

**INDUSTRIE
ILPEA**

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da parte della società Ilpea Parent, Inc. (Usa)

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ETHIC CODE

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INTRODUCTION

This Ethic Code has been adopted by ILPEA S.p.A. following official approval by the Board on November 26th, 2008.

This Ethic Code identifies and details the principles and values to which the conduct and behaviour of all those who collaborate with our Company, both from inside and outside its organization – such as, employees, consultants, agents, business partners, public authority officials, civil servants, the company’s stockholders – should conform, over and above what is provided for by the law.

This Ethic Code is an essential part of the Company’s “Organization, Management and Control Standards”, as provided for and regulated by Act No. 231 of 2001, which it integrates as regards the expression and communication of the Company’s fundamental values and rules of behaviour.

This approach will further enhance the Company’s creditability in the marketplace, thus allowing for increased competitive edge.

Industrie ILPEA S.p.A. and its Group Companies operate in the field of the design and production of plastic, magnetic and rubber components; the Group’s industrial activity is taken care of by three different compartments: Plastics Division, Magnetic Division and Rubber Division.

In order to achieve the best possible operative results, it is indispensable for everyone to act in total respect of the laws and based on principles of clarity and transparency.

Our Company has worked for many years in a competitive market environment at a world-wide level; thanks to its unquestionable, well-known professional skills, it has gained the esteem of both its customers and the other companies operating in the same field. The Company’s image needs to be consolidated and further improved to allow us to adequately meet today’s ever growing market demands.

One of the major commitments our Company has undertaken towards itself and the people who work for it both from within and from outside its organization, is to maintain the high level of integrity and honesty that has always been at the basis of its industrial and commercial activity.

It is precisely with this objective in mind that Industrie ILPEA S.p.A has adopted this Code of ethical behaviour, the observance of which shall be verified through special Company bodies which shall ensure that all Company’s collaborators behave in accordance with the Code’s rules.

Industrie ILPEA S.p.A. undertakes to make the contents of this Ethic Code known to all those who will enter into connections with us; all collaborators of the Industrie ILPEA S.p.A. Group companies should abide by the rules hereinafter set forth.

1. GENERALS

1.1. Scope

The Company's Ethic Code is the set of values, principles and behaviour guidelines to which all Industrie ILPEA S.p.A.'s employees should conform in the execution of their work.

The members of the Board of Directors and Board of Auditors attach the greatest importance to the respect of the values and principles hereinafter set forth.

The Ethic Code is aimed at promoting morality and economic efficiency in all relationships between the different Company bodies at all levels (top management, executives, employees), as well as in the Company's external business connections (other companies, the marketplace), with a view to establishing a common positive code of behaviour leading to the consolidation of the Company's good name and thus contributing to higher business results.

The Ethic Code is a fundamental tool for monitoring the Company's business, financial, social and interpersonal relationships, particularly with regard to any conflicts of interest that may arise and to the Company's relationships with competitors, customers, suppliers and public authority offices.

The Ethic Code ultimately defines Industrie ILPEA S.p.A.'s ethical and moral standards and fixes the behaviour guidelines that the Company's staff should comply with.

1.2. Conformity to laws and regulations

The Ethic Code applies to all Company's functions and constitutes the basis for any regulations that may separately be adopted by the Group's Divisions, companies and business associates.

Industrie ILPEA S.p.A. regards moral integrity not only as a constant duty for all the people who work with our company regardless of their role, but also as a fundamental criterion on which the Company bases its productive activity and strategies of industrial growth.

1.3. Circulation and compliance

Through the activity of specific company bodies and the allocation of specific resources, our Company sees to, and constantly encourages, the circulation of the Ethic Code and of the relevant protocols and updates, as well as providing information on the different company bodies and their specific areas of competence, the company's executive hierarchy, the various job descriptions and staff training programs, with a view to allowing anyone who has contacts with the Company to get to know the Company's ethic standards and understand their content and goals.

All the people who have a connection with our Company – such as executives, employees, external collaborators, business and financial partners, customers and suppliers – are therefore required to learn the provisions set forth in this Ethic Code and to respect them, thereby contributing to their application and promotion, also by notifying any shortcomings or transgressions that they may be aware of.

The company staff may at any time ask the people they report to for further clarifications in relation to this Ethic Code and the execution of the tasks assigned to them.

1.4. Surveillance Body (SB)

1.4.1. Characteristics and competences

The task of supervising the execution and respect of the Organization and Management Standards, enacted by the Company as per Act No. 231/01 and its successive modifications, is entrusted to the SB, which has been given free initiative and control powers.

The SB is an impartial control body which has autonomous authority and carries out its supervision activity on a regular basis and with professionalism.

It is endowed with the following powers:

- a) freedom to access all the Company's information sources
- b) faculty to peruse documents and examine data
- c) faculty to put forward updates to the Ethic Code and internal protocols, also following indication by the Company's employees
- d) faculty to carry out checks (also periodically) in order to verify the Organization and Management Standards' application and respect, as per Act 231/2001

The SB has been provided with adequate resources and staff to enable it to accomplish its tasks effectively and promptly.

The SB has wide discretionary powers and relies on full, unconditional support by the Ilpea's Board with whom it collaborates in total autonomy.

1.4.2. Reports made to the SB

In order to ensure the effectiveness of the Organization and Management Standards, also through the issuing of specific operative protocols, the Company – while respecting the privacy and individual rights of all its employees – has arranged for special information channels allowing for anyone who is aware of any illicit behaviour being held within the Company to report it directly to the SB who will handle the matter as confidential.

The SB will promptly and carefully verify all information that is given to them, before submitting the matter to the relevant company body for any action on their part as to possible disciplinary measures or termination of the employment or business agreement.

1.5. Infractions of the Ethic Code – Disciplinary Measures

1.5.1. Notification of infractions

With respect to the notification of committed, attempted or solicited transgressions of the rules set forth in this Ethic Code and attachments thereof, the Company undertakes to guarantee that no one may be subjected to retaliations, illicit conditioning, discomforts or discriminations of any kind owing to having reported violations to the Ethic Code or internal procedure to the SB.

Following the notification of infraction to the SB, the Company will opportunely verify the information and will take adequate disciplinary measures.

1.5.2. Disciplinary measures

The internal control system should tend towards the implementation of instruments and methods capable of counteracting potential business risks, thus it should be aimed at guaranteeing the utmost respect of the law and of internal regulations and procedures.

In fact, the violation of the principles set forth in this Ethic Code and in the procedures referred to in internal controls undermines the trust between the Company and its directors, employees, consultants, external collaborators, customers, suppliers, commercial and financial partners.

Therefore, these violations shall be promptly and efficaciously prosecuted by the Company through adequate disciplinary measures, which will be in proportion to the offence, regardless of whether or not the offence is also prosecutable by law or, conversely, whether or not a lawsuit has already been brought against the offender.

The effects ensuing from the infringements of this Ethic Code and of the internal protocols should be held in due consideration by all who have connections of any kind with Industrie Ilpea S.p.A.: to this end, the Company undertakes to circulate this Ethic Code and the relevant internal protocols, as well as providing information regarding the disciplinary measures that may be taken in case of transgressions, and the modality and procedures whereby sanctions shall be imposed.

2. CONDUCT IN THE WORKPLACE

2.1. Information channels and work environment

The ethic and moral standards discussed above should be regarded as every Industrie Ilpea's employee's constant duty whereupon they should model their conduct in the workplace.

The Company's top management and executives, as well as the people in charge of the different company bodies, should set the pace for all employees by holding an exemplary conduct in the execution of their respective tasks, by constantly promoting collaboration, trust, mutual respect, cohesion and team spirit among the employees with the object of safeguarding and steadily enhancing the work atmosphere as well as the Company's image and repute.

2.2. Confidentiality and privacy

2.2.1. Definition of confidentiality and confidentiality obligation

Confidentiality is a valuable asset to Industrie Ilpea S.p.A. that it endeavours to safeguard also through the conduct of its employees and collaborators.

Anyone working with or for our Company in whatever capacity, is bound to the strictest confidentiality – which entails refraining from divulging the information in their possession and from asking for information that is outside their field of competence – in relation to documents, know-how, company dealings and, in general, any information they become privy to in the execution of their tasks.

In particular – to better illustrate this point – the following should be handled as confidential information: any technical information relating to products, procedures, new industrial applications, sales, mergers or take-overs, purchase forecasts, income reports and any other information that is covered by secrecy.

In addition, any information one needs to be acquainted with in order to perform one's tasks, or that one may come to learn while tending to one's duties, whose disclosure may constitute a risk or damage for the Company and/or may bring illicit profits to anyone dealing with or working within the Company, should also be handled as confidential.

2.2.2. Price sensitive information

Confidential information includes so-called *price sensitive* information – i.e.: information that, if made public, would have a dramatic impact on the price of the financial tools quoted on regulated markets.

In this respect, our Company requires all its employees, consultants and external collaborators to comply with both the internal organizational regulations and the provisions made by existing laws.

Company employees, consultants and external collaborators are not allowed to disclose price sensitive information to third parties or to use this information to their own or third party's advantage; in particular, they are forbidden to directly or indirectly carry out operations on financial tools issued by the company or to advise others to do so.

2.2.3. Information relating to the Company's commitment to scientific research

With a view to spur scientific and technological research, Industrie ILPEA S.p.A. encourages – within the scope of its industrial activity – the collaboration with universities and private or state-owned training and research centres located in the areas where its Headquarters and Group Companies operate.

All information relating to the Company's scientific activities may be divulged provided that suitable means for safeguarding the Company's industrial property have been adopted together with the above-mentioned Bodies.

In this regard, Industrie ILPEA S.p.A. acknowledges its partners' academic prerogatives and traditions, as well as recognizing the researchers' need to publish the results of their studies, provided that its industrial property is protected.

2.3. Protection and use of the Company's property

Industrie ILPEA S.p.A.'s property is represented both by the material objects owned by the Company, such as computers, printers, equipment, motor-cars, buildings, infrastructures, and by its intangible assets, such as confidential information, know-how and any technical expertise acquired and made available by the Company's employees.

The protection and preservation of this property is fundamental for safeguarding the Company's interests; therefore, the staff is expected to look after the Company's property (while attending to their duties) and to prevent any unlawful or improper use.

The use of the Company's property by its employees should be subordinate and restricted to the execution of one's tasks or to the pursuit of authorized objectives.

2.4. Recording and circulation of information

While carrying out their tasks and acting within the sphere of their competence and responsibilities, the Company's staff should make sure that all data, information or knowledge they record, process, circulate and transmit is valid, accurate, precise and complete, and should avoid giving a wrong impression to the receivers and supplying false, tendentious news.

The Company's accounting, economic and financial records and evidence should comply with these criteria and exactly reproduce what is given in the vouchers.

Accounting, economic and financial records may not be transmitted or divulged to third parties without prior authorization by the relevant Company Body.

The Company employees who should be aware of any omissions, forgery or alterations of accounting records and or correlated papers are required to promptly inform the person in charge or the relevant Company Body.

2.5. Internal Inspections

All activities and actions performed within Industrie ILPEA S.p.A should be legitimate, verifiable and complying with the laws and Company's procedures, as well as being based on truthful, reliable, thorough, accurate information.

Where fraud, theft, omissions, forgery, alterations, improper use of confidential information and embezzlement of the Company's material and intangible property are ascertained, Industrie ILPEA S.p.A. will take the necessary disciplinary measures and, when this is justified by the seriousness of the offence, will start legal proceedings against the offenders.

2.6. Relationships between the Group's Companies

2.6.1. Group's Companies' autonomy and common ethical standards

Industrie ILPEA S.p.A. recognizes the autonomy of its Group Companies and associated Companies; however, both Group and associated Companies are required to comply with the ethical standards given in this Code and to collaborate loyally towards the attainment of set goals in compliance with existing laws and regulations.

In pursuing its economic activity, the Company undertakes to not take courses of action that may harm the Group's good name and image, even if adopted in the Company's own interest. Likewise, the Company requires that its Group and associated Companies refrain from taking courses of action and decisions that, although profitable for them, may harm the good name and image of other Group Companies.

2.6.2. Application of the Ethic Code at the Group level

Industrie ILPEA S.p.A. operates on the market through the integrated activity of its Group Companies, thereby optimizing the synergies that may be developed between them in view of the achievement of the Group's goals of industrial growth. As part of this Group strategy, each Company, within the scope of its own functions and responsibilities and having consideration for the other Group Companies' functions and responsibilities, commits itself to placing its capacities at the disposal of the other Group Companies in compliance with existing regulations and with the standards set forth in this Ethic Code. To this end Industrie ILPEA S.p.A. submits this Ethic Code to its Group Companies for them to formally adopt it (with the integrations that may in each case be deemed necessary) as a management tool and an effective means for implementing the Group's strategic and organizational guidelines. In consideration of the above, this Ethic Code applies to all Industrie ILPEA S.p.A.'s Group Companies and the standards herein set forth are mandatory for all the Group's directors, employees and collaborators. Our main suppliers are required to conduct in compliance with the standards and ethical values given herein.

2.6.3. Intra-group exchange of information

The exchange of information within the Group, particularly the information used to draw up the consolidated balance sheet and other management reports, should take place based on principles of truthfulness, loyalty, accuracy, thoroughness, clarity, transparency and carefulness, as well as having respect for each company's autonomy and specific fields of activity.

3. BUSINESS CONDUCT

3.1. General rules

In business connections with third parties, the Company's staff is required to hold an ethic behaviour that complies with the law and is characterized by the maximum transparency, clarity, correctness, efficiency and fairness, as provided for by the standards given in this Ethic Code.

When carrying out sales or promotional activities, it is forbidden to resort to illegal, collusive dealings or behaviours, illicit payments, bribery attempts, favouritism, the soliciting – either in person or through a third party – of personal advantages or career advancements, either for oneself or for others, that are not allowed by the law or by the standards and regulations set forth in this Ethic Code.

In all connections to third parties, the Company's staff, each in relation to one's field of competence, is required to provide clear, exhaustive information regarding their duties and obligations, as well as regarding the observance of existing laws, of the ethic standards herein set forth that directly concern their activity within the Company, and of the general principles that all Industrie ILPEA S.p.A.'s employees must conform with in dealing with third parties.

3.2. Business correctness

The Company's staff should hold an ethic, fair, correct behaviour in all their business connections with third parties.

These behaviour standards apply whenever dealing with customers, suppliers, consultants and anyone else who works directly for the Company or who carries out any activity on the Company's behalf.

In particular, the choice of suppliers and the agreement of the terms of purchase of goods and services on behalf of the Company should be inspired to objectivity, correctness, impartiality and fairness, as well as being based on considerations of competitiveness with respect to price, quality of the goods or services provided and after-sale assistance, and, in general, should ensue from an accurate and precise evaluation of offers.

When choosing suppliers no one shall put undue pressure on anyone in favour of any particular supplier, thus undermining the credibility and trust that our Company has gained on the marketplace thanks to its transparency and its rigor in applying existing laws and Company's procedures. In dealing with customers, suppliers or third parties it is not allowed to make money offers or give presents that are intended to seek actual or apparent advantages of whatever kind (such as, profits, favours, recommendations). In any case, any presents to customers should be given only when the circumstances are such that no suspicion of illicit dealings may be aroused.

The gaining of information on third parties, whether obtained through a public source or through private specialized bodies and organizations, should not go beyond the allowed and should be done in compliance with existing laws (such as, for example, the regulations relating to privacy).

Should any one of the staff be given confidential information, they should handle this with the greatest reserve and confidentiality so to avoid any allegations of embezzlement and unauthorized use of such information.

The Company's staff is not allowed to handle confidential data and information received from third parties, prior to Industrie ILPEA S.p.A. having undersigned a

written agreement or contract to this effect and having formalized with the third party the use of such information. The agreement or contract must be approved beforehand by the competent Company Body.

3.3. Relations with the Institutions

All relations that the Company enters into with public and private institutions for the carrying out of its own goals are taken care of exclusively by the appointed Company Bodies.

Relations with institutions must be marked by the maximum transparency, clarity and correctness, and be conducted in such a way as not to induce to partial, false, ambiguous or misleading interpretations on the part of the public and private institution clerks with whom the Company's employees get in contact for whatever reason.

Industrie ILPEA S.p.A. cannot give aids of any kind, either directly or indirectly, nor can it donate funds or grunts in support of any public organization (such as political parties, action groups, etc.), with the exception of those cases that are allowed and provided for by existing laws and regulations.

3.4. Relations with the media

All communications to the outside should be truthful, clear, transparent, not ambiguous or exploitable in any way; they should be coherent, consistent, accurate and in compliance with the Company's goals and policies.

The staff is required not to make any communication, whether formal or otherwise, to external partners without prior authorization by the relevant Company body.

3.5. Gifts and gratuities

The Company's staff are not allowed to give or accept, either directly or indirectly (through one's family members), any gifts, free air tickets, payments and gratuities of any kind (for example, in the form of services, promotional conditions, discounts, etc.) other than as specifically agreed upon by contract with customers, suppliers and third parties; nor should anyone try to procure themselves or any of their family members business and/or engagements with or through customers, suppliers and third parties.

Exceptionally, one may accept purely symbolical or personalized gifts of little value.

The offer of money to the Company's staff or to any of the Company's customers', suppliers' and third parties' employees is an offence punishable by law.

3.6. Compliance with laws and regulations

Within the scope of its activities, the Company is committed to preventing any risks for its employees and to guaranteeing their safety and health at the workplace.

In compliance with the existing antitrust provisions aimed at preventing monopoly and cartel agreements as well as any interferences with free competition mechanisms, the Company's staff shall not stipulate any agreements, even informal ones, with other companies, aimed at disrupting free competition on the marketplace.

4. CONFLICT OF INTERESTS

4.1. Generals

Industrie ILPEA's relationship with its employees is based on loyalty and trust. In the execution of their tasks, the staff is expected to pursue the Company's goals and interests and to refrain from getting into situations or carrying out activities that clash with these goals and interests.

4.2. Work activities other than with ILPEA

For as long as they work with the Company, Industrie ILPEA S.p.A.'s employees are required not to:

- carry out work for rival firms
- place their work experience at the service of other organizations that are in competition with Industrie ILPEA S.p.A., either as an employee or in the capacity of consultant, member of the board of directors or auditors, without prior consent by the Company
- use the Company's property, either in the execution of their tasks or during their free time, or supply the services the Company makes available to its customers, without prior authorization by the relevant company body or by their superior
- represent, act or work for the Company's suppliers or customers

It is forbidden to accept and/or receive money or favours for counselling or services rendered in connection with one's ordinary work activity.

4.3. Use of one's time and of the Company's property

During working hours the staff is not allowed to engage in activities that are not congruous with their tasks and responsibilities within the Company's organizational structure. The Company's property, such as rooms, equipment and confidential information, may not be used for personal purposes, whatever their nature may be.

The staff is required to pay the utmost attention when expressing opinions or making comments on public and/or social matters which may directly or indirectly harm the Company's interests, good name and image.

4.4. Personal economic and financial interests

The staff is not allowed to have economic and financial interests of any kind in the activity of customers, suppliers and competing firms, nor to hold shares thereof, should this lead to a clash of interest with Industrie ILPEA S.p.A.

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5. COMING INTO EFFECT

This Ethic Code comes into effect on November 28th 2008. Any modifications or updating must be approved of by the Board of Directors.