



CODE OF ETHICS



Emak[®]

our **power**, your **passion**

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01 Introduction

Foreword

The good name of our company on the market derives for the most part from the way we conduct our business, and is one of our most prized assets.

With this in mind, we consider it essential that the same high ethical parameters that characterize Emak and other companies belonging to our Group should be observed in all dealings that employees may have with customers, suppliers, colleagues and third parties in general. Relations with external agencies must be conducted on the basis of the highest probity, with full regard for the rights of others, and in observance of current statutory regulations and the principles of company loyalty.

Consideration for the legitimate expectations of every individual, together with the essential observance of accounting policies and procedures prescribed, ensures that mutual interest are served and everyone is able to support the corporate mission.

The Emak Code of Ethics is the instrument through which the company declares its values and principles of conduct, as well as specifying the areas of application and commitments by which internal and external relations are guided.

These precepts must be understood and observed similarly by anyone conducting business in the name or on behalf of Emak (employees, managers, administrators, consultants, co-workers, etc.), not least where statutory provisions on corporate governance are concerned (in Italy, D.L. 231/2001).

This Code of Ethics sets out the rules and principles deemed essential in order to strengthen our commitment to combating corruption, and is just one of various company directives on several issues, including the risks relating to corporate administrative responsibility pursuant to D.L. 231/2001 and subsequent amendments.

The Code of Ethics affects everyone involved with Emak. In short, everyone must familiarize themselves with the content, contribute to its implementation and help to promote the principles it embodies, inviting respect likewise from all parties with whom business relations are conducted.

The document applies similarly to all of Emak's Italian and foreign subsidiaries. After incorporating any changes or additions that may be dictated by specific needs of adaptation, these companies are expected to adopt the Code of Ethics as a management tool and a mainstay of their policies and organization.

Underlying the Code of Ethics is a long-term commitment, complementing and underpinning the corporate strategy of the Emak Group and its economic objectives for industrial growth.

Stakeholders

Any individual or organization - Italian or any other nationality, public or private - having a legitimate interest of whatever nature in Emak is considered by the company to be a stakeholder, that is to say, any party in a position to impact on the success of the Group and/or liable to be affected by its activity.

This includes, among others, shareholders, customers, suppliers, institutions, the financial community and public authorities.

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Conflicts of interest

Individuals subject to the Code of Ethics must avoid any situation and refrain from any activity that might be seen even potentially as representing a conflict between their personal economic interests and the roles they perform in an official or professional capacity.

Similarly, such individuals must neither pursue personal interest to the detriment of the collective interest, nor make unauthorized personal use of corporate assets, nor hold any stake directly or indirectly in companies involved with Emak as competitors, customers, suppliers or auditors of accounts.

02 Company profile

Vision

We intend to be, in the development, production and distribution of machines, components and accessories for gardening, agriculture, forestry and industry, one of the leading players at worldwide level by offering innovative products and services, making the activity for our consumer and professional customers efficient and enjoyable, providing them with the best value.

Mission

We offer, both to our consumer and professional customers, innovative products, of unquestionable quality and reliability, standing out for performance, ergonomy and design, through adequate investments in research, technology and organization.

We promote a strong selection, integration and development of the global distribution network by ensuring a constant presence on the field of the company staff.

We set up clear relationships with our customers, we make their access to information easier and guarantee an excellent service in terms of response times, delivery, pre and after sales support.

We want to "engage", motivate and inspire all our people towards the centrality of the customer so that every action is oriented to create and transfer value.

We invest on the growth of people through training, teamwork and interaction with external partners. We encourage everyone contribution through listening, involvement and constant sharing of objectives and results.

We want people acting with passion. We promote a sense of belonging and meritocracy to recognize everyone contribution and to fulfill expectations and ambitions.

The Group

The Emak Group develops, manufactures and distributes a wide range of products in three business areas complementary to each other: Outdoor Power Equipment (OPE); Pumps and High Pressure Water Jetting (PWJ); Components and Accessories (C&A).

- Outdoor Power Equipment, includes the development, manufacture and marketing of products for gardening, forestry and small agricultural equipment, such as brush cutters, lawnmowers, garden tractors, chainsaws, tillers and motor cultivators. The Group distributes its products under its main brands Oleo-Mac, Efco, Bertolini and Nibbi Staub. The Group's product range is intended for professional and high demanding private users. The Group operates mainly in the specialized dealer channel, distributing its products through its commercial subsidiaries and, where it hasn't a direct presence, through a network of distributors.
- Pumps and High Pressure Water Jetting, This category brings together the development, manufacture and marketing of diaphragm pumps intended for agriculture (spraying and weeding), piston pumps for the industrial sector, of professional pressure washers and hydrodynamic units and machines for urban cleaning. The Group distributes its products under the Comet, HPP, PTC and Master Fluid brands. Group customers are: manufacturers of machines for spraying and weeding with regard to agriculture pumps; builders of hydrodynamic units and pressure washers in relation to industrial pumps; specialized dealers and contractors respectively for pressure washers and hydrodynamic units.
- Components and Accessories, includes the development, manufacture and marketing of products the most representative of which are wire and heads for brushcutters; chainsaw accessories (eg. sharpeners); guns, valves and nozzles for pressure washers and agricultural applications; precision farming (sensors and computers); seats and technical parts for tractors. In this sector, the Group operates partly through its brands Tecomec, Geoline, Geoline Electronic, Mecline, Sabart, Raico, and partly by distributing products with third party brands. The Group's main customers are manufacturers of outdoor power equipment, machines for spraying and weeding, pressure washers and hydrodynamic units (high pressure washing systems) and specialized dealers.

Research and development is one of the main factors for the Group's success as it is a source of competitive advantage in international markets and often determines the success of an enterprise. For this reason, where possible, the Group protects its products with international patents. The activity is focused on product innovation, considered not only as the development of new technologies that improve the performances of the machines – in terms of lower consumption and gas emissions, more safety, comfort and fewer vibrations – and may further expand the fields of use of the components and accessories produced by the Group. With the aim of keeping in step with the times and as far as possible anticipating future solutions, the Group has for some years entered into partnerships with the academic world in order to develop new technologies that can be applied to its products.

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General principles

Values

It is corporate values, and the corporate mission, that combine to forge the identity of a company and give direction to its business, its strategic choices and its policy. These represent the moral commitment of the company in its relationship with stakeholders and with society in general, and for those who work on the inside, they provide the guiding principles to be emulated, day by day, in shaping organized patterns of conduct.

At Emak, we are convinced that a company can achieve great things only if it is grounded in strong and positive values like those which characterized our founders, and which we continue to keep alive today:

probity

we abide by current rules and regulations, we operate transparently, we safeguard the rights of people and care for the environment, we help to build up the community, we oppose non-ethical modes of conduct that are contrary to the principles of honesty and integrity

competence

we guarantee quality and service to customers, we invest in training and continuous learning processes, we develop and maximize professionalism, we transmit knowledge

team spirit

we work together to achieve common objectives, we respect roles and have confidence in others, we encourage and support one another, we do not look to apportion blame but to find solutions, we help to create a positive climate

spirit of innovation

we set ourselves new and challenging objectives, we explore innovative solutions, we develop new ideas, we invest in innovation, we anticipate and welcome change, we pursue continual improvement.

Principles of conduct

Consistently with its chosen values, Emak has formalized the fundamental principles on which the policies and the conduct of the company are based, and to which all those who work for and with Emak must subscribe.

The management undertakes to abide by these principles in running the company and conducting its business, to spread and promote them within and outside the organization and to ensure that they are respected by parties engaged in managing any kind of activity or resource on behalf of the company, by explicitly stating the modes of conduct that must be observed by such parties.

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Impartiality and honesty

- respect the laws, regulations, agreements and all other guidelines in the present Code of Ethics, assuming a style of conduct that is honest and consistent with the values, principles and policies of the company in any situation or context;
- avoid any form of discrimination, taking decisions even-handedly, objectively and impartially and refuse to exchange gifts or benefits, received or offered, outside the conventions identifiable with common courtesy and good manners, which could be seen as an attempt to influence the independence of judgement and conduct of the parties involved;
- avoid situations where the subjects involved in transaction are caught, or simply appear to be caught, in a conflict of interest, including any case in which a co-worker pursues an interest other than specified in the mission statement and in the balancing of *stakeholders* interests, or takes personal advantage of business opportunities belonging originally to the company.

Respect for people

- respect the individual dignity and the physical and moral integrity of every individual in whatever situation or context;
- guarantee safety in the workplace and when using end products, promote the culture of health and the value of life among all *stakeholders*;
- do not engage in any form of discrimination, protect diversity, guarantee equal opportunities and promote the personal, professional and cultural growth of individuals;
- place value on differences, favoring exchanges of ideas and opinions.

Transparency of relations

- sustain an open dialogue with other parties, giving attention to their expectations and providing a clear account of the choices and commitments made by company;
- make certain that information, when divulged, is complete, transparent, comprehensible and exact, so that recipients are able to take informed decisions in relationships conducted with the company.

Confidentiality

- guarantee confidentiality in respect of information in one's possession, in accordance with statutory regulations;
- do not use confidential information for purpose not connected with one's own professional activity.

Corporate Social Responsibility

Emak believes in Corporate Social Responsibility, as evidenced by a willingness to measure, manage and integrate its environmental, social and economic impact, in the certainty that it is responsible choices that will guarantee long-term sustainable growth for the company and the community.

Mindful of its role in social and economic affairs, Emak endeavours to pursue growth by creating value that will benefit not only the company, but indeed all parties with an interest in the Group and its business, combining:

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- **economic sustainability** – a commitment to invest in the growth of the company and the Group, guaranteeing continuity over time, by implementing a strategy focused on the strengthening of the Critical Success Factors;
- **social sustainability** – the willingness to assume accountability for the legitimate expectations of *stakeholders* (employees, customers, shareholders, suppliers, etc.) and ensure that any value created is redistributed in the common interest;
- **environmental sustainability** – achieved through the identification, regulation, control and gradual reduction of environmental impacts deriving directly or indirectly from the activity of the company.

In keeping with its principles and its mission, Emak has undertaken this process by formulating and adopting an Integrated Policy on quality, ethics and the environment, and implementing an Integrated Management System in conformity with the three most pertinent International standards in this area, namely ISO 9001:2008, ISO 14001:2004 and SA 8000:2008.

Through these management systems, Emak provides firm and visible evidence of a commitment to the principles of social accountability – also, a vocation to quality, continuous improvement, protection of natural resources and safeguarding of human rights – that extends beyond mere compliance with the law.

04 Areas of application

Internal relations and conduct

Relations with employees

Emak sees its employees as a strategic resource, and accordingly, guarantees respects for their rights, favours their well-being and promotes their professional and personal growth, adopting a management system that responds to the requirements of standard SA 8000 and is designed to place value on individuals, optimize organization and reward results.

In particular, Emak disallows any use of child labour or indeed enforced labour of any kind; guarantees a safe and healthy workplace; rejects any form of discrimination, ensuring all employees enjoy equal opportunities, uniform treatment, freedom of association and the right of collective bargaining; neither allows nor in any sense supports the use of punishment or other forms of mental or physical coercion or verbal abuse; pays all employees a wage or salary higher than the statutory minimum and observes the regulations governing working hours, seeking to reconcile the needs of working life and private life wherever possible.

By adopting an ethical approach to human resources management, based on the corporate values and principles expressed herein, Emak selects, welcomes and helps employees to grow, making the most of their individual gifts and fostering excellence, as a part of a deliberate strategy for leveraging the competitiveness of the company and achieving its objects.

Relations with Subsidiary and Affiliated companies

Emak believes firmly that the attainment of its objectives is dependent not least on optimizing the synergies achievable with subsidiaries, given a situation in which all individuals who operate within the Group are ready to deploy their capabilities, each in the sphere of his or her respective functions.

Accordingly, the present Code of Ethics is extended to companies of the Group in order that it can be adopted by them formally – having adapted the details to their own particular situation or specific needs – as a management tool and a mainstay of their policies and organization.

Emak provides its subsidiaries promptly with all such information as may facilitate their management and their integration, within the context of Group policies. Emak top management also ensures that the management and operating structures of subsidiaries can join in the pursuit of excellence to which the Group is committed, providing them with training opportunities and defining appropriate investment policies.

At all events, the mutual advantages deriving from membership of the Group are pursued in observance of current regulations and recognizing the independent interest of each company to create value.

In acquisition situations, Emak undertakes to verify that the activities, organization and management of the potential target are consistent with the principles embodied in the present Code of Ethics; accordingly, the directors of the new

Internal relations and conduct

company are asked to make available all such information as will facilitate the processes of integration into the organizational structures of the Group.

Relations with shareholders

It is a matter of priority for Emak to maximize the investment of its shareholders, implementing a strategy for growth that will assure them a profitable return over time, by optimizing available resources, increasing competitiveness and maintaining solid finances.

Within the framework of these relations, Emak assures maximum transparency in matters of governance and the mutual protection of interests.

To the end that the decisions of investors can be based on a correct evaluation of the company's policies, the way the company is being run, and the expected profitability of invested capital, Emak ensures that all the necessary information is provided, both by way of the instruments required by law, and of presentations aimed at institutional investors and analysts during the main reporting seasons, and with the aid of other special initiatives.

Relations with shareholders and with investors are handled exclusively by company offices assigned to the task, in accordance with standards and procedures governing the communication of price-sensitive information and documents concerning the company.

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External relations and conduct

Relations with costumers

Customers are an essential component of corporate assets; with this in mind, Emak sets itself the primary objective of maximizing customer satisfaction and consolidating customer loyalty, offering high standards of quality and service, and managing every relationship according to criteria of dependability, professionalism and transparency, ensuring total compliance with current statutory regulations on money laundering, data privacy and usury, and avoiding recourse to any elusive practice.

When conducting business negotiations, Emak applies conditions suited to each type of customer, establishing uniform treatments and adopting commercial incentives in line with current practices typical of the sector.

Emak is also structured in such a way that the profile and expectations of users can be monitored on a continuous basis, to allow early identification of how demand is evolving and, in rapid time, provide the solutions best able to respond to customer needs.

External relations and conduct

Relations with contractual partners

Through their collaboration, the contractual partners of Emak are instrumental in the accomplishment of the company's day-to-day business activity. The Group acknowledges their important contribution, undertakes to conduct business with them on equal terms and with mutual respect, recognizing their legitimate expectation to receive clear instructions as to the nature of the allotted task, and prompt payment of what they are owed.

When selecting contractual Partners - in accordance with clear, secure and non-discriminatory procedures - Emak applies only those criteria linked to the objective competitiveness of the services and products offered, and their quality, not least regarding compliance of the supplier with SA 8000 standards and, in general, with the principles stated in the present Code of Ethics.

When agreeing the contract, Emak produces - and asks the same of its contractual partners - all information needed to ensure that both parties can perform their contractual undertakings correctly, thereby avoiding misunderstandings, as well as forms of abuse and illegality.

Emak manages relations with suppliers applying the principles of best practice indispensable to the world of serious business, and is committed to developing relations of cooperation and collaboration that allow the exchange of know-how useful to the activities of both parties.

There is no instance in which one supplier can or will be preferred to another on the grounds of personal relationships, favouritism, or any advantage other than the exclusive interest and benefit of the company. Business courtesies such as gifts or hospitality or other benefits of whatever nature are permissible only if they are of modest value and not likely to compromise the integrity and reputation of the parties involved; such gestures must not in any event be construable as intended to obtain advantages or favours in an improper manner.

In conducting business relations, the company undertakes to observe the terms and provisions of the contract, avoiding unauthorized amendments and putting in place suitable control and safeguard mechanism.

Relations with Public Institutions and the Community

All relations between Emak and the Public Institutions are based on principles of legality, probity, transparency, cooperation and non-interference, each respecting the role of the other. The company rejects any conduct that could be interpreted even notionally as being collusive in nature or in any event liable to prejudice the principles mentioned above; similarly, the company opposes any attempt on the part of third parties to influence decision-making, however expressed and implemented, where intended to sway decisions taken by Emak or to convey a request for preferential treatment.

Within the scope of these relations, no form of gratuity or other benefit can be given to any public officials involved, or to their families, or to individuals connected in any way with such officials, offered under whatever guise or through an intermediary, as an attempt to secure preferential treatment in the prosecution of activities that can be connected with the company.

Emak also declines to seek or cultivate personal relations as a means of securing favour or influence or creating interference with intent to condition any aspect of corporate activity, directly or indirectly.

Emak is attentive to appeals originating from the social context in which the company operates, and as a matter of principle, where possible, acknowledges a moral responsibility to contribute to its improvement by offering cultural stimuli, promoting sports and seeking to alleviate discomfort and suffering. In keeping

External relations and conduct

Relations with Public Institutions and the Community

with its corporate principles and in a spirit of transparency, Emak does not support demonstrations or predominantly political ends, does not provide funding to political parties, representatives or candidates, does not engage in direct or indirect lobbying of any kind aimed at political figures, and makes no contributions to trades union organizations or associations with which there might be a conflict of interests.

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Relations with the financial community and inspection agencies

Emak top management ensures that any information liable to impact effectively or potentially on the value of the company will be communicated promptly to operators in the financial community, assuring maximum cooperation with inspection agencies, providing such information as may be requested and, at the time of inspections or on-site visits, guaranteeing the helpfulness of staff, guided access to structures and the use of documentation.

In the event of issues being raised by the inspection agency, Emak responds promptly to deal with the situation and/or realign its activities without delay, according to the indications received.

In complex cases, where the issues in question are seen as opportunities for improvement to be taken into consideration when defining strategies and policies, Emak reaches agreement with the agency on the main actions to undertake, establishing a relationship of full cooperation and mutual trust.

Every document certifying the asset and liability statement and the business and financial management of Emak is based exclusively on precise, exhaustive and verifiable information. To this end, Emak ensures that accounts and records are properly maintained, in compliance with statutory regulations and with the company's articles of association, and observes principles of truth and propriety when drafting any document of legal importance in which matters of business, property and finance are discussed.

Relations with the press and the media

Emak recognizes the fundamental role played by the mass media in providing information to the public in general, and to investors in particular. Accordingly, the company endeavours to cooperate fully and non-discriminatorily with all media channels, responding promptly, comprehensively and openly to their requests for information

Relations with the media are handled exclusively by offices within the company assigned primarily to PR activity, in accordance with criteria of conduct based on principles of accuracy, verifiability, clarity and consistency with the company's corporate policies and principles.

No other employee or co-worker is authorized to provide information of any kind concerning member companies of the Group to representatives of the press and of the wider mass media, nor to have any kind of contact with these representatives involving the disclosure of company news, and must be certain to refer any requests for such information to the competent office.

Emak also plays a pivotal role in coordinating communication, to ensure that the official position of the parent company and of subsidiaries on various strategic points of common interest will be expressed univocally, completely, clearly and coherently.

External relations and conduct

Relations with the press and the media

All institutional and product advertising put out by the Group is designed to respect the basic ethical values of the civil society where it is published or displayed, the content always being truthful and devoid of vulgar or offensive messages and imagery.

Emak also supervises the editing of general interest publications and the maintenance of institutional and product websites, which are kept up to date, effective and in line with market expectations.

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Implementation and control procedures

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Correct and effective application of the Code of Ethics is possible only with the commitment and cooperation of the entire Emak structure, which is entrusted with the task of rendering each mode of conduct consistent with the stated principles.

In observance of current regulations and in line with a transparent, effective and efficient style of management, accordingly, Emak adopts and implements models of organization and control that envisage measures designed to ensure activities are conducted in compliance with legal constraints and with the rules of the Code, while guaranteeing also that risk situations are discovered and promptly eliminated, anticipating modes of conduct on the part of any individual acting for the company that may be illicit or in any event contrary to the principles of the Code.

Depending on logistical factors and organizational complexity, the company adopts a system whereby functions and powers are delegated, with explicit and specific statements as to the attribution of tasks, to persons possessing the appropriate skills and competence.

Emak will amend the Code of Ethics should it require adaptation to the context in which the company operates, and to needs deriving from the manner in which the company itself evolves.

The Code, and any subsequent amendments made to the content, are defined and approved by the Emak Board of Directors. Any violation of its principles will be assessed promptly by the Supervisory Body to determine the appropriate penalties that may be applied.

Violation of the provisions contained in this document constitutes disciplinary misconduct or breach of contract, whether as employee, executive or service provider, rendering the perpetrator liable both legally and contractually. In the case of non-employees, observance of the Code of Ethics establishes the basis for continuation of an existing professional or co-worker relationship with the company.

The Code of Ethics – written both in Italian and English – is given the maximum exposure in relation to all recipients, also through the publication on the company website www.emak.it and on the website of each subsidiary.



our power, your passion

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