

**CODE OF ETHICS**

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**INTRODUCTION**

The Code establishes a framework of principles to be adopted for the proper course and management of operations and for the good reputation of the Group. All business conducts and relations must comply with the established principles.

The principles and provisions of the Code set the general rules and obligations of diligence, fairness and honesty in business behavior and activities.

The current Code has been conceived to define and clearly communicate the framework of values which are acknowledged, accepted and shared by the Group.

The Group will ensure and provide an information and awareness plan regarding the provisions of this Code and its implementation towards those to whom it applies, so that all employees, managers and all those working for Marazzi Group will be able to carry out their job and/or tasks in constant and close observance of the principles and provisions contained in this Code.

The provisions of the Organizational Model pursuant to Legislative Decree 231/01 are an integral part of the ethical business values.

The Code is available on Marazzi Group's Website ([www.marazzigroup.com](http://www.marazzigroup.com)).

The Code shall be disclosed to third parties working with the Group or having permanent or temporary business relationships with it.

**CHAPTER I      GENERAL PRINCIPLES****Art. 1 – Group  
Values**

The principles of ethical behavior contained in this document have been defined in the context and are consistent with the Values of Marazzi Group. These Values, after a process of analysis and sharing, are defined as follows:

**entrepreneurship**, including the concepts of growth ambition, courage, energy, willingness to seize the opportunities and challenges, pursue innovation, and focus on customer and market;

**loyalty**, including the concepts of integrity, ethics, transparency and respect of people, ideas, rules, and the environment;

**team work**, in terms of mutual help and collaboration, sharing of ideas and objectives, transfer of information, knowledge and skills, research of partnership and integration among Departments;

**responsibility**, in decision making, in professional and business terms (reliability on the market);

**competence**, in a broad sense, including the attention to knowledge, skills and abilities, and thus including topics such as training and self-training, development of people and their professionalism, commitment and motivation;

**speed**, meaning the ability to make things happen easily and quickly, immediacy, dynamism, competition, ability to execute.

**Art. 2 – Areas of application and Subjects**

The principles and provisions of the Code are binding for managers, employees and individuals working for Marazzi Group, irrespective of the work relationship, even temporary, that relates them to the Company ("Collaborators"). Managers, Employees and Collaborators are hereafter jointly called "Subjects".

**Art. 3 – General Principles**

**3.1 Respect of Expertise**

Human resources are recognized by the Group as being a key factor for its growth and development. Human Resources Management is built on the respect of individual personality and the skills of each employee within the principles applied in the present Code.

**3.2 Legal Compliance**

Marazzi Group (hereinafter the Group), intended as the parent company and its subsidiaries, complies with the laws and legislation of the countries in which it operates.

**3.3 Freedom, Dignity and rejection of discrimination**

The Group acts according to the principles of personal freedom and individual rights and rejects any kind of discrimination based on sex, race, language, social and individual condition, religious belief and political opinion.

The Group considers absolutely unacceptable any type of harassment or undesirable behavior, which have the purpose and effect of violating the dignity of the person to whom such harassment or behaviors are addressed within the working environment.

### **3.4 Fairness and Loyalty**

The goal of The Group is to achieve its growth by means of developing a good reputation based on the principles of fairness and loyalty along all of its business dealings.

### **3.5 Participation and Personal Responsibility**

The Group is committed to provide to its employees a working environment inspired by common respect, cooperation and fairness and encourages collaborators' and employees' participation and personal responsibility.

#### **Art. 4 -**

##### **Communication**

The Group shall inform all Subjects on the provisions of the Code and their implementation urging them all to fully comply.

In particular, the Group, also appointing specific responsibilities, provides for:

- the disclosure of the Code to the Subjects;
- the explanation and clarification of the provisions in the Code;
- the audit of its actual observance;
- the updating of the Code provisions as a consequence of the new requirements which may arise.

#### **Art. 5 -**

##### **Responsibility**

Subjects carry out their working activity with diligence, efficiency and fairness, using resources and time appropriately and taking accountability for all the duties assigned to them.

#### **Art. 6 –**

##### **Employees being in a position which is characterized by responsibility**

Anyone who has the role of leader, supervisor or manager must be an example and provide leadership and guidance in accordance with the principles of business conduct contained in the Code. With his behavior he has to demonstrate to employees and Third Parties that the observance of the Code is fundamental for his and their work, making sure that Employees and Third Parties are aware that business results must never be separated from the respect of the principles of the Code.

All Leaders, Managers and Executives must report to the appropriate person (Line Manager or "Organismo di Vigilanza" in accordance with Legislative Decree no. 231/01) any violation of provisions of the Code and of the Model 231/01, and have the responsibility to ensure the protection of those who have in good faith reported those violations and to adopt and implement, after consulting the competent corporate bodies, sanctions commensurate with the violation committed and sufficient to constitute a deterrent to further infringements.

**Art. 7 – Working Environment** Employees must work to maintain a good working environment where the dignity of all is respected.

In particular, employees of Marazzi Group:

- must not work whilst under the influence of alcohol or drugs;
- they must be sensitive to the needs of those who could physically suffer from the effects of "passive smoking" in the workplace, in countries where smoking is permitted in the workplace;
- they should avoid behavior that may create an intimidating or offensive environment to colleagues or subordinates for the purpose of marginalizing or discrediting them in the workplace.

**Art. 8 - Fairness** Subjects' activities, operations and conducts must comply with principles of fairness and full formal and substantial legitimacy according to the applicable regulations and internal procedures in force.

Subjects must not use the Group's informations, facilities, equipments or resources, for their own personal purposes.

Subjects must not accept nor undergo for themselves or for third parties, pressures, recommendations or any other action which may bring biases to the Group or undeserved advantages to themselves, to the Group or to third parties. Furthermore, Subjects must refuse and not promise nor offer gifts or any other economic benefit with the exception of modest gifts or presents in no relation with business dealings whatsoever.

Should Subjects receive offers from third parties or requests for benefits, with the exception of gifts of limited value, complying with the operational procedures in force, they must immediately inform their senior executive or the person to whom they report about the fact.

- Art. 9 – Conflict of interests** Subjects must pursue the general goals and interests of the Group.
- Subjects timely inform their own senior executive or the person to whom they report, about the situations where they or their relatives may be in a conflict of interests with the Group and on any other case where conflict of interests exists and will respect any decision adopted by the Group to solve that conflict.
- The existence of financial holdings or business relationships with suppliers, customers or competitors, etc... are examples of conflict of interest that could affect the independence of mind in deciding what is in the best interest of the Group and the most appropriate way to pursue it.
- Art. 10 - Confidentiality** Subjects maintain confidentiality with regards to any information related to the Group, its employees, its customers, its suppliers, and, in general terms, to all Groups' activities, in compliance with the applicable legal provisions, regulations and internal procedures in force.
- The personal and confidential information collected by the Group in the conduct of its business must be treated in compliance with all applicable privacy laws in force in any jurisdiction in which the Group operates, and to the best practices for the protection of confidentiality.
- For this purpose, the Group provides a high level of security in the selection and use of its information technology systems for the processing of personal data and confidential information.
- The obligations of confidentiality remain on the Subjects even after the termination of employment.
- Art .11 – Group's communications and informations** The Group recognizes the primary role of a clear and effective communication for what concerns internal and external relations. In fact, communication and external relations influence, directly and indirectly, the company's development.
- It is therefore necessary that these activities be organized according to clear and uniform criteria in particular with regard to financial informations.
- Communications towards Financial Markets and Supervisory Bodies should always be provided promptly and accurately, complete and correct and, in any case, in accordance with the applicable laws in the jurisdictions involved.

This form of communication should be made only by those employees who have been authorized and thus have a given responsibility to communicate with Financial Markets and Supervisory Bodies.

**Art. 12 – Relations with Judicial Authority** The Group recognizes the primary importance of transparency towards the Judicial Authority to ensure legality as a fundamental value. In this sense, the Group's employees are encouraged to refuse to issue false or reticent statements to the Judicial Authority when required by it and, in any case, to report any attempts of intimidation aimed to take a not fully transparent and cooperative attitude towards the Judicial Authority.

**Art. 13 – Internal Control** The Group recognizes the critical importance of internal controls for its own management and success, and is committed to put in place processes that will ensure to the employees in charge of internal controls the necessary information and practice.

In particular:

- the Group seeks full transparency of all operations so that they are duly authorized, verifiable and legitimate;
- all transactions must be recorded and accounted for in accordance with best practice and appropriately documented;
- transactions with related parties are conducted in accordance with the internal procedures;
- the financial reports must be complete, accurate and reliable and must be clear and understandable;
- decisions on finance, tax and accounting issues should be taken at an appropriate management level.

Each Company of the Group must have organizational tools (charts, organizational communications, procedures, etc..) compliant with the general principles of:

- knowableness within the Company;
- clear definition of roles and functions;
- clear description of the reporting lines.

Internal procedures should generally be characterized by the following elements:

- separation within each process, between the person who initiates it (decision impulse), the

person who executes and achieves it, and the person who controls it;

- written traceability of each relevant passage for each process;
- adequacy of the level of formalization.

The Group requires the Subjects to keep true and accurate records of all financial transactions, which must be accompanied by adequate supporting documentation; the irregular bookkeeping constitutes a violation of the Code and is therefore prohibited to all Subjects to adopt behaviors or allow omissions which may lead to the registration of fictitious transactions, or to misleading or insufficiently documented registrations, or to the missing registration of commitments that might generate liabilities or obligations of Companies of the Group.

## **CHAPTER II            ETHICAL BEHAVIOR IN BUSINESS**

**Art. 14 – Business Relations**    The Group complies with principles of honesty, fairness and lawfulness in its activities and its business conducts.

**Art. 15 - Prevention of Money Recycling**    The Group and the Subjects should never be involved in activities that imply the recycling (ie, the acceptance or processing) of proceeds from criminal activities in any form or manner. The Group and the Subjects should check in advance the available information (including financial information) on its business partners and suppliers, in order to establish their respectability and the legality of their activities before entering into business relationships with them.

**Art. 16 – Competition Approach**    The Group acknowledges that a broad, fair and ethical competition is a basic element to improve its efficiency and stimulate its innovation.  
The Group and the Subjects avoid all those business practices (establishment of cartels,

market partition, limitations on the production or sale, conditional arrangements, etc..) which may represent a breach of competition laws.

Within the framework of fair competition, the Group does not knowingly infringe the intellectual property rights of third parties.

**Art. 17 – Customer Relations** The Group aims to meet the expectations of the end customer and considers it essential that its customers be always treated fairly and honestly. Therefore, it demands to the Subjects that every relationship and contract with customers be characterized by fairness, professional integrity and transparency.

The Subjects must follow the procedures of their respective companies aimed to achieve this objective by developing and maintaining profitable and lasting relationships with customers, offering reliability, service, quality and value supported by continuous innovation.

The Group companies in their dealings with customers must not discriminate unfairly and should not engage in behaviors of abuse of dominant position or unfair competition.

**Art. 18 – Supplier Relations** The research and selection of suppliers as well as the definition of the general purchasing terms and conditions are based on an objective evaluation of the quality and price of goods and services as well as the reliability of suppliers.

**Art. 19 – Relations with public administrations and public bodies** All relations of the Group and its employees with National, European and International Public Institutions and Bodies and their representatives and employees are entertained through general means of fairness and ethical behavior in accordance with legislations enforced.

The Group may decide to support public institutions' programs as well as foundations' and associations' activities aimed to benefit the public community, in compliance with the legislation in force and the principles of this Code.

**CHAPTER III HEALTH, SAFETY AND ENVIRONMENT**

**Art. 20 - Health, Safety and Environment** The Group, in its business conduct, operates to preserve the environment and to protect the safety and health of third parties and Subjects, adopting all measures established by the enforced Laws and considers this goal decisive for its success. Group employees must not put their colleagues in a position of unnecessary risk that could cause damage to their health or physical safety.

All those who work for the Group are responsible for the good management of health, safety and environment matters.

**CHAPTER IV VIOLATIONS OF THE CODE**

**Art. 21 – Base of the disciplinary measures** Violation of the provisions of the Code may harm transparency, fairness, loyalty, integrity and credibility between the Group and its stakeholders, hence it may determine disciplinary measures towards those responsible for such violation.

**21.1 General sanctions norms** Means and measures of the sanctions will be determined in proportion to the entity of the violation on the basis of the following standards:

- a. kind of violating behavior (fraud, fault, negligence, inexperience);
- b. magnitude of the violation;
- c. level of responsibility of the individual (organizational or technical);
- d. possible sharing of responsibility with others;
- e. presence of aggravating or extenuating circumstances.

Sanctions will be applied timely and fairly.

**21.2 Sanctions for Employees** Provisions of the Code are an essential part of the employment contractual requirements. Violations may hence represent a breach of contractual duties that may generate the consequences provided by the Law, both in terms of request of compensation for the damages suffered by the Group and in terms of termination of the employment contract.

**21.3 Sanctions for Executives** Executives are subject to disciplinary sanctions whenever in breach of the provisions of the Code. Such sanctions will be determined based on the importance of the violation and its infringement of the mutual trust between the manager and the Group and might also result in the most serious cases in the termination of the employment contract.

**21.4 Sanctions for Top Managers** In the current organization of the Group, Top Management is represented by the Directors of the Board and by those Executives who report directly to the Chairman, to the Chief Executive Officer and to the Chief Operating Officer.  
In case of violation by Top Management, the Board of Directors, after having consulted the Board of Statutory Auditors, will provide appropriate sanction measures based on the legislation in force. In the most serious cases the Board of Directors may decide the termination of the relationship with the Group.

**21.5 Sanctions for Third Parties** Provisions of the Code have to be considered as an essential part of the contract conditions. Therefore, third parties are bound to observe these provisions as all other contractual duties. Violation of the provisions of the Code will be considered as non fulfillment of contractual duties and may entail the contract termination and the request of compensations for damages suffered by the Group.

## **CAPITOLO V FINAL PROVISIONS**

**Art..22 - Approvals and updating procedures** The present Code is approved by the Board of Directors of the Group. Variations or integrations of the Code will be examined and approved by the Board of Directors and communicated to the Subjects timely.