well as all tasks of those employees who have a prominent position in risky areas comply with the Code principles;
- 3) Based on the results of the a.m. points, to report to the Human Resources Manager and support him in updating the Integrated Management System, of which this Code constitutes and integral part;
- 4) To check the implementation and respect of the Code of Ethics by assessing and promoting the improvement of ethics within the Company through an evaluation of the ethical risks control processes;
- 5) To monitor the initiatives aimed at spreading and understanding the Code of Ethics, in particular by ensuring the development of ethics communication and training, analysing the proposals for revision of the corporate policies and procedures which have a significant impact on corporate ethics and finally proposing solutions to the GM;
- 6) To receive and analyse notices about violation of the Code of Ethics;

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- 7) To propose Code amendments and integration to the GM;
 - 8) To propose the economical budget necessary for its activities.

The Code of Ethics is presented to the Board of Auditors for an adequacy opinion.

3.2. Code violation and penalties

The E.S.C reports the violations of the Code as a result of the received notices or further to its control a activity, together with the necessary suggestions, to the following functions:

- For the most significant cases, the ESC shall report to the ICC which, after an attentive analysis, communicates the violations to the MD or to the Boad of Directors as necessary;
- For all other cases, the ESC shall report directly to the MD of the Company, providing the MD and the IIC with a summary report.

The competent functions, urged by the MD, define the measures, monitor their application and inform the ESM about the results.

The respect of the rules set forth in this Code shall be deemed an essential part of the employees' contractual obligations in compliance with art. 2104 of the Civil Code.

The violation of the Code rules on the part of the staff may constitute either a breach of the primary obligations of employment relations or a disciplinary violation, with the subsequent statutory consequences, even as far as job preservation is concerned, and may entail damage indemnification, apart from any penal judgement where Code violation is considered as a crime.

The sanctions shall be issued in compliance with the procedures provided for in art. 7 of the Labourers' Statute and/or special regulations, where applicable , and/or collective bargains.

The violation of the Code of Ethics by an independent worker, a supplier or by other people having a business relation with the Company is discussed by the MD and the ICC and, in more serious case, may be punished through the termination of the contract.

Annex 1 –RISK MAP**Risky activities as far as crimes against Public Administration are concerned.**

- Management of contracts and or concessions with public subjects. The contracts may be signed either through a private negotiations or by public procedures.
- Management of litigation procedures concerning the executions of the a.m. relations.
- Management of relations with public subjects aimed at obtaining permits for corporate activities.
- Management of relations with public subjects aimed at obtaining financing, grants and public loans.
- Management of relations with public subjects who carry out a direct monitoring and inspection activity on the Company for environmental, safety, health, social security issues or for any other issue governed by laws or regulations.
- Drawing up of income statements, also as withholding agent, and of all tax statements and inspections by public subjects on this activity.
- Any other request made to public subjects about administrative measures, communications, statements and inspections.
- Management of prosecutions (concerning the risk of corruption in legal proceedings).

Risky activities as far as corporate crimes are concerned

- Drawing up of the financial statements and quarterly statements.
- Management of the relations between the Company, auditing companies and the board of auditors.
- Relations with Public Inspection Authorities.
- Stock operations and allocation of profits.
- Summoning, development and minutes of meetings.