

Cannon Code of Ethics

Ethics

Ethics in business

moral principles

rules and regulation
of right conduct rec
values that guide t

MANAGEMENT'S INTRODUCTION

To write a thought on the Code of Ethics of the Cannon Group means to me to go back to the origins and to remember in one shot the many races we have run with enthusiasm and determination, but always complying with “the rules” and respecting “the others”. Rules based on laws and regulations laid down by the various countries as well as management procedures for good work generation. The others are colleagues and collaborators, customers and suppliers, institutions and public administration.

With these qualities we have grown up from a small company to a worldwide group, we were one among many and we have become the Number 1. We have been able to improve our position in successful periods as well as hold our course in tough moments. Although unwritten, our Code of Ethics has been - I would say - followed and respected. The values of Integrity, Independence, Innovation and Internationality – our four “I” – were written since the beginning, presented and explained every day to everyone, both Italians and foreigners, not only that we may remember them, but because we live by them.

We are a family enterprise, which today has become a very large family. Some of the founders who were present at the beginning have now left to enjoy their well-deserved rest and many new, younger people have come to join us. These newcomers are now entrusted with the task of taking on the challenges of the future with competence and team spirit. Perhaps also for this reason, after passing the milestone of our 50th birthday, we need not only to remember and transfer our know-how, but also to write, in a complete way, some rules that can help to better define everyone's behaviour and therefore build “the team”.

But let's never forget what history teaches us, and let's always remind ourselves and first of all our young people that it is easy and nice to work well. Through your own work may all of you see Cannon as your own home, and your colleagues, all of your colleagues, as your own family members.

Peschiera Borromeo, December 2015

Marco Volpato
Chief Executive Officer

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CANNON S.P.A.'s IDENTIFICATION & INTRODUCTION

Cannon S.p.A., the parent company of the Cannon Group, is an operating holding company.

Its activities include marketing and communications, financial, administrative, and technical coordination, and the human resources management of the subsidiary Companies.

The subsidiary Companies of Cannon S.p.A. operate in three market areas: Plastic, Energy, and Automation.

They supply industrial solutions dedicated to the petrochemical, thermal, electronic and manufacturing industries, particularly for the automotive, household appliance, building and furnishing sectors, and the industrial processes requiring water and its purification. They are involved in sales activities and in the production of plants, parts of plants and equipment, including basic project design, engineering, preparation of construction drawings, manufacturing, purchase of components, assembly and/or supervision, testing, start-up, installation and commissioning, after sales service and spare parts supply.

The Cannon Group is mainly present in the geographic areas of Europe, the Americas and Asia.

Cannon S.p.A. and its subsidiaries (hereinafter, the Group Companies) consider the rigorous application of current laws and regulations in all countries in which they operate as a prerequisite of their business, and they observe high ethical standards in conducting their daily work: these standards and their inspiring principles are contained in this Code of Ethics.

This Code expresses the commitments and ethical responsibilities taken by those who, in one way or another, collaborate to achieve Cannon S.p.A.'s objectives towards stakeholders related to Cannon S.p.A.'s activities and the Group Companies (directors and employees in Italy and abroad, collaborators, suppliers and customers, equity holders and other third parties involved within the community).

Everyone working and cooperating with Cannon S.p.A., as well as with the Group Companies, the application of the Code is extended to, must act in harmony with the principles contained in this Code of Ethics. Special attention is required from directors and managers, who must guarantee that these principles are constantly applied and must behave in an exemplary manner toward employees and collaborators.

In particular, the internal organization set up by Cannon to comply with the provisions on health and safety in the workplace, environmental protection and safe data processing, is regarded by all of us as an essential tool for achieving corporate objectives and for the image of the Cannon Group (hereinafter Group or Cannon) spread throughout the world.

The Code is available to customers, suppliers and other third parties interfacing with the Group. It is brought to the attention of all those who receive assignments from the Group Companies or with whom they have long-term relationships, by formally inviting them to respect the principles and criteria of conduct in their relationship with Cannon.

This Code of Ethics was approved by the Board of Directors of Cannon S.p.A. in December 2015.

1. THE VALUES OF THE CANNON GROUP

The Cannon Group is based on the following values:

Integrity

Integrity means not only being honest, but also being completely dedicated, at all levels of skill and responsibility, to perform your work with excellence, without distractions and deviations from the tasks assigned according to the Company's objectives.

Independence

Independence from big multinational corporations, banks, shareholder funds and bases that may distract resources or indicate policies other than those defined by the management fully involved in the Company's activity.

The strategy is built from the bottom and not imposed from above, the competence is a basic essential attribute for its formulation.

Internationality

Internationality means to speak our customers' language in every way: mentality, technologies, and needs.

The decision process is produced and shared by the Company's representatives in the various countries, where Cannon is present, to better understand the customers' needs and to competently grasp beforehand developments and opportunities in the global market.

We are present in about 50 countries with a multilingual and multicultural structure.

Innovation

We invest at least 5% of turnover every year in research and development.

Innovation is the continuous research and predisposition to deal with new applications and developments arising from the market: new applications and developments that we believe we can implement, that differ from existing products and generate continuous value for the market and for ourselves as well.

We filed over 400 patents in 50 years.

Not having to constantly worry about short-term profit, Cannon can launch strategies and programs for long-term investments, also taking on the potential risks.

However we all know that generating value also means generating profitability.

"Profitability" for our future, to stay independent, global and innovative, to keep on being based on these principles creating wealth for our business, customers, suppliers and families.

2. PRINCIPLES AND CRITERIA OF BEHAVIOR

2.1 Rejection of Any Discrimination

Cannon avoids any discrimination by age, sex, sexual orientation, health status, ethnic group, nationality, political opinion, and religious belief of any of its business partners.

2.2 Personnel Relationships

Enhancing Human Resources

Cannon regards its human resources as its main capital, therefore the Company invests in personnel training and guarantees a healthy and safe working environment, besides ensuring that its people are involved and responsible for the specific objectives to be achieved.

Therefore in the recruitment selection process appropriate measures are taken to prevent any form of favoritism and partiality, by assessing candidates' attitudes and abilities according to the appropriate profile for the task to be performed.

Employees are hired against regular employment contracts.

Personnel Management

Cannon pays particular attention to individual enhancement and professional growth, purely based on merit, and requires from its employees and collaborators a behaviour aimed at promoting everybody's professional development. The company is committed to protect people's moral integrity, ensuring the right to work conditions respecting their dignity and safety. Everyone must be treated with the same respect and dignity and is entitled to the same opportunities of career and professional development. The company prevents any form of discrimination against its employees, protects them against acts of psychological intimidation, and opposes any discriminatory or aggressive attitude or behaviour hindering a correct working activity.

All Cannon people, in their activities and relations, are asked to respect these principles and to cooperate with Cannon for their protection. Any discriminatory act shall be reported to the Human Resources manager, without fearing any kind of retaliation.

Differences in work treatment are not deemed as discrimination only if they are justified or justifiable on the ground of objective criteria.

Personnel Training

Cannon believes that personnel training is a qualifying value for their activities. The Company dedicates time and resources to achieve the behavioral targets with particular attention to safety and health in the workplace and to the inspiring principles of this Code of Ethics.

Cannon also pursues the objectives of developing specific skills in order to preserve the employees' professional worth. The Company's training plan ensures that each employee receives a proper training when hired and at every following professional step as well. The personnel training for the entire Cannon Group is basically managed by Cannon S.p.A..

Personnel Involvement and Sharing

The Company ensures the personnel's involvement in their working performance, also providing opportunities for discussions and sharing information necessary to achieve the Company's targets.

The Cannon people are invited to share these opportunities with a spirit of cooperation and independent judgment. Listening to different viewpoints, in accordance with the Company's needs, allows to take the final decisions.

2.3 Personnel Duties

All of us at Cannon do accept and share the principles stated in this Code of Ethics and are committed to accomplish the provisions of the Company's policies. In no case pursuing Cannon's interests may justify a conduct not conforming with these principles.

Confidentiality of Company Information

Information, either acquired or generated during Cannon's activities, and know-how forming the corporate assets, must be protected with the utmost confidentiality.

Besides, all of us shall not use any confidential information for purposes not related to our activities.

Incompatibility and Resolution of Conflicts of Interest

All people working or cooperating with Cannon are asked to refrain from taking personal advantage from business opportunities, they might have learnt of while working. They shall inform their respective managers of the various Group Companies about situations or activities concerning either themselves or their close relatives, which are in conflict with the company's interests, or in any other case of recurring relevant reasons to be reported.

All this in accordance with the decisions taken by Cannon S.p.A.

Honesty

All of us at Cannon do refuse and do not make any promise of improper offers of money or other benefits to individuals, public officials, suppliers, customers, companies or any other business partners, that already have or want to set up business relations with Cannon.

Gifts, presents and benefits, offered or received, should be of small value and appropriate, and in any case never to be understood as exceeding the usual commercial or courtesy practices, therefore they should never aim at obtaining improper personal benefits either in favor of third parties or Cannon.

Professional Behaviors

We carry out our work and performances with efficiency and correctness, using working tools and time in the best possible way, taking the responsibilities of our activities, and encourage our professional development as well as the others'.

Measures adopted by all Group Companies as to health and safety in the workplace, data processing and environmental protection are primary duties of all Cannon people and partners, being aware of the negative effects for Cannon and our colleagues caused by their poor management.

Cannon's positive image depends also on the behavior and professionalism of each of us. When doing our work, we are in contact with third parties, we represent Cannon and are therefore witnesses of our Company's principles and image.

Use of Company's Assets

We must work diligently and responsibly to protect our corporate assets. In particular, each of us must carefully and sparingly keep and use any kind of asset, the Companies have given us, and avoid any improper use.

As to information systems, Cannon makes an intensive use of computers and telecommunications networks, we have therefore the responsibility to protect these systems from any inappropriate use, being aware that each one of our devices belongs to a broader system and that our choices may have unwanted side effects.

Therefore each one of us has to:

- respect corporate policies for use and protection of information systems and personal data;
- protect corporate systems from indecent, offensive, inappropriate contents and from other illegal uses;
- refrain from sending threatening or insulting emails or using a vulgar language or making comments that may damage the business image.

2.4 Data Processing and Personal Data Protection

Any personal data and confidential information Cannon collects from customers, suppliers, collaborators, employees and other parties in its activity, are legally acquired and processed in full compliance with the current provisions on data processing (Privacy).

The Group Companies' staff dealing with sensitive and non-sensitive data in their job must always act in accordance with the above regulations and the operating instructions issued by Cannon S.p.A.

2.5 Health and Safety in Workplaces

Cannon is committed to ensuring a working environment protecting the health and safety of all people involved in the Company's activities, and considers this duty also as a productive investment and a growth factor.

Cannon S.p.A. is engaged to spread and consolidate the safety culture in terms of prevention, developing the risk awareness and promoting responsible behaviors by all the people that receive appropriate information and permanent training, with the aim of systematically reducing the people's risks of accidents and occupational diseases.

Cannon S.p.A. established a delegation system within the Group Companies through a structure for distributing tasks and related responsibilities to share the awareness of the decisive importance of maintaining and improving safety in the workplace.

The Company has also set up a central structure for guidance and internal check within the manufacturing centres of the Group. For guidance, because the structure promotes the improvement of an adequate organization system and raises the level of safety and quality culture by issuing guidelines for the Group Companies. For internal checks, because the structure performs intercompany auditing by supervising the effectiveness, adequacy, implementation and compliance with the policy model for health, safety and quality within the Group Companies.

2.6 Product Safety

Group Companies pay particular attention to the product design and manufacturing with regard to the imperative presence of all the essential requirements for workers' safety and health, with absolute respect of European, national as well as technical mandatory guidelines on compulsory labelling in the various destination countries.

2.7 Environmental Protection

Since its release in 1997, Cannon has accepted as its own the spirit and principles of the Kyoto Protocol, so that in the following years it formulated its development strategy according to the need of reducing carbon dioxide emissions in the atmosphere, by designing and producing machines and systems following the basic principles of minimizing the environmental impact and optimizing the use of resources.

Most of our current products and research are based on these principles.

Our present motto is: *"Smart Technology, Save Energy"*.

It is then natural to have a greater sensitivity for the environment in individual behaviors and in the Companies' daily work, which means saving energy, proper waste management and attention to drains and emissions.

2.8 Fairness in Contract Negotiation

Cannon acknowledges the fundamental importance of a competitive market, but is committed to escape taking advantage of situations for lack of proper information or knowledge of its counterparts. The Group Companies shall therefore protect the value of fair competition, refraining from any collusive or predatory behavior or abuse of a dominant position. Therefore all parties, working with Cannon for various reasons, are not allowed to join agreements contrary to the rules governing free competition.

2.9 Industrial and Intellectual Property Protection

Cannon ensures to respect the internal, European and international rules protecting the industrial and intellectual property.

The Cannon people promote, for any purpose and in any form, the correct use of patents, trademarks, brands and all creative intellectual works including computer programs and databases.

2.10 Customer Relationships

Customers have always been the source of two values - two “Is” - Cannon is based upon: Internationality and Innovation.

Since ever we have essentially spoken our customers’ language, we take care of contracts and communications recognizing that customers are our reason for being.

The Group people’s attitude toward customers is based on availability and respect in view of a collaborative and highly professional relationship, offering service, quality and value supported by continuous innovation.

All those signing contracts and any kind of agreements in the name and on behalf of the Group Companies must act with the full knowledge that the agreement invests resources and is a source of responsibility and contractual obligations for the Company.

2.11 Supplier Relationships

Purchasing processes are based on the search for competitive advantage for Cannon and aimed at granting equal opportunities to suppliers, provided they act in compliance with the principles of this Code.

The quality and price of goods or services, the guarantees of prompt support, the past correct behavior, and social and environmental performance are the decisive criteria in selecting suppliers.

Cannon S.p.A. engages to set forth the necessary actions to ensure maximum efficiency and transparency of the purchasing process by adopting objective and documentable criteria in the selection of suppliers, and by ensuring that all offers are impartially examined.

In view of keeping the procurement process in line with the adopted ethical principles, the Group Companies introduce social requirements for special supplies: for example, an environmental management system in addition to an organized worker protection system.

2.12 Accounting and Management Accuracy and Transparency

Cannon S.p.A. ensures maximum transparency of all business management processes, including also a complete accounting information, issued in a clear, thorough and complete way and kept available for possible checks. Supporting documentation must specify the adopted criteria in assessing the economic elements. The correct application of the accounting principles and management rules has only the aim of creating added value and eliminating any hidden losses, depreciation factors and uncontrolled risks. Cannon S.p.A.’s consolidated financial statements and the financial statements of the main Group Companies are subject to an yearly external audit.

2.13 Relations with Public Administrations

Relations with Public, National, or European Administration are managed only by employees delegated by the Group Companies according to the provisions of law and with the utmost transparency and correct behavior.

2.14 Contributions and Sponsorships

Cannon S.p.A. reserves the right to finance or sponsor, through the designated functions in the Company, organizations and associations with high cultural or charitable value to support services and benefits for the community, within the limits of legally allowed amounts, provided that the final allocation of the funds is clear and documented.

2.15 Spreading Information

The Company’s communication with the outside world is based on the respect of the right to information.

Under no circumstances is the disclosure of false or biased news or comments permitted.

All press releases are published on Cannon S.p.A.’s website, in order to ensure maximum access.

To guarantee that the information is complete and consistent, the Companies’ relations with the media are exclusively managed by the relevant designated functions.

3. IMPLEMENTING MECHANISMS OF THE CODE OF ETHICS

3.1 Supervision on Implementing the Code of Ethics

The responsibility of supervising the implementation of the rules of the Code of Ethics applies to all staff functions having relations with the Group Companies, mainly Directors, Board of Directors and Supervisory Body, if any.

3.2 Supervisory Body

Group Companies adopting the model of organization, management and control, according to the relevant provisions of international laws for the Company's protection, have a Supervisory Body.

In addition to legal provisions, this body is responsible for monitoring the observance of the Code of Ethics; it suggests to update the Code also on the basis of received reports; it detects any violation to take the necessary measures; and it expresses binding opinions on updating the most significant policies and procedures, in order to guarantee their consistency with the Code.

3.3 Reporting Problems or Suspected Violations

Any employee who becomes aware or is reasonably convinced of an existing violation of this Code, of the law or of company procedures, has the duty to immediately inform the Supervisory Body, if any, or when missing, the Human Resources Director.

Cannon puts in place the necessary measures to protect from any type of retaliation and to ensure confidentiality without prejudice to legal obligations.

The responsibility of investigating possible violations of the Code of Ethics belongs to the Supervisory Body, if any, or when missing to the Human Resources Director of the Group. As a result any behaviour motivating the application of measures following the violations shall be reported to the management function.

3.4 Measures Following Violations

The provisions of this Code of Ethics are an integral part of the contractual obligations undertaken by the parties having relationships with the Group Companies. The violation of principles and behaviours stated in the Code compromises the trusting relationship between the Company and the infringers, whether they are directors, employees, consultants, collaborators, customers or suppliers.

Any violation by employees will be followed by disciplinary measures according to the rules of the labour contract and the Workers' Statute.

Violations by consultants, collaborators, customers, and suppliers shall set off specific measures, including the termination of contracts.

Moreover, if the conditions for violating the Code of Ethics are met, this may also result in a legal action taken by Cannon or in reporting to the relevant authorities.

3.5 Operating Procedures

In order to prevent violations of the current law and the Code of Ethics, Cannon S.p.A. has adopted procedures to identify the decision-making process, authorize and carry out the operations as well as trace them.

3.6 Dissemination and Communication of the Code of Ethics

Cannon S.p.A. and the Group Companies are committed to disseminate the Code of Ethics by using appropriate means of communication and business tools, including the website www.cannon.com, information meetings and personnel training starting from hiring. The Group Companies' management is available for any clarification and explanation regarding this Code of Ethics.