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ILPEA**

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CODE OF CONDUCT

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1 PREAMBLE

We believe that an ethical business conduct is a duty for anyone who operates in the marketplace, and consider this as an indispensable requirement to be fulfilled by all the people who work within our Group worldwide. For this reason, Industrie ILPEA S.p.A. (hereinafter referred to as “ILPEA” or the “Company”) has established and adopted its own Code of Conduct (the “Code”).

One of the greatest commitments the Company has undertaken towards itself and the people who collaborate with us, both from within and from outside our organization, is to maintain the high values of integrity and honesty which have guided our production and commercial activities right from the start.

It is with this in mind that ILPEA has adopted this code of business conduct: the compliance to the ethical standards set forth herein shall be monitored by the appropriate Company Bodies so to make sure that all our employees and partners conduct themselves accordingly.

Thus, the Code aims to define the ethical principles that guide the business activity of ILPEA, as well as the business activity of its partners, through the implementation of standards of conduct that are based on the principles of correct behaviour, honesty, impartiality, transparency and fairness.

1.1 ILPEA’s Business Activity

ILPEA and its Affiliates operate in the field of the design and manufacturing of plastics, rubber and magnetized components through the Company’s three discrete operating departments: the Plastics, Magnetic and Rubber Divisions.

To ensure the maximum operating results, it is necessary for everyone to work in the full respect of the laws and of the principles of clarity and transparency.

The Company has carried out its business activity in a competitive market worldwide for many years and is held in high consideration by both its customers and competitors thanks to its undisputable, well-known professional expertise. This company image must be further strengthened and continually improved in order to adequately meet ever more demanding market needs.

1.2 Legislative Decree No. 231/01

On June 8th, 2001, Legislative Decree (Executive Order) No. 231 (hereinafter referred to as the “Decree”) was issued by the Italian Government, providing for the “Standards governing the administrative liability of Corporate Bodies, Companies and Associations, whether with or without legal status (hereinafter referred to as “Organizations” or individually as “Organization”).

The Decree introduces in the Italian legislation the principle that an Organization is liable for the offences committed, in the Organization’s interest or to its advantage, by their employees and/or other individuals mentioned in Art. 5 of the Decree (e.g.: administrators, auditors, executives, legal representatives and the people reporting to them or subject to their supervision), unless the Organization – among other conditions that must also be fulfilled – has adopted and effectively implemented a suitable Organizational, Management and Control Model.

Although enacted in Italy, the Decree applies also to offences committed abroad in the interest of an Italian Organization.

The Code of Conduct of Ilpea S.p.A. is an essential part of the Organizational, Management and Control Model provided for by Legislative Decree 231/01, since it integrates the standards set down in the Model with the expression and communication of Ilpea’s own core values and fundamental principles of business conduct.

1.3 Scope

The provisions of the Code shall be complied with and applied by all members of the Board, internal and external control Bodies, ILPEA's employees – including executives, with no exceptions – as well as external Parties directly or indirectly working for the Company (e.g.: collaborators on whatever basis, consultants, suppliers, business partners).

All the above-mentioned are here referred to conjunctly as "Addressees" and individually as "Addressee".

All Addressees shall commit themselves to respect and, as far as their authority extends, to ensure that others respect the principles set forth in the Code of Ethics. Under no circumstances shall the claim of acting in the interest of any one of the Group's Companies justify a conduct that goes against the rules of ethical conduct set forth herein.

In particular, the compliance with the standards provided for in the Code shall be regarded as an integral part of the obligations the ILPEA's employees are bound to pursuant to and in accordance with the provisions of Art. 2104, and successive, of the Civil Code.

A Surveillance Body (SB) has been appointed with the aim of guaranteeing the respect of the standards and principles set down in this Code of Conduct. The SB is entrusted with verifying and monitoring compliance to the Code of Conduct and with suggesting suitable sanctions or incentive measures, as applicable.

1.4 Structure of the Code of Conduct

This Code is comprised of two Parts:

Part A: setting forth the general ethical principles guiding the Group's business activities

Part B: regulating control and implementation mechanisms to ensure the Code of Ethics is correctly applied

2 PART A – ILPEA S.p.A.’S ETHICAL PRINCIPLES AND STANDARDS OF BUSINESS CONDUCT

Based on what is provided for in the Guidelines of Confindustria (General Confederation of Italian industry) in relation to the drawing up of an Organizational, Management and Control Model as per Legislative Decree 231/01, ILPEA undertakes to set down in this Code the principal of ethical behaviour which the Addressees are required to comply with.

2.1 Liability and Respect of Applicable Laws

Through the implementation of any kind of activities or controls that may be deemed necessary, the Company commits itself to the observation of: (i) applicable laws and regulations; (ii) this Code of Conduct; (iii) the Company's procedures; (iv) internal rules, at all Company levels, including both executive and ordinary functions.

In no case may the pursuit of the Company's interests justify a conduct on the part of its employees or collaborators that is in breach of any of the standards, procedures and regulations that are mentioned above or that shall be issued in the future.

2.2 Correct Behaviour

The principle of correct behaviour binds all Addressees to commit themselves to respect the rights of the other people they come into contact with during the execution of their work or professional activity.

The Addressees have the duty to hold a fair and ethical conduct so to avoid any conflict of interest, that is, any situations where the pursuit of one's interest does not agree with the Company's interests and goals. In addition, any situations where an employee, a member of the Board or any other Addressee takes advantage or gets an undue profit from information they received during or owing to the performance of their duties, are also to be avoided.

All employees are required to report to the Surveillance Body any cases where there is an actual or potential conflict of interest.

2.3 Transparency

The principle of transparency is based on the truthfulness, accuracy and completeness of the information circulated both inside and outside the Company.

In accordance with the principle of transparency, any operation or transactions should be correctly recorded, authorized, verifiable, legitimate, consistent and congruous.

All actions and operations should be suitably recorded, thereby allowing for the decision-making, authorization and implementation process to be monitored.

The Company relies on objective criteria for the choice of its suppliers. In accordance with existing regulations and internal procedures, suppliers are selected based on objective evaluations with respect to competitiveness, quality and terms of sales.

The choice of a supplier is also influenced by their capacity to guarantee compliance with the Code of Conduct and existing regulations, with particular respect to the labour law, including its provisions concerning child labour, women's labour, workers' health and safety, trade union rights or, in any case, the right of freedom of association and the right of worker representation.

A particular category of privileged information is *price sensitive information* – i.e., information that is not public knowledge and that, if made public, would be likely to have a significant effect on the price of a company's securities, including those listed on regulated markets. Therefore, ILPEA calls upon all its employees, consultants and third party collaborators to observe the company's internal provisions as well as applicable regulations.

2.4 Impartiality

The Company is against all forms of discrimination regarding the sex, religion, nationality, personal and political views, age, health and financial status of the people with whom it liaises, including its suppliers.

Anyone who feels they have been discriminated against, can report their grievance to the Surveillance Body who will verify whether a breach of the Code of Ethics was committed.

2.5 Honesty

The Addressees must not seek personal or Company profit in breach of existing laws and regulations, or of any of the provisions set down herein.

2.6 Efficiency and Cost-Effectiveness

In all work activities the Company aims to achieve a cost-effective management and use of resources while at the same time guaranteeing the highest quality standards.

In addition, while protecting and preserving its resources and assets and managing its real property and capital, the Company commits itself to taking all the necessary measures to guarantee total compliance with existing laws and regulations.

2.7 Fair Business Practices

The Company recognizes the value of competition based on the principles of correctness, fairness and transparency towards the other firms that are present on the market, and it undertakes not to damage unduly the image of its competitors and of the services supplied by them.

2.8 Privacy Policy

The Company undertakes to protect the information collected from the Addressees and Third Parties from unauthorized access, in accordance with existing regulations, aiming to avoid the release and dissemination of personal data without prior consent from the people that information belongs to.

2.9 Value of Human Resources

Human resources are an essential factor to the Company's development.

ILPEA recognizes the central role of its human resources, who are required to demonstrate professionalism, devotion, fairness, honesty and team spirit in the execution of their tasks.

ILPEA safeguards professional development with a view to enhancing the wealth of expertise. The granting of pay raises or other forms of incentive, and the promotion to higher positions or roles, are taken care of in accordance with existing laws and with the provisions of the collective bargaining agreement, as well as being based on personal merits – the holding of a business conduct that conforms to the Company's ethical values being one of them.

The Company undertakes to not encourage any form of clientelism and nepotism. The staff is recruited exclusively through regular employment contracts, no form of irregular work is tolerated.

With the only exception of the cases allowed and regulated by applicable laws, ILPEA does not avail itself of work carried out by minors and refuses third party collaboration that makes use of child labour.

2.10 Relations with Local Administrations and Public Institutions

ILPEA liaises with local administrations and public bodies in such a way as to guarantee maximum transparency and correctness, thereby ensuring that no partial, distorted, ambiguous or misleading interpretations may be engendered in the public or private institutions' employees whom the Company may get into contact with for whatever reason. In any case, specific reports should be drawn up and kept on record whenever one of the Group's representatives has any dealings with a public institution.

In particular, in dealing with public administration, the following should be noted:

- It is not allowed for any reason to give money or gifts to executives, officials or employees of public institutions, whether Italian or foreign, or their relatives, unless it is gifts of little value or small amounts of money.
- It is specifically prohibited to commit acts of corruption, whether active or passive, or to engage in any forms of collusive behaviour. It is strictly forbidden to any directors, executives, employees or third party collaborators acting on behalf of the Company to comply to any requests for money or other benefits they should directly or indirectly receive from any directors, executives, officers and/or employees of public administrations. In all such instances, they should immediately inform their superiors as well as the relevant Surveillance Body, who will decide what measures should be taken. It is further forbidden to offer or accept any objects, services, work or favours, unless of little value or worth, in connection with any dealings with a public administration.
- The staff must not try to influence decisions in an undue manner when dealing with public administration officers or staff
- Should a consultant or a third party collaborator be engaged to deal with a public administration, one needs to make sure that they do not have any conflict of interest.
- It is forbidden to enter into an employment contract with former public

administrations' employees, whether Italian or foreign, (or with people recommended by them) who, in the execution of their institutional functions had dealings with one of the Group's Companies, unless these dealings are appropriately reported to the Management and to the relevant Surveillance Body prior to the hiring.

- It is forbidden to knowingly make false statements to Italian or EC government officials with the aim of obtaining public funding, grants or subsidised loans, or to be granted concessions, authorizations, licenses or other official acts.
- It is forbidden to use funding, grants or loans obtained from national or EU public bodies for purposes other than those for which the funding, grant or loan was given.
- It is forbidden to tamper with information and communication technology, or to meddle with stored data, with the goal of gaining an unfair profit, thus causing damage to the public administration.
- In the event of inspections or controls by a public Body, the Company's executives, employees and third party collaborators acting on behalf of the Company should show the public administration's auditors the utmost kindness, transparency, correctness and cooperation.
- Any breach by any employees, collaborators or third parties acting on behalf of the Company must be reported immediately to the appropriate Surveillance Body.

Should the Company rely on consultants or third party collaborators to represent it in its dealings with the public administrations or with the utilities companies, such consultants and third party collaborators will need to adhere in writing to the provisions set forth in this Code of Conduct. The Company shall not act through third parties in its dealings with the public administrations or utilities companies,

whenever there is reason to believe that the third parties may have a conflict of interest.

2.11 Relations with Political Parties or Movements

The Group's Companies do not contribute, directly or indirectly, to the funding of political parties, movements, committees or other political organizations, nor of their representatives or candidates. The Company does not sponsor any associations, demonstrations or congresses aiming to promote any particular political views

2.12 Relations with Suppliers – Entrusting Professional Assignments

ILPEA manages the process of purchasing goods and services in accordance with principles of correctness and transparency, asking the same principles are observed also by its external business cooperators.

The transparency in our relationships with our suppliers is ensured through the implementation of rules and mechanisms allowing us to monitor suppliers' professional and technical reliability, as well as their economic and financial situation and their commitment to Corporate social responsibility.

All remunerations and/or amounts paid on whatever basis must be suitably documented and, in any case, made commensurate with the services rendered and linked to market trends.

2.13 Health, Workplace Safety and Environmental Issues

The Company attaches great importance to the physical and moral well-being of its employees and collaborators and provides working conditions that are respectful of human dignity and a safe and healthy work environment. Accordingly, the Company promotes the spreading and strengthening of occupational safety and health culture

through the development of the awareness of risks and the furtherance of responsible patterns of behaviour among our staff.

All Addressees of the Code of Ethics, each in relation to their own field, take part in the process of risk prevention and health, safety and environmental protection for their own, their co-workers' and third parties' sake.

The operative management must comply with advanced environmental protection and energy-effectiveness criteria, thereby promoting the improvement of health and safety conditions in the workplace.

Technological research and innovation must, in particular, be geared towards the development of increasingly more environmental-friendly products and processes, characterized by an increasing attention to the safety and health of the operators in compliance with applicable regulations.

2.14 Relations with the Judicial Authorities

When relating to the judiciary, it is specifically forbidden to commit any acts of bribery or instigate others to commit such acts. Should the Company be involved in judicial or extra-judicial proceedings in matters relating to civil, criminal, administrative or tax law, the Company's staff, or any one acting on behalf or in the name of the Company, shall not conduct themselves in such ways as to entice the judicial authorities, court clerks or judiciary officers into passing a resolution that unlawfully benefits the Company.

The Company commits itself to take all the measures required to provide the cooperation requested by the Authorities to the extent permitted by and in accordance with applicable laws.

2.15 Correct Use of Information and Communications Technology

The Company commits itself to ensure the correct use of information and communications technology, thereby guaranteeing the integrity and truthfulness of data, so that no prejudice is caused to other people's rights, both in the Company's own interest and in the interest of third parties, particularly with respect to the Authorities and Public Institutions.

The use of informatics and telematics tools must comply with applicable laws – particularly, in relation to computer fraud and unauthorized treatment of personal data – with existing internal procedures and with any such procedures that may be approved and become effective in the future, so to ensure that the Company does not incur liability and/or sanctions.

In any case, it is forbidden for all executives, employees or anyone acting on behalf of the Company, to access information and communication systems belonging to third parties, without authorization and in breach of applicable laws, or to exceed the limits within which access is permitted.

2.16 Treatment of Accounting Data and Company Transactions

Any transactions must be properly recorded and supplied with the relevant documentation so that it may at any time be possible to check the details of the transaction and the reasons why it was carried out, as well as making it possible to trace the people who, in turn, authorized, carried out, recorded and verified the transaction

The above applies also to all remittances of money or goods not effected directly by the Company but through people or other companies acting in its name and on its behalf.

The remunerations or amounts requested by collaborators for accomplishing their assignments should be reasonable and made commensurate to the actual task.

In order to avoid corporate offences, the Company binds its executives, employees,

third party collaborators and suppliers to the observance of the following rules:

- The balance sheets and all communications made mandatory by law must be drawn up neatly and must give a truthful, correct representation of the Company's financial and patrimonial situation.
- Anyone who has a conflict of interest is required to inform the Surveillance Body.

3 SECTION B – IMPLEMENTING THE CODE OF ETHICS AND MONITORING COMPLIANCE

3.1 Tasks of the Surveillance Body

The Surveillance Body is entrusted with assuring compliance with the Code of Conduct.

The tasks of the Surveillance Body include:

- monitoring compliance with the Code of Ethics with the goal of reducing the risk of commission of offences within the meaning of Legislative Decree 231/01.
- elaborating their position on specific ethical issues that may arise in relation to the Company's decision making, and on any alleged breaches of the Code of Conduct which may be reported.
- supplying concerned parties with any explanations and information they may require about the correct interpretation of the provisions made in the Code of Conduct.
- following and coordinating the up-dates of the Code of Conduct, also by putting forward their own suggestions about any adjustments or updating that may be necessary.
- supporting and monitoring the implementation of activities aimed to promote the Code of Conduct and provide related training.
- reporting to the appropriate Company Bodies any breaches of the Code of Conduct, suggesting sanctions and verifying that they are actually applied.

3.2 Reporting of Breaches of the Code of Conduct to the Surveillance Body - Imposing Sanctions

Any breaches of the standards and provisions set down in this Code of Conduct by executives, employees, collaborators, suppliers or anyone else who is bound to respect them, shall be reported immediately to the Surveillance Body.

The Company has provided suitable communication channels designed to facilitate

the reporting of breaches to the Surveillance Body.

In particular, an e-mail box has been made available odv@ilpea.com , to which it is possible to send any communications regarding non-observance of the Code of Conduct or anything that may be considered important in relation to the compliance to Legislative Decree 231/01.

In addition, reporting may be done in writing by sending a letter to the following address: Organismo di Vigilanza, Industrie Ilpea S.p.A. Viale Industria 887, 21023 Malgesso - Va.

Should the reporting require a confidential, discreet treatment, the Company, within the limits allowed by the law, will guarantee confidentiality and assure that no retaliations, discrimination or damages shall be incurred by the reporter.

The violation of the standards set forth in the Code of Conduct impairs the relationship with the Company, which is based on trust, and could lead to disciplinary measures, the revocation of powers or assignments, the referral to the authorities or the payment of damages, without prejudice to the provisions of the workers' Statute, of the collective bargaining agreement and of any internal regulations adopted by the Company.

3.3 Training on and Communication of the Code of Conduct

The Company undertakes to guarantee a suitable communication of the Code of Conduct both within the Company and towards the outside through:

- circulation to all corporate Bodies' members and to all the staff
- posting inside the Company in an area that is accessible to everyone
- circulation to third-party Addressees and to the general public through the Company's Website: www.ilpea.com.

In addition, in all agreements with third-party Addressees, specific clauses and/or statements shall be added in which the parties will commit to compliance to the Code of Conduct and will agree on contractual sanctions to be applied in case of breach of such commitment.

The Surveillance Body promotes and monitors periodical training sessions on the standards set down in the Code of Conduct. These sessions are planned bearing in mind the need to gear the training activities according to the role and level of responsibility of the participants, which implies providing a more comprehensive, in-depth training to employees defined as “apical” within the meaning of Legislative Decree 231/01, and for those who occupy positions that may be regarded as belonging to “risk areas” within the meaning of Legislative Decree 231/01.