



SALVAGUARDARE  
LE RISORSE  
IDRICHE

PROTECT WATER  
RESOURCES



AVERE CURA  
DELLA QUALITÀ  
DELLA VITA

TAKE CARE  
OF THE QUALITY  
OF LIFE



## Code of Ethics

Approved by the Board  
of Directors on May 18, 2011  
and revised on June 6, 2016

**F**  **ORIM**



Dear collaborator,

A few years after introducing our Code of Ethics, I wanted to supplement this with some values which are essential for Florim.

As you know, our company is committed, through the dissemination of this Document, to promoting moral values such as fairness, solidarity and respect, and to making them decisive elements in building a solid future for ourselves and for future generations.

The principles summarized within this Code of Ethics have always guided my way of "doing business" and have brought our Group to be a benchmark of Corporate Social Responsibility.

My recommendation is once again to read these few pages carefully, recognize yourself in the contents and help us to disclose them, so that they are shared by all and so that you, with increased pride, can develop a sense of belonging to the team which you are part of.

Cordial greetings

Claudio Lucchese



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"Simply talking about ethical principles is not very useful:  
you have to earn the trust of others with your actions every day."

## **INTRODUCTION**

This Code of Ethics expresses the set of values, standards of conduct and principles of corporate policy that the Florim Group recognizes as its own, in compliance with which the decision-making processes of the company are directed.

The rules of conduct declared here, which shape the work of all the Group companies, contribute to implementing Florim's policy of social responsibility, in compliance with fundamental human rights and protection of human dignity, while also taking into account the need to protect our natural resources and heritage.

## **OUR MISSION**

Our company aims to produce porcelain tiles and materials for multiple uses and conceive the most appropriate solutions for furnishings and architecture. Florim does this in a perspective of eco-sustainability, attempting to meet the needs of its customers and create value for shareholders, employees and the territory, well aware of the need to respect the ethical principles and rules of conduct expressed in this Code of Ethics.

## **OUR VISION**

To be on the cutting edge of technical and aesthetic innovation in ceramics, researching the materials and production methods that make them a point of reference for customers, designers and competitors.

## OUR VALUES

*Honesty and respect:* ensure that all internal and external relationships are based on honesty and respect for the rules and dignity of the individual.

*Corporate social responsibility:* promote corporate sustainability, establishing measures and actions to support the environment, community and territory.

*Individual responsibility:* understanding the value and effect of one's actions.

*Quality and innovation:* pursue excellence by improving products, processes and skills, to promote corporate success.

*Clarity:* open communications and dialogue, in order to build honest and lasting relationships, inside and outside the company, without misunderstandings or ulterior motives.

*Courage:* moral strength that helps us cope with changes, difficulties, and challenges and the ability to seize every opportunity.

*Sense of belonging:* the feeling of pride of being part of a team made up of company, associates, customers and suppliers.

## ADDRESSEES

The Code of Ethics applies to and is binding for shareholders, members of corporate management, Directors, executives and all employees of Florim and its direct and indirect subsidiaries, wherever they do business.

Florim makes every effort so that its subsidiary and associated companies, customers, suppliers and all external collaborators of Florim and its Group companies, use conduct that meets the standards we are describing in this report.

It is everybody's responsibility to learn the contents of the Code of Ethics, understand its meaning and make an effort to ask for any clarification in connection with the Code.

The Code of Ethics is complementary to the principles and rules applicable within the company.



## REFERENCE PRINCIPLES

With implementation of the Code of Ethics, Florim undertakes to comply with international, European Community, national and regional laws in doing all its business.

In compliance with the principle of legality described above and in the conviction that, in addition to the professional, technical and company values, it is essential for addressees to understand their ethical responsibilities, Florim strives to ensure that its business aims to respect the following principles:

- **Transparency.** Florim undertakes to ensure that every transaction and relationship of any nature with its stakeholders are correctly recorded, authorized, verifiable, legitimate, coherent, and appropriate, while complying with obligations arising from prevailing law on data privacy issues.
- **Verifiability.** Every business activity of the Group is appropriately recorded in order to allow the decision-making, authorization and operating processes to be tracked.
- **Confidentiality.** Florim ensures the confidentiality in holding and processing the information in its possession in compliance with the Italian “T.U. sulla Privacy” (Unified Privacy Act) and by the “Data Security Plan”.

## RELATIONSHIPS WITH EMPLOYEES

### General principles

Every employee and associate must work in a way that is honest and in good faith, in compliance with the obligations signed in the employment agreement and in the assignment taken and assuring a participatory and intensive partnership; employees must also understand and observe the ethical principles contained in this Code of Ethics, instilling the conduct with respect, cooperation and reciprocal partnership.

All actions, transactions, negotiations and every other function executed in performing the business must be inspired by principles of honesty, fairness,

integrity, transparency, legitimacy, clarity and reciprocal respect, as well as being open to audits and checks according to prevailing laws and internal procedures. All business activities must be performed with professional diligence. Each must provide professional contributions appropriate to the responsibilities assigned.

Directors accept the assignment when they feel they can dedicate the time required to their tasks, including in consideration of the number of other posts as director or auditor they hold in other companies.

Personnel must understand and implement the matters set forth by Florim as concerns prevention of crimes having relevance pursuant to Legislative Decree no. 231/01 as amended in relation to the function exercised and/or the level of responsibility.

### **Personnel recruitment**

Florim standardizes its personnel selection and acquisition processes to meet the principles and values described in the Code of Ethics, according to merit-based comparative criteria and in compliance with prevailing law.

Furthermore, Florim also aims to optimize the use of human resources, standardizing the decision-making processes on issues of recruitment of the maximum efficiency and reaching these objectives. To this end, the company's human resources department are committed to following criteria of merits, efficacy, and efficiency in compliance with the law, applied collective bargaining and ethical principles of reference.

It is absolutely prohibited for addressees to promise and grant favors, discriminatory treatment or positions of privilege to the advantage of customers, suppliers or government representatives.

### **Rules of conduct**

Employees fulfill their duties in compliance with general principles of fairness and good faith, the provisions of the Civil Code related to duties of diligence, obedience, and faithfulness, the obligations endorsed in the employment contract, working according to the Model of Organization, Management and

Control adopted and standardizing their work with the provisions in this Code of Ethics.

It is prohibited for employees to **receive or give cash, gifts, assets, services, favors or any item of value** (not including small tokens of courtesy) from customers, suppliers, government representatives and, in any event, from any third party with whom Florim entertains relationships, for the purpose of influencing decision-making to obtain better treatment, undue services, or any other purpose.

At holiday time, employees who receive gifts of higher value, excluding tokens of courtesy, are required to give notice to their direct superior or to the Supervisory Body, which will assess the entity and relevance, returning gifts if necessary, and informing the customer, supplier or third party according to the company policy on the issue.

In internal and external relationships, Florim strictly prohibits harassment of any type against employees, suppliers, customers, visitors or other third parties. The term harassment denotes any form of intimidation, threat, mobbing, stalking, action or verbal offence that could be an obstruction to the peaceful performance of their duties or abuse by a direct superior in a position of authority.

Florim also demands that no **discrimination** of any kind is practiced against employees, suppliers, or users related to gender, race, language, religion, political opinion, personal and social conditions.

Any person who believes to have suffered harassment or believes to have been discriminated against for any reason can report the event to the personnel director. Any act of retaliation against any person for complaining or reporting such facts is strictly prohibited.

Florim promotes and develops a system of continuous, professional, moral and ethical **training and education**.

## **Use of alcohol and drugs**

Florim bans its employees and associates from using alcohol during working hours and prior to coming to work; the company bans and forbids its employees associates from using drugs, hallucinogens or any other mind-altering substances during regular performance of their duties, during working hours or prior to coming to work.

In any event, Florim discourages the use of alcohol or drugs by any employee or associate, including outside of work, regardless of whether use of the substance can affect their work.

Chronic alcohol and drug use that can have an effect on work and can disturb the normal performance of work, regardless of the fact that the employee or associate has used the alcoholic substances during working hours, is prohibited.

## **Smoking**

Florim demands compliance with national legislation on bans on smoking and especially in areas where cigarette smoke can be a hazard to the health and safety of other individuals and the work environment.

# **EXTERNAL RELATIONSHIPS**

## **Relationships with customers**

Florim adopts a code of conduct based on achieving a quality relationship with customers and suppliers, in view toward achieving greater collaboration and higher professionalism.

In particular, in terms of its relationships with customers, each addressee of this Code of Ethics is required:

- to perform their jobs with efficiency, competence, professionalism, transparency, and interest, in a correct and timely way, with the object of satisfying the needs and expectations of the customer;

- to provide comprehensive and truthful information about the products and services provided, in order to ensure the highest standards of quality and ensure that the customer can make informed decisions;
- to use a correct and clear approach, preferring communication in the written form over verbal wherever possible, in order to avoid misunderstandings regarding the contents of the business relationships in place;
- to act in compliance with the law, with impartiality and without misusing one's qualifications;
- to ensure confidentiality in the information acquired in the contacts, including in compliance with the rules on personal data protection;
- to comply with the law and especially legislative provisions on money laundering and receiving and using illegal cash or merchandise of illegal provenance.

### **Relationships with vendors**

Individuals designated to enter into contracts or grant assignments on behalf of Florim must use vendor selection criteria that can achieve the utmost advantage for the company and shape their actions on principles of transparency and impartiality.

Individuals having procurement responsibilities must act in the exclusive interest of the Group in carrying out their duties, refraining from using conduct that could be even potentially considered a conflict of interest or represent a crime or other illicit behavior.

The behavior indicated in the paragraph "Relationships with Customers" must be applied in selecting vendors and in relationships with them. Each addressee of the Code of Ethics must also:

- use conduct inspired by fairness and transparency;

- use uniform assessment criteria in selecting vendors, ensuring equal opportunity and dignity; objective criteria must be used in the selection process, including: the business structure, quality, convenience, price, efficiency, method of executing the orders, and timely deliveries;
- maintain the relationships already established, including by constantly monitoring the supplier throughout the relationship.

### **Relationships with the government**

Undertaking commitments with the government and public institutions, on a local, national, European Community and international level is reserved exclusively to officers authorized and designated to do so, who are required to carry out their duties with integrity, independence and fairness, in compliance with the law and the principles of this Code of Ethics and in complete compliance with the internal protocols under the Model of Organization, Management and Control adopted.

Relationships with the government (ministries, Antitrust Authority, Commission on Communications, Personal Data Privacy Commission, Inland Revenue Office, Occupational Health Authority, ARPA – Regional Agency for Environmental Protection, etc) are also inspired by the utmost cooperation and are designed to prevent obstructions to institutional activity and behavior or actions that can be viewed as attempts to influence the decisions of the public administration to obtain special treatment or undue services or any other purpose.

It is mandatory for addressees to ensure that the public grants, contributions, loans and discounts received are used only for the business activities or initiatives for which they have been granted, as any other use is prohibited.

Specifically, it is prohibited for addressees of this Code of Ethics:

- to directly or indirectly accept, promise or offer undue cash, gifts, services, or favors in the framework of relationships with public officials, assigned to provide a public service or to employees of Italian or foreign governments, to promote or encourage the interests of Florim in managing relationships of any nature with the public administration;

- to exhibit false documents or documents containing false or altered information, remove or omit documents or information in order to influence or direct the decisions of the public administration or to unduly earn grants, funding, advantages or other grants by any public body;
- to engage in misleading conduct that can mislead public officials to incorrectly evaluate the products or services offered by Florim.

### **Relationships with the media**

Any communication made with stakeholders outside the company and in the form of print, radio or television broadcast, via computer or orally, must take place in compliance with the law and the instructions set forth to regulate professional conduct.

To guarantee comprehensive and consistent information, relationships between the company and the media are maintained only by persons who have been specifically identified by company management.

Each beneficiary is required to respect the principles set forth in this Code of Ethics every time relationships are entered into, for any reason, with the media or expressed through these declarations implying, even potentially, a possible affect on the company reputation.

### **Relationships with political, social and trade union organizations**

Florim contributes to the wellness and growth of the community in which it works by fostering dialogue with the local communities, the public institutions that represent them and other organizations.

Relationships with political parties or their representatives are marked by the strictest respect for prevailing law and company directives.

Florim fosters and supports social, sports, humanitarian and cultural initiatives, including by making donations to foundations, institutions, organizations and associations. The process used to grant these funds is in compliance with prevailing law and must be appropriately recorded.

Florim does not promote nor entertain, and expressly prohibits its employees from entertaining, any relationship with organizations, associations or movements that directly or indirectly pursue objectives that are illicit or in any way prohibited by law.

Florim's relationships with private organizations, such as non-profits or others, are inspired by strict compliance with applicable law and cannot compromise the integrity or reputation of the company.

## **SAFETY AND HEALTH OF WORKERS**

Florim pledges to disseminate and promote a culture of health and safety, ensure everybody has an understanding of the risks involved in the job and promoting responsible actions by all employees and associates. Florim recommends use of preventative actions to preserve the health and safety of the workers and those who have access to the places and areas of the Group companies.

Florim also works to train and inform all its employees on the conditions imposed by law in addition to the practices and procedures on health and safety of its employees.

It is also prohibited for executives, managers and employees to omit or tamper with any safety measures that protect against risks to health and safety in the workplace in order to gain profit for oneself or for the company.

In performing the duties and responsibilities assigned to them, all employees and associates must:

- play an active role in hazard identification, risk assessment, selection and application of control measures;
- be aware of the real and potential consequences that their actions and conduct on the workplace can have on their own health and safety, that of their coworkers and protections of the environment;
- apply all Florim procedures regarding health and safety on the workplace;



- comply with the rules and regulations currently in effect.

Florim considers the first applicable control measure to be eliminating or minimizing risk to be foremost; when this priority cannot be implemented, technological and procedural measures and individual protection will be used.

## **ENVIRONMENTAL RESPONSIBILITY**

Florim undertakes to disseminate and establish the culture of environmental responsibility by instilling in its employees and suppliers an awareness of the possible environmental impact that can result from their activities.

To this end, Florim ensures complete awareness and training on the legislative, regulatory and behavioral conditions relating to these issues.

Employees and suppliers are prohibited from removing or altering any measures put in place to protect the environment, with the objective of gaining profit for oneself or for the company.

In any event, Florim promotes actions that support environmental sustainability and are mindful of natural resource management, such as, waste segregation and recycling, energy conservation, and accurate transportation management.

## **PROTECTION OF COMPANY WEALTH AND INFORMATION**

Each addressee of this Code of Ethics is required to safeguard company wealth, both its intangible assets (such as information, data and disclosures), and property, plant and equipment (for example, moveable assets, technological resources, tools).

All addressees of the Code of Ethics are required to protect the information technologies and electronics of the company, as these are technological and information supports of the company.

Addressees are prohibited from making inappropriate use of company assets or allowing others to do so. Each addressee is required to inform his or her direct superior of events that are potentially dangerous for these assets and resources.

## COMPANY INFORMATION

Florim implements an administrative, accounting and financial policy aimed at ensuring a going concern in the interest of customers, suppliers, third parties and, in general, all stakeholders of the company.

The company accounting system is designed to guarantee that every financial/monetary transaction is recorded in respect for the principles, criteria and methods of preparation and maintenance of accounting dictated by prevailing law.

Circulation of information for drawing up the financial statements and in order to ensure clear and truthful representation of the income statements, balance sheet and cash flow of Florim, must be inspired by truthfulness, comprehensiveness, and transparency.

To this end, every transaction must include records that provide complete and comprehensive supporting documentation of the activities performed, in order to allow:

- accurate bookkeeping;
- immediate identification of the characteristics and reasons underlying each transaction;
- easy formal and chronological reconstruction of the transaction;
- verification of the decision-making, authorization and execution process as well as identification of the various levels of responsibility.

Each employee strives to the best of his or her ability so that any fact or event related to Florim management is correctly and promptly reported in the accounts.

Every accounting entry must accurately reflect the results of the supporting documentation.

Therefore, it will be the responsibility of each employee assigned to ensure that the supporting documentation is easily accessible and maintained in order according to logical criteria.

Circulation of the information within the company, for the purpose of drafting the consolidated financial statements and in order to ensure a clear and truthful representation of the income statements, balance sheet and cash flow of Florim, must be inspired by truthfulness, comprehensiveness, and transparency, in respect for the independence of each company and the specific areas of activity.

## **ANTI-MONEY LAUNDERING**

It is mandatory to respect all the regulations and legislation of Italy and international laws on combating money laundering.

Before entering into relationships or contracts with suppliers or other business partners, Florim and its employees and/or associates must use all available information to ensure the moral integrity, reputation and good name of the counterpart.

In relationships established with the Group, addressees must never in any way or under any circumstance, be implicated in money laundering activities as a result of criminal actions or receiving illicit goods or other valuables.

## **CONFLICT OF INTEREST**

Directors, auditors, executives, employees and associates in the company must abstain from performing activities that could potentially be in conflict with the company's interests or which can interfere with impartial decision-making, in the best interest of the company and in full compliance with the provisions of the Code of Ethics.

Florim recognizes the right of each of these individuals to participate in investments, business deals, or activities of other nature outside of those carried out in the interest of the Group, provided such activities are allowed by law and by contractual provisions compatible with the obligations undertaken with Florim. By way of example, such activities can include but are not limited to situations that can cause conflict of interest and are as follows:

- performing management functions, having monetary and financial interests or providing professional services of any type with competitor companies or rival businesses;
- using their position to achieve interests in conflict with those of the company;
- concluding, executing or initiating dealings and/or contracts in the name of and/or on behalf of the company which can bring personal advantages or accepting cash, or other benefits or favors from individuals or legal entities that intend to enter into business relationships with the company.

Before accepting a consulting, managerial, or administrative assignment or entering into an employment or contractor relationship, or other assignment of any kind with another company, or in the case of a situation of conflict of interest, even merely potential, each employee is required to notify his or her direct superior or the human resources director.

## **INTERNAL CONTROLS**

“Internal controls” are considered all the instruments necessary or useful to guide, verify, and pursue the company’s business while observing and complying with laws and company procedures, protecting company wealth, effectively managing company business and providing clear, correct, truthful and reliable information on the income statements, balance sheet and cash flow of Florim. Internal controls also help to identify and prevent risks of any nature to the Group.

Florim is responsible for promoting an internal culture at all levels characterized by an understanding of the existence of controls and addressed toward exercise of this control.

To the best of their abilities, employees must:

- contribute to the correct functioning of the control system;
- be responsible custodians of the company assets, tangible or intangible, and not make improper use.

## **VIOLATIONS AND RESULTING SANCTIONS**

The Supervisory Body, instituted in accordance with and to the effects of Legislative Decree no. 231/01 pursuant to a specific resolution of the Board of Directors, has the responsibility for:

- supervising compliance and updating the Code of Ethics and the Model of Organization, Management and Control
- supervising the effective and complete dissemination of the principles and values of Florim
- clarifying doubts on its interpretation and application.

Any addressees of the Code of Ethics who learn of alleged violations or conduct that does not comply with the rules of conduct adopted by Florim must immediately notify their direct superior and/or the Supervisory Body. The Body will then take steps to verify the legitimacy of the alleged violations, calling in to question, if appropriate, the individual who made the report and/or the alleged violator. Penalties and fines applied will be commensurate with the violations committed and conforming to prevailing law on employment relationships.

Respect for the principles of the present Code of Ethics is an integral part of the contractual obligations assumed by the employees, consultants, and other individuals in business relationships with Florim. Any violation to the instructions and provisions contained herein can be construed as a breach of the contractual obligations undertaken, implying the legal consequences as to contract termination or termination of the assignment granted and settlement of any resulting damages.

## **ADOPTION OF THE CODE OF ETHICS AND UPDATES**

This Code of Ethics has been approved by the Board of Directors of the Group companies. Any changes and/or updates to this document must be approved by the Bodies and promptly communicated to the addressees.





RICICLARE  
GLI SCARTI DI  
LAVORAZIONE

RECYCLE  
MANUFACTURING  
WASTE



SOSTENERE  
LE ENERGIE  
RINNOVABILI

SUPPORT  
RENEWABLE  
ENERGIES

