



**HIGH
PERFORMANCE
THERMOPLASTICS**

ETHICAL CODE

**Adopted by the Board of Directors with resolution
dated April, 23rd 2009**



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1. DEFINITIONS

In the present Code the following terms are defined according to the explanation on the side of each definition:

- **LATI GROUP:** LATI INDUSTRIA TERMOPLASTICI SPA and the Companies directly or indirectly controller or related according to art. 2359 of the Italian civil code.
- **Unit:** each of the parts composing the LATI GROUP organizational structure.
- **Employee:** each person entered in a fixed-term or in an indefinite service agreement, as well in further relationship involving opera performances, still temporarily, with characteristics of subordination.
- **Responsible:** a LATI employee in charge of the training of co-ordination of a Unit.
- **Third parties:** the individual and juridical persons with whom LATI keeps up relationships (customers, suppliers, Public Administrations, Authorities, etc.).
- **Organizing Model:** the co-ordinated ensemble of provisions, procedures, and criteria of company management and organization, according to the legislative decree no. 231/2001 (hereinafter referred to as d. lgs. 231/2001).
- **Supervisory body:** the Supervisory body provided for the d. lgs. 231 /2001.
- **Stakeholders:** the ensemble of parties "bearers of interests" with regard to an economic initiative, both a firm and a project. This ensemble is composed, e.g., by customers, suppliers, financier (banks and shareholders), freelances, employees, but also external groups of interest as the resident population of the firm neighboring areas or local groups of interests.
- **Corporate governance bodies:** the bodies corporate to which the adoption of the managerial decisions are appointed by the law, the practice or the article of association.
- **Business management:** the management organisms to which the management and the co-ordination of specific activities are delegated by the internal rules.

2. INTRODUCTION

Since its foundation LATI Group steady aimed the applying of ethical principles at the company management, particularly for what concern the environmental tutorship, the safety in the workplace, the health safeguard and the personal and human growing of the employees.

On the basis of such goals LATI Group, when necessary and accepting potential risks of lower profitability, made ethical choices both in finding out products or processes to be abandoned and in applying strong innovative development techniques.

LATI Group adopted the present Ethical Code to define clearly the whole of values to which is inspired and with which to ratify the importance of the ethical and social importance in conducting business and Company activities. Furthermore LATI Group engages itself to respect the lawful interests of its own stakeholders and of the community in which it operates.

LATI Group, therefore, conscious that its own activity play an important social role and also aware of having acquired an objective significance for the community, asks both its employees and those who cooperate with LATI Group to respect the principles and business rules established in the present code.

3. MISSION AND ETHICAL VISION

The LATI mission is to provide its customers quality products and integrated services with punctuality and reliability, respecting their own needs and by comparing with the most sophisticated technologies and skills now on the market, convinced that the economic development has to be consistent with the environment.

In this context the business is geared to:

- creating added value for the stakeholders;
- enhancing the human resources evolution as a business imperative, to be achieved by orienting to the welfare and professional growing of the workers and freelances;
- promoting an ethical sensibility in the behaviors and seeking to realize such a goal;
- increasing the correctness of internal and external relationships as a guiding principle to which standardize every action.

4. GENERAL PRINCIPLES

a. General Ethical Principles

LATI group:

- (1) acts respecting UE, National and International laws and refuses any illegal practice;
- (2) considers its corporate image and its reputation as common values to be defended and developed through the full dissemination, sharing and observance of ethical and behaviour principles stated in the present code;
- (3) deems the impartiality of treatment as a basic value within each internal and external relationship and appraises the individual, his personality and his rights, as intangible values to be protected;
- (4) feels that values like diligence, capacity, professionalism, efficiency, honesty, transparency, correctness in acting, unreserved cooperation, respecting of freedom and dignity, consideration of diversity and rejection of discriminations, are crucial both for the performances of workers and free lances, with the scope of furnishing high quality level products and for granting regularity and continuity at its own production activity;
- (5) expects from its staff and freelances responsible, available and creative behaviors.

It is also makes clear that:

- (6) even if due to the attempt to realize a LATI Group interest, it will not be justified any act contrary to the applicable laws, the present code and the internal rules, made by the corporate governance bodies, business management and, generally speaking, by all staff and freelances;
- (7) the contact with the customer shall be characteristic of respect, courtesy, fairness and clarity;
- (8) possible commercial courtesy acts as gifts or hospitality procedures, are allowed on the condition that they have low value and they cannot compromise the two parties integrity and reputation and they cannot affect the recipient opinion autonomy;
- (9) all commercial, corporate, financial and managerial decisions, must be taken in the sole interest of LATI Group and avoiding any conflict of interest and any incompatibility between personal or family activities and the commitments accepted by LATI Group.

b. The ethical Company

According to LATI Group thinking, the respect of environment - i.e. the natural and landscape context in which everybody interact - is one of the crucial points on which the carrying on of the activity and of the external relationships should be based.

For this reason LATI Group - while aiming the pursuit of the Company goals - have always been trying to conjugate its own production activity with the following most significant social growing elements:

- (1) looking for a steady employment increasing;
- (2) providing growth opportunities to the social context in which the Company operates, through the riches which the industrial activity generates;
- (3) offering its staff constant proposals of training and improving of their culture and professionalism.

Furthermore LATI Group intends to increase the growing elements above mentioned by putting into effect specific policies designed to:

- (4) create fruitful contacts with the school and university world, to develop aimed researches and to implement workplace world inclusion programs;
- (5) transfer any possible specific know how concerning industrial and environmental impact to the customers and to the entities responsible for the implementation and the control of such a matters;
- (6) pay more attention to the social and no profit themes;
- (7) persist in the research activity to find out new products and processes that best matches the environmental, quality and security of workers needs.

c. The internal control

An adequate control system which contributes to the improvement of the Company and decision-making efficiency is considered needful by LATI Group which takes care to make the staff conscious of such a themes.

The internal control system is considered as the set of tools, processes and technicalities useful or needs to direct, manage or monitor all the activities which should reasonably facilitate:

- (1) the pursuing of the business goals;
- (2) the reliability and the integrity of the financials and operatives information;
- (3) the efficiency, the effectiveness and the profitability of the business activities;
- (4) the protection of the corporate assets;
- (5) the conformity of the company acts and of the business decisions to the laws, rules and contracts in force;
- (6) the discretion of the information deemed confidential or secrets.

d. Advertising and sponsorship

LATI Group considers itself socially responsible. Therefore for the management and exploitation of its brands as well for the presentation of its products, it chooses to use those instruments able to allow the surrounding environment and community to enjoy them directly, even through the utilization of the mass media.

Even technical instruments are usable and, if necessary, sponsorships and contributions can be used to realize studies, researches, conferences and seminars which can treat topics of immediate interest to the community.

Choosing the initiatives to be taken LATI Group acts by respecting correctiveness, transparency and internal rules, avoiding any possible situation of personal or corporate conflict of interests.

e. The quality system and security

By the commitment and the involvement of all staff, LATI Group developed its own quality management system according to UNI EN ISO 9001 and UNI EN ISO 14001.

The effective application of the quality system is a priority to get better constantly the production processes and the products quality level, thereby increasing the customer satisfaction and consequently the capability to generate value for all the interested parties.

LATI Group moreover:

- (1) conducts ongoing monitoring of the indicators of the processes related to the quality productivity with the scope to grant the maintenance of existing quality standards and to allow its improvement;
- (2) is engaged in diffusing and promoting the safety culture, both towards the staff and the third parties, apart from any consideration of economic;
- (3) regularly and effectively acts to convince the operative and decisional levels for tenaciously finding out a growing awareness about the theme "health and safety at work", even by repeating that all decisions on such a matter have to be taken on the basis of the following principles, as stated at art. 6, clause 1 and 2 of the European Directive n. 89/391 and more precisely:
 - i. avoid risks;
 - ii. evaluate the risks which cannot be evaluated;
 - iii. struggle the risks at the source;
 - iv. adapting the work at man particularly for what concern the concept of the place of work and the production methods, to try to reduce monotony and repetitiveness of the work cycles, so that also the negative effects on the health are reduced;
 - v. take into account the technics trend evolution;
 - vi. replace what is dangerous with what is not or with what is less;
 - vii. plan the prevention aiming for a coherent system which integrate technics, organization, working conditions, social relationships and influence on the working climate factors;
 - viii. give priority to the collective protection measures before the individual ones;
 - ix. giving adequate instructions to the workers.

LATI Group uses such principles to take the measures necessary for protecting and securing the workers included professional, information and training risks prevention activities, as well the development of an organization and of the necessary resources.

Everybody, both the at the top level and at the operative one, have to comply with such principles, especially when decisions must be taken or chooses must be made and afterwards fulfilled.

f. Application framework

The principles here set out are applied at the LATI Group staff and at all those who cooperate for the carrying out of the Company activity and at the pursuit of its objectives.

The same principles have to inspire:

- (1) the members of the Board of Directors in taking decisions and planning activities;
- (2) all staff members during their activities;
- (3) all the workers while carrying out the work relationship.

g. Value of the Ethical Code

The observance of principles and rules here outlined are considered by LATI Group as integral and essential part of the contractual obligations deriving:

- (1) for the staff from the employment relationships – also according to art. 2104 and 2105 of the Civil Code – (diligence and loyalty of the employee towards the employer);
- (2) for the freelances from their contractual regulations.

The violation of the above mentioned rules is considered as a breach of the obligations coming from the job or the collaboration relationships, with all after-effects according to the laws and the agreements.

5. RELATIONSHIPS WITH WORKERS AND THIRD PARTIES

a. Relationships with workers and unfair competition

Any discrimination for ethnical, religion, age, sex, nationality, political or trade union reasons, as well the use of child labor - possibly adopted in the recruitment or termination of employment politics - is considered as a breach of the present Code.

LATI Group provides to the wider dissemination of the present code with its employees. Therefore it is necessary that they know and respect - for their part - the regulations of the present code and, according to the individual means, they promote the knowing of such rules next to the new employed workers, as well as towards the third parties interested in its application with which they get in touch in the performance of their duties.

Not least, LATI Group:

- (1) pays the greatest attention to the development of human resources by considering the professional skills, honesty and devotion criteria as the main principles for the employees' careers development perspective;
- (2) engages itself to protect the psychophysical staff integrity by the constant respect of their personality and dignity, as well performs prevention action in order to avoid any discriminatory action on the place of work and, where it occurs, is appropriately punished.

All workers, therefore, are required to keep a conduct respectful of the personality and of the rights of colleagues, collaborators and third parties, independently to their hierarchical position within the Company.

The staff is furthermore required to.

- (1) use the Company's assets at their disposal properly and exclusively for business purpose;
- (2) protect the value of the corporate assets by avoiding to pursuit any individual advantage coming from keeping up relationships with customers and suppliers on behalf of the Company;

- (3) avoid any unfair competition against LATI Group. The employees and workers which learn commercial, technical, product or process information are required to avoid the diffusion of such information, both during the employment relationship and after its possible resolution, according to specific regulations to be regulated in specific non-competition agreements;
- (4) report to the OdiV any breach of the present Code.

b. Relationships with freelances and consultants

LATI Group identifies and selects with absolute impartiality, autonomy and independence of mind the freelances (agents, commercial travellers, etc.) by considering competence and professionalism as unavoidable factors.

Both the employees and anyone dealing with freelances have to comply with the Company procedures and politics possibly existing.

Behaviors suit to the current regulations are expected by LATI Group from its freelances and consultants. Any act contrary to the principles here stated or to the laws shall be considered as a breach of contractual correctness and good faith duties and, as such, can be considered as a ground for interrupting the fiduciary relationship and as a right cause for the resolution of the contractual commitments.

c. Relationship with customers

Conducting its business and managing the relationships with its customers, LATI Group:

- (1) strictly adheres to the laws, to the principles of the present Code and to the internal procedures, asking their employees for avoiding any situation of conflict of interests with the Company, having as a goal the maximization of the added value in favour of the customer, who is deemed as business wealth;
- (2) privilege ethical behaviours without exception, even if they appear at odds with an immediate customers' interest.

d. Relationships with suppliers

In supplying of goods and services relationships LATI Group acts according to the law, the present Code and the internal procedures adopted according to the quality management system.

The employees in charge of the relationships with suppliers have to select them and manage the relevant contacts according to impartiality and fairness criteria, avoiding any conflict of interest situation with the suppliers and reporting to the OdiV the possible presence or arising of such situations.

e. Relationships related to the market protection and the free competition

LATI Group agrees with the principles inspiring the UE Treaty and therefore shrinks from any uncompetitive acts and avoid agreements and actions which could make damage the trading or which could prevent, reduce or distort the competition in the market.

Furthermore LATI Group carries out behaviors which avoid the creation of an exclusive position in the UE market or in a substantial part of it.

f. Relationships with the Public Administration and with Bodies executing public interest activities

In the relationships with the above mentioned entities LATI Group acts by strictly respecting the European, the National and the Company rules.

Only the competent Company's offices can manage discussions, undertaking of commitments and relationships of all kinds with the above mentioned Entities.

In the relationships with such Entities all employees, freelances and consultants have to avoid to influence the decision of the involved Bodies, with the scope to obtain the performance of acts contrary to the office duties.

In the case an employee or freelance should receive the asking to operate differently from what stated in this Code, he must inform immediately the OdiV.

It is not allowed to offer gifts or other benefits to State employees or the their relatives, neither directly nor indirectly.

In the case consultants or third parties services are supplied, one will provide to apply to them the application of the same rules in force for LATI Group employees, asking the consultant or the third part for granting that they will apply for the rules of the present Code during the execution of the warrant.

Also LATI Group is going to prefer to choose consultants and third parties who grant or granted to share the philosophy here expressed.

During a negotiation or a relationship with the Public Administration should not be taken the following actions:

- to examine or propose job and/or commercial opportunities which can personally benefit Public Administration employees;
- offer or provide benefits of any kind;
- to ask or to obtain confidential information which could compromise the integrity of both.

g. Relationships with supervisory and control authorities

LATI Group imprints its relationship with the supervisory end control authorities at the closest cooperation and the full respect of their institutional role, by engaging itself for promptly implementing the requirements and the instructions received.

6. RELATIONSHIPS WITH THE COMMUNITY

a. The environmental policy

LATI Group:

- (1) must respect the interests of the community - the implementation of which should aim each collaborator - having in mind to achieve a widespread improvement of the quality of life and of the civil society, pursuing sustainable development to safeguard the future generations;
- (2) considers the environment and the natural as absolute worth and public property to be protected and defended and, therefore, makes any possible efforts to tend its industrial activity in compliance with such principles;
- (3) studies and develops environmental compatible products and technologies and is constantly engaged in searching for innovative solutions able to realize an harmonic and well-balanced growth.

In such a context one mention the cases in which profitable production were abandoned because not completely compatible with a right environmental policy.

b. Trade unions and political parties

LATI Group do not distribute contributions of any kind, neither directly nor indirectly, to trade unions or political parties or to their representatives or candidates, except according to the procedures and rules in force, and marks the relations with these institutions to fairness principles.

c. Press and media

LATI Group addresses to press and media organs only through the corporate bodies and the internal units designated to this charge, in a context of maximum fairness, accuracy and transparency.

d. Confidential information

All the knowledge learned by the employees, workers or collaborators during their job - like, e.g., projects, negotiations, deals, proposals, price lists, data base or any other fact or event, even if

uncertain and future - concerning LATI Group activity, and the diffusion of which could cause a danger or a damage as well an undue advantage or gain in favor of the worker or the collaborator, both internal and external, have to be considered confidential information.

Because of the features of high technology which characterizes LATI Group and therefore the quality of the information that could be known by the workers, employees or collaborators, a strict respect of the secret of manufacture must be adopted, both towards third parties and towards persons not functionally empowered at the communication.

At all times and particularly when agreements are drawn up or executed the duty of confidentiality have to be accomplished as much in the relationships with third parties, as keeping in touch with press, as much in the relationships with persons not empowered at the communication..

Because contrary to the law, each procedure of exploitation, economic utilization and direct or indirect investment deriving from corporate confidential information is strictly forbidden..

The breach of the confidentiality duty by the employee may affect the relationship of trust with the employer considering the specific situation and the consequences of the above mentioned behavior.

In the case an employment is concluded and in brief time after such a conclusion the former worker use for his own personal advantage and being detrimental to the LATI Group interests the confidential information acquired during the employment, LATI Group shall be deemed authorized to refer all actions to protect its assets and to claim for damages, both as missing profit and as *damnum emergens*.

7. ACCOUNTING AND DATA PROCESSING

a. Accounting records

According to LATI Group philosophy the correctness, precision, completeness and formal and substantial regularity of the records are inescapable in the accounting data of the managerial facts, which have to be performed in accordance with the accounting principles set out by the law.

Employees and collaborators of LATI Group while recording the Company's business management facts are obliged to respect scrupulously the rules and internal procedures in force, to ensure that each fact is correctly recorded, duly authorized, legitimate, consistent, proper and may be checked.

The staff is required to act with transparency towards LATI Group, the Auditing Company in charge and the components of the Board of Auditors, as well to provide them full collaboration in the carrying out of their supervisory and control activities.

b. Privacy policy

LATI Group protects the confidentiality of the data and information related to the staff, collaborators and third parties acquired because and during the carrying on of the management activities..

Every employee is required to comply with this principles..

8. SUPERVISION ON THE APPLYING OF THE ETHICAL CODE AND CONSEQUENCES OF ITS BREACH

a. Supervisory body

LATI Group establishes a Supervisory Body in its own structure, which directly refer to the Board of Directors and has independent powers of initiative and control.

The Supervisory Body is entrusted to supervise the functioning and the respect of the organization, management and control models stated by the D. Lgs. 231/2001 and by the Ethical Code, as well to updated them.

The Supervisory Body has the task to promote the dissemination of the knowledge of the Ethical Code, as well it is responsible for its enforcement and updating activating itself – on one's own initiative or on the basis of a notice received – to prevent and to restrain the possible violations, through the empowered corporate entities.

The information and notices acquired by the Supervisory Body and by the structures used by it, also on the basis of notices, are considered confidential and cannot be disclosed, except as otherwise provided by law.

b. Penalties for the violation of the Code by the staff

The non-compliance or violation of the rules of conduct established by the present Code and by the corporate procedure, made by the staff of LATI Group, constitutes infringement of the obligations arising from the employment relationship, according to clauses 2104 and 2105 of the Civil Code (diligence and loyalty of the employee against the employer), as well disciplinary offence.

The possible penalties will be imposed according to the applicable CCNL.

Such penalties will be applied on the basis of the relevance of each considered case and they will be proportional to their severity.

The investigation of these offenses, the management of subsequent disciplinary proceedings and the imposition of the penalties remain the responsibility of the empowered corporate entities.

c. Penalties for the breach of the Ethical Code by the managers and Directors

In the case of breach by the managers, LATI Group will evaluate the facts and take appropriate actions against those responsible.

In the case of breach by the Directors, the Supervisory Body will inform the members of the Board of Directors and of the Board of Auditors who will take appropriate action according to the law in force.

d. Penalties for the breach of the Ethical Code by the collaborators, consultants and third parties

Any behaviour in breach of the present Code made by the collaborators, consultants and third parties connected to LATI Group with a relationship not classified as employment, could cause the termination of the contractual relationship according to what stated by the specific clauses inserted in the letter of appointment and subject the request for compensation for the possible damages deriving against LATI Group, even independently by the contractual termination.

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