



Content

FOREWORD	2
1. FIELD OF APPLICATION AND RECIPIENTS	2
2. GENERAL PRINCIPLES, PRINCIPLES OF CORPORATE RESPONSIBILITY AND CODE OF CONDUCT FOR MANAGING BUSINESS	2
2.1 General Principles	2
2.2 Principles of Corporate Responsibility.....	3
2.3 Code of Conduct for managing business	3
3. RELATIONS WITH THE PUBLIC ADMINISTRATION.....	4
4. DONATIONS AND ACCEPTANCE OF GIFTS OR OTHER BENEFITS	4
5. ADMINISTRATIVE MANAGEMENT AND ACCOUNTING	4
6. DILIGENCE IN THE USE OF PACO'S ASSETS	5
7. PROTECTION OF COMPUTER TOOLS.....	5
8. HUMAN RESOURCES.....	5
8.1 Selection of personnel	5
8.2 Employment relations, management and development of human resources	5
8.3 Health and Safety at work	5
9. DISSEMINATION OF THE CODE OF ETHICS	5
10. APPLICATION OF THE CODE OF ETHICS.....	5
11. VIOLATION OF THE CODE OF ETHICS AND CONSEQUENCES.....	6

FOREWORD

The purpose of this Code of Ethics is to formalise the principles of conduct that the PACO Group (Paul GmbH & Co. KG, Paul & Co Herolz GmbH, HETA Verfahrenstechnik GmbH (hereinafter "PACO"), since its establishment, has considered to be of primary importance, basing its activities on transparency and correct conduct towards all stakeholders. Through this Code of Ethics PACO aims to underline the principles and code of conduct that has traditionally guided its business.

With reference to the specific provisions of German law, this Code of Ethics introduces binding rules and principles for PACO for the purpose of reasonably preventing the crimes referred to in German law. Compliance with the principles contained in this Code of Ethics is required from all those who in any capacity may collaborate in PACO's activities.

1. FIELD OF APPLICATION AND RECIPIENTS

The principles laid down in this Code are binding for:

- » the PACO's Directors and Auditors;
- » the employees of PACO;
- » the collaborators (including temporary staff and contracted workers);
- » external consultants, suppliers, customers, agents, subcontractors and all parties working in the name of or on behalf of PACO according to a formal mandate.

All these categories (hereinafter the "Recipients") are bound to comply with the provisions of this Code, and their own behaviour shall conform thereto.

2. GENERAL PRINCIPLES, PRINCIPLES OF CORPORATE RESPONSIBILITY AND CODE OF CONDUCT FOR MANAGING BUSINESS

2.1 General Principles

PACO inspires to the following fundamental values:

a) Long-term outlook

In order to guarantee the long-term success and development of the business, through continuous technological evolution and the adaptation of its products and services to the international markets, PACO is committed to creating the conditions to supply its products at profitable prices in a long-term perspective, paying constant attention to profitability levels in order to guarantee growth, investment capacities, financial autonomy and employment.

b) Coherence

In accordance with what is stated in point a), PACO adopts internal operational models and external systems of relations to facilitate the construction of long-lasting relations of mutual trust and collaboration, in order to foster business development and the achievement of medium and long term results.

c) Transparency

PACO promptly informs its collaborators and principal stakeholders of the most important company developments.

d) Correctness, credibility and legality

Mutual correctness in collaboration with business partners is a 'conditio sine qua non' for PACO. The underlying criterion of PACO is to promise only what it can maintain.

The Directors, employees and collaborators are committed to diligently performing their own tasks, working in the exclusive interests of PACO and pursuing the objectives of effectiveness and efficiency, fully aware that ethical conduct is of key importance to PACO and therefore any behaviour that is contrary to the laws in force or the provisions of this Code of Ethics will not be tolerated.

e) Environmental Responsibility

PACO is aware of the importance of its external context, also in environmental terms. PACO is therefore committed to ensuring that the plants, production processes and materials consider the developments in research and the best environmental practices, in order to respect the territory in which it works, to prevent pollution and to protect the environment and the landscape.

2.2 Principles of Corporate Responsibility

PACO considers it a priority to pursue its objectives while keeping social factors in due consideration. The principles of Corporate Responsibility adopted by PACO are based on the 10 constituent principles of the "United Nations Global Compact", the UN protocol for the respect of human rights, labor, the environment and fighting corruption in business.

2.3 Code of Conduct for managing business

a) Conformity with legislation

PACO works in compliance with the laws and regulations in force in the countries where it does business; these include taxation laws, worker health and safety, environmental protection, the protection of intellectual and industrial property rights and the competition and anti-trust rules, and PACO demands the same compliance from its stakeholders where applicable.

b) Confidentiality

PACO ensures the confidentiality of the information in its possession and abstains from seeking reserved information, without express and aware authorisation and in any case in compliance with the laws in force. It also undertakes to protect all data acquired, stored and processed as part of its management activities, in full compliance with the Privacy laws.

c) Quality of external communication

External communication and disclosure of information and data concerning PACO is reserved exclusively for the appointed functions. Communication activities are performed in a clear, transparent and accurate manner, in compliance with the law.

d) Protection of industrial and intellectual property rights

PACO works in full compliance with the industrial and intellectual property rights of third parties and with all laws, regulations and conventions, also within the European and/or international fields, in order to protect such rights.

e) Commitment against fraud and forgery

PACO is vigilant and works continuously to fight against falsification and fraud of documents (e.g. work orders, certificates, data sheets, records).

f) Relations with customers

Relations with Customers are pursued in order to establish solid and long-lasting business relations, through the full satisfaction of customer needs, without prejudice to the application of the principles of correctness, professional conduct and transparency underlying this Code of Ethics. Customer communications are based on accuracy, clarity, completeness and timeliness, in order to allow customers to take aware decisions.

g) Relations with suppliers

Suppliers are chosen according to objective criteria and assessments, based on competitiveness, quality, reputation and prompt service. Using specific notifications, PACO requests its suppliers to ensure compliance with PACO's *Code of Conduct for Suppliers* which is accessible on PACO's website.

h) Relations with external consultants, agents and other collaborators

Within its relations with external consultants, agents and other collaborators, the relative Company Functions are required to identify persons of proven professional qualification and reputation, establishing transparent relations through the monitoring of the added value of such professional relationships. Consultants, agents and collaborators are required to comply with the principles of this Code of Ethics.

3. RELATIONS WITH THE PUBLIC ADMINISTRATION

In its relations with the Public Administration (hereinafter PA) or with parties appointed to manage public services, the involved company functions are bound to strictly comply with all legal provisions and may not in any way compromise the integrity and reputation of PACO. The assumption of commitments and the management of relations with the PA are reserved exclusively for the authorised company functions, in compliance with internal powers of attorney.

4. DONATIONS AND ACCEPTANCE OF GIFTS OR OTHER BENEFITS

It is forbidden to offer or give, directly or indirectly, money, gifts or other benefits of any nature whatsoever to managers, officers or employees of customers, suppliers, external consultants in order to influence them in the performance of their duties and/or to obtain unfair advantage.

Acts of commercial courtesy are permitted provided they are of modest value or in any case do not compromise the integrity or reputation of either of the parties, and cannot be interpreted as a means of acquiring unfair advantages. Directors, employees and collaborators are forbidden from accepting gifts or any other form of benefit, for themselves or for others, even on festive occasions, with the exception of gifts of modest value within normal and correct relations of courtesy or which in any case do not compromise the integrity and reputation of either of the parties.

5. ADMINISTRATIVE MANAGEMENT AND ACCOUNTING

PACO complies with the laws and generally all legislation governing the drafting of financial statements and mandatory administrative documentation. The accounting records shall be kept in an accurate, complete and prompt manner, in compliance with PACO's accounting procedures, in order to produce a truthful representation of PACO's assets and financial situation as well as its business management. The accounting system is based on the generally accepted accounting principles and faithfully and systematically represents PACO's management. For all accounting records, appropriate supporting documentation is kept in order to trace the motivations for every operation and the relative authorisation process. The supporting documents must be readily available and easy to consult. In particular, the auditors must have free access to the data, documents and information necessary for the performance of their activities.

6. DILIGENCE IN THE USE OF PACO'S ASSETS

All Recipients are bound to work with the required and necessary due diligence in order to protect all (tangible or intangible) company assets, avoiding all improper use which may damage or in any way be contrary to the interests of PACO. The use of company resources (premises and equipment) is not permitted for purposes other than those inherent to their own working relationship with PACO. All use of company assets that may be contrary to the laws in force is strictly forbidden.

7. PROTECTION OF COMPUTER TOOLS

All Recipients shall strictly comply with PACO's procedures and policies concerning computer security and shall use PACO's resources – including personal computers, telephones and the like – in compliance with the aforementioned procedures and policies, avoiding any forms of conduct which could compromise the operations and the protection of PACO's computer system.

8. HUMAN RESOURCES

8.1 Selection of personnel

Candidates are assessed according to their professional profiles and their coherence with the specific requirements of PACO, respecting the principles of equal opportunities. Information requested during interviews shall be strictly linked to assessing the personal and professional profile being sought.

8.2 Employment relations, management and development of human resources

Staff are hired with a regular contract of employment; all forms of illegal work will not be tolerated. On employment, all workers receive precise information concerning the contractual, regulatory, procedural and salary aspects of their employment relationship; they are provided with instructions concerning safety at work and medical check-ups, coherently with the laws governing the job description in question. PACO avoids all forms of discrimination towards its employees and collaborators. Within the staff management and development processes, all decisions are taken exclusively according to merit. Appointment to roles of responsibility is based on company needs, as well as the effectively demonstrated skills and competences; performance is assessed formally, involving the line managers.

8.3 Health and Safety at work

Since its establishment, PACO has been committed to building a culture of safety, raising awareness on the risks and developing knowledge and respect for the prevention and protection laws in force, fostering and demanding responsible conduct by all employees and collaborators. PACO's activities are therefore performed in full compliance with the safety and environmental laws in force, aiming to improve the health and safety conditions at work.

The fundamental principles underlying PACO's decisions in the field of health and safety at work are: careful assessment of the risks that cannot be avoided; planning prevention activities, intervening with the required investments and providing information and continuous training to workers; internal appointments of responsibility to tackle every risk at source, in all specific company premises.

9. DISSEMINATION OF THE CODE OF ETHICS

PACO undertakes to foster appropriate knowledge of its Code of Ethics, disseminating it among the Recipients through specific information and communication initiatives.

10. APPLICATION OF THE CODE OF ETHICS

Human Resources is responsible for monitoring the compliance with this Code of Ethics. Within their own departments and in their relations with stakeholders, the Function Managers are in turn responsible for fostering behavior that is in line with the Code of Ethics, reporting any violations to the top management.

Human Resources is responsible for suggesting any updates and integrations to the Code, as a consequence of variations to the context, the referred legislation and the organisation. Moreover, it will receive and assess all reports of violations; it will draft proposals for the adoption of any measures in the case of confirmed violation by employees or collaborators; it will provide clarifications on the application of the Code.

11. VIOLATION OF THE CODE OF ETHICS AND CONSEQUENCES

The principles and code of conduct defined in this Code constitute the foundations for compliance by all Recipients. In particular, for employees it shall be considered to all extents and purposes part of the obligations imposed by the contract of employment. Violation may therefore be deemed to be a breach of contract, and if the terms exist, as a reason for disciplinary proceedings, with all relative legal and contractual consequences; it may also lead to the demand for compensation for any damage caused. For all other Recipients, the violation of the Code of Ethics may equally be deemed to be a breach of contract, with all legal consequences including termination of the contract or the appointment, and may equally lead to the demand for compensation for any damage caused.