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ISO 9001:2015 CERTIFIED

## **Code of Ethics for the purposes of Legislative Decree. 231/2001**

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## **PREMISE**

On 8 June 2001, Legislative Decree no. 231 (hereinafter referred to as the "Decree"), which entered into force on 4 July 2001, with which the Legislator implemented into our legal system, as established in the international conventions regarding the liability of legal entities.

The Decree introduced a regime of administrative liability for entities that adds to the criminal and civil one of the natural person who committed the crime. Prediction of the administrative responsibility referred to in the Decree involves, in the repression of offences penalties expressly provided for therein, the entities that have derived an interest or advantage from commission of the crime.

The organization is not held responsible for the commission of such crimes, if it proves that it has adopted and effectively implemented, before the commission of the crime, a "Model of organization, management and control" suitable to prevent crimes of the type that occurred. The Model consists of a set of control procedures and rules, to which they will have to comply with company functions in carrying out activities.

Essential element of the "Organization, management and control model pursuant to Legislative Decree. 231/01" is the present "Code of Conduct" (hereinafter "Code").

This Code of Conduct, approved by the Khatod Board of Directors Optoelectronic srl (hereinafter "the Company"), in the meeting of 09/30/10, is aimed at regulating and check in advance the behaviors that the Recipients of the Code are required to do respect so that:

- I. the economic activity of the Company is inspired by compliance with the law;
- II. the diffusion of the culture of legality is ensured also through the promotion of training and information activities;
- III. every activity is carried out with transparency, loyalty, correctness, integrity and rigor professional;
- IV. the commission of illicit acts and crimes is avoided and prevented, with particular reference to those provided for by Legislative Decree no. 231/2001 and subsequent amendments.

This Code of Conduct is adopted in full compliance with the provisions of the Legislative Decree 231/2001.

## **1. GENERAL PRINCIPLES**

### **1.1 RECIPIENTS AND AREAS OF APPLICATION**

The Code of Ethics is binding and applies to Directors, Managers and Employees of the Company, wherever they operate, both in Italy and abroad, as well as to external collaborators and consultants who act in the name and/or on behalf of the Company.

Customers, suppliers and suppliers are also required to comply with the provisions of this document anyone else who has dealings with the Company.

The members of the Board of Directors and the supervisory bodies, in the exercise of their responsibilities functions, are inspired by the principles of the Code. Managers must give substance to the values and principles of the Code, taking charge of the responsibility internally and externally and strengthening trust, cohesion and spirit of group. All employees of Khatod Optoelectronic Srl and other subjects who work to achieve it of its objectives, in addition to respecting the laws and regulations in force in the various countries in which it operates, they will adapt their actions and behaviors to the principles, objectives, and commitments provided for by the Code.

### **1.2 COMMITMENTS OF KHATOD OPTOELECTRONIC**

Khatod Optoelectronic will ensure:

- dissemination of the Code to all employees, other collaborators, Customers, Suppliers and all those who have relationships with the Company;
- the adaptation of the contents of the Code to regulatory evolution;

- carrying out checks following any news of violation of the rules of the Code;
- the implementation of sanctioning measures in the event of a confirmed violation;
- that no one can suffer retaliation for providing information on possible violations;
- Work to ensure that employees understand that compliance with the rules herein Code constitutes an essential part of the quality of work performance.

### **1.3 OBLIGATIONS OF EMPLOYEES AND MANAGERS**

Khatod Optoelectronic employees and managers have the obligation to:

- know the precepts contained in this Code;
- refrain from behavior contrary to these precepts;
- contact your superiors for any necessary clarification on the methods of application of the same;
- promptly report any news of violation of this Code to superiors and any request made to them to violate it;
- collaborate in verifying possible violations;
- furthermore, managers must represent, with their behaviour, an example for others other employees.

### **1.4 IMPLEMENTATION AND CONTROL**

The General Director and the CEO of the Company will ensure correct compliance implementation of the Code and will monitor its application.

Furthermore, the Company has established the Supervisory Body pursuant to art. 6 Legislative Decree 231/01. This body is equipped with autonomous powers of initiative and control and has the task of supervising the functioning and observance of the "Organization, management and control model pursuant to Legislative Decree. 231/01", including the Code of Conduct, ensuring that it is updated.

### **1.5 CONTRACTUAL VALUE OF THE CODE**

Compliance with the rules of this Code must be considered an essential part of contractual obligations of Khatod Optoelectronic employees pursuant to and for all purposes of art.21041 of the civil code. Violation of the provisions of the Code may constitute failure to fulfill the primary obligations of the employment relationship or disciplinary offence, with any consequence of the law, also with regard to the preservation of the employment relationship and may result in compensation for damages arising therefrom.

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Art 2104 c.c. "Diligence of the employee": The employee must use diligence required by the nature of the service due, by the interests of the company and by the higher interests of national production. He must also observe the provisions for execution and for work discipline imparted by the entrepreneur and his collaborators on whom he hierarchically depends.

## **2. BEHAVIOR IN BUSINESS**

### **2.1 GENERAL RULES**

Khatod Optoelectronic employees and external collaborators, when their actions are reportable to Khatod Optoelectronic, will have to maintain business relationships inspired by the principles of loyalty, correctness, transparency and efficiency. Corruption, illicit payments and actions are prohibited collusive.

Khatod Optoelectronic has as its essential principle respect for laws and regulations current regulations, therefore:

- every employee of Khatod Optoelectronic is committed to complying with these laws and regulations;
- Khatod Optoelectronic employees must be aware of the laws to which they they must adapt their behaviors.
- consultants, suppliers, customers and anyone dealing with Khatod Optoelectronic shall conform to these behaviors.

Every operation and transaction carried out or put in place for the benefit of the Company or in its interest must be inspired by maximum correctness from a management point of view completeness and transparency of information, to legitimacy from a formal and substantial point of view and to clarity and truth in accounting records, according to current regulations and procedures adopted by Khatod Optoelectronic and must also be subject to verification.

No form of gift that could reasonably be construed as a gift is permitted exceeding normal commercial or courtesy practices, or in any case aimed at acquiring preferential treatment in the conduct of any activity connected to Khatod Optoelectronic.

In particular:

- any form of gift to Italian or foreign public officials, or to them, is prohibited family members, which may influence their independence of judgment or lead them to insure a any advantage. It should be noted that a gift means any type of benefit (promise of a job offer, whether subordinate or in the form of consultancy, provision of services, travel etc.);
- acts of commercial courtesy, gifts or forms of hospitality are permitted if they are modest value and such that they cannot be interpreted as aimed at acquiring advantages in any way improper.

- gifts given or received, which do not fall within normal customs, must be documented adequately and communicated to the Supervisory Body.

When conducting any activity, situations where the subjects involved must always be avoided in transactions are, or may be, in conflict of interest.

Anyone who finds themselves operating in a conflict of interest is required to immediately communicate it to the Supervisory Body.

## **2.2 RELATIONS WITH THE PUBLIC ADMINISTRATION**

It is not permitted to carry out activities, in any form, which have an illicit effect conditioning of the Customer.

In the relationships that each employee maintains, including through third parties, with the public sector Administration the following principles must be respected:

- when participating in public tenders or in the case of other relationships with one public administration, it is necessary to always operate in compliance with the law and correct commercial practice, with the express prohibition of engaging in conduct that, for example bring an advantage to the company, or pursue an interest of the same, are such as to be integrated type of crime;
- It is not permitted, neither directly, nor indirectly, nor through intermediaries person, offer money, gifts or compensation, in any form, or engage in illicit activities pressure, nor promise any object, service, performance or favor to managers, officials or employees of the Public Administration or their relatives or cohabitants for induce them to carry out an act of their office or omit or delay or carry out an act contrary to their duties to the duties of their office, in the interest or advantage of the Company;
- It is not permitted to submit untrue statements to national public bodies or community in order to obtain public grants, contributions or subsidized financing, or, in any case, in order to obtain any financial advantage or for obtain concessions, authorisations, licenses or other administrative acts;
- It is forbidden to allocate sums received from national or community public bodies to title of disbursements, contributions or financing, for purposes other than those for which they were intended assigned;
- It is forbidden to alter the functioning of a proprietary IT or telematic system of the Public Administration or manipulate the data contained therein in order to obtain a unfair profit causing damage to the Public Administration itself.

## **2.3 CONTRIBUTIONS AND SPONSORSHIPS**

The Company may accept requests for contributions limited to proposals coming from institutions and non-profit associations, which are regularly constituted, have a cultural value or beneficial and which are both local and national in scope. Sponsorship activities, which may concern social, environmental and sports, entertainment, music and art are intended only for events that offer guarantees of quality or for which the Company can collaborate in the design, in order to guarantee it originality and effectiveness. In any case, in choosing the proposals to adhere to, the Company pays particular attention to any possible conflict of interest of a personal or corporate nature (for example, relationships of kinship with the interested parties or links with bodies that can, for the tasks that carry out, favor the Company's activity in

some way). All initiatives must, however, be supported by adequate documentation and must be legitimate and transparent initiatives.

## **2.4 RELATIONSHIPS WITH CUSTOMER**

In relations with customers, Khatod Optoelectronic employees are obliged to:

- to provide quality services with efficiency and courtesy, within the limits of the contractual provisions in line with the customer's reasonable expectations;
- to provide accurate, comprehensive and truthful information relating to the services provided in such a way to allow the customer to make informed decisions.
- to act in compliance with laws and regulations without abusing their qualifications and with impartiality and transparency.

## **2.5 RELATIONSHIPS WITH SUPPLIERS**

In dealing with suppliers of products and services, Khatod Optoelectronic employees must:

- Select suppliers based on objective criteria such as price and quality of service;
- Observe the contractual conditions and legal provisions;
- Maintain relationships in line with good commercial practices.
- Act in compliance with laws and regulations without abusing your qualifications and with impartiality and transparency.

## **3. RELATIONS WITH THE JUDICIAL AUTHORITY**

It is forbidden to exert pressure of any nature on the person called upon to render declarations before the judicial authority, in order to induce it not to make declarations or to make false statements. It is forbidden to help anyone who has committed a criminally relevant act to evade the investigations by the authority, or to avoid investigations by the latter.

## **4. PUBLIC SURVEILLANCE AUTHORITIES**

Carry out all required communications promptly, transparently, truthfully and completely by law towards the Public Supervisory Authorities to which Khatod is subject Optoelectronic, not operating any obstacle to the exercise of the functions of the aforementioned Authorities.

In particular, it is prohibited to:

- carry out the communications required by law, as well as the transmission of data e documents specifically requested by the aforementioned Authorities with content contrary to the the aforementioned obligation of timeliness, transparency, truthfulness and completeness;
- engage in any behavior that is an obstacle to the exercise of the functions part of the public supervisory authorities, also during inspections (speculative waste, obstructive behavior or non-cooperation);
- omit the communications due to the aforementioned Authorities.

## **5. ACCOUNTING, CORPORATE COMMUNICATIONS, OTHER CORPORATE OBLIGATIONS, INTERNAL CONTROL**

### **5.1 TRANSPARENCY OF ACCOUNTING AND SOCIAL COMMUNICATIONS**

Every operation and transaction carried out in Khatod Optoelectronic must be done correctly registered. Each operation must be supported by adequate documentation, so as to be able to carry out checks that certify the characteristics and reasons of the operation itself and identify who authorized, carried out, registered and verified it operation. The financial statements, reports and corporate communications required by law must be drawn up, in observance of the code rules and accounting principles, with clarity and transparency and represent the company's equity and financial situation correctly and truthfully. All Khatod Optoelectronic personnel involved in the process must:

- provide clear and complete information;
- ensure the accuracy of data and processing;
- report the presence of conflicts of interest.
- Do not interfere, in any way, with the content of the relationships or communications of

responsible for auditing influence their independence.

- Do not prevent or hinder the regular carrying out of the activities of the corporate bodies, of auditors and the partner, collaborating, where required, in carrying out any form of control and review of corporate management, provided for by law. In particular, it is prohibited, through the concealment of documents or the use of other fraudulent means, to engage in conduct that prevent or otherwise hinder the performance of the control or audit activity legally attributed to the shareholder, the board of statutory auditors or the auditing firm. The reports, communications and deposits with the Companies Register, which are mandatory for the Company, must be carried out by the subjects identified by the law in a timely and truthful manner and in compliance with current regulations.

## **5.2 CONFLICT OF INTEREST**

The directors must comply with the obligations established by article 2391, first paragraph, of Civil Code. The administrator, who in a given transaction has, on his own behalf or on behalf of third parties, interests in conflict with those of the company, must inform the other directors and others board of auditors, specifying its nature, terms, origin and scope; if it comes to CEO must also refrain from carrying out the operation, investing the collegiate body itself.

## **5.3 OTHER CORPORATE OBLIGATIONS**

### **5.3.1 CAPITAL OPERATIONS**

- It is forbidden, even through disguised conduct, to return the contributions made by shareholders or free them from the obligation to carry them out, except in cases of legitimate reduction of the share capital;
- it is forbidden to distribute profits or advances on profits not actually achieved or allocated to reserves or distribute unavailable reserves;
- it is forbidden to carry out reductions in the share capital, mergers or demergers in violation of the legal provisions to protect creditors;
- It is forbidden to fictitiously form or increase the capital of companies through attribution of shares or quotas for a sum lower than their nominal value, subscription reciprocal of shares or quotas, significant overvaluation of contributions of goods in kind or of credits, or the assets of the companies in the event of transformation;
- it is forbidden to carry out any kind of illicit transaction on company or company shares or quotas parent company;
- any type of operation that could cause damage to creditors is prohibited;
- any undue distribution of company assets by the liquidators is prohibited.

### **5.3.2 VOTES IN THE MEETING**

It is forbidden, with simulated or fraudulent acts, to determine fictitious majorities in company meetings.

## **5.4 INTERNAL CONTROLS**

Khatod Optoelectronic spreads a mentality oriented towards control activities at all levels contribution it gives to improving efficiency.

By internal controls we mean the tools necessary to direct, manage and verify the activities of each individual company function with the aim of ensuring compliance with the law and business procedures, protect the Company's assets, efficiently manage its activities and provide accurate and complete accounting data.

The responsibility for creating an effective internal control system is common at every level of the organizational structure. Therefore all employees of Khatod Optoelectronic, within the scope of functions performed, are responsible for the definition and correct functioning of the system control and for no reason will they be induced to carry out or omit acts in violation of the their professional obligations and contrary to the interests of the Company.

To this end and, from an organizational guarantee perspective, the Company ensures redistribution internal nature of the work such as to ensure that:

- there is an adequate level of segregation of responsibilities, for which the implementation of

each process requires the joint support of different company functions;

- all actions and operations of Khatod Optoelectronic have a record adequate and it is possible to verify the decision-making, authorization and progress;
- each operation has adequate documentary support in order to proceed any time to carry out checks that certify the characteristics and motivations of the operation and identify the subjects who authorised, carried out, registered and verified the operation itself;
- all internal documentation is kept accurately, completely and promptly in compliance with company procedures.

All employees involved in accounting records must ensure maximum collaboration, the completeness and clarity of the information provided, as well as the accuracy of the data and information processing.

## **6. HUMAN RESOURCES**

In compliance with the Conventions of the International Labor Organization, Khatod Optoelectronic is committed to:

- to respect fundamental human rights;
- the prevention of child exploitation;
- not to use forced labor or labor performed in conditions of slavery or servitude.

Khatod Optoelectronic therefore demands that it does not come into internal and external working relationships given rise to reduction or maintenance in a state of subjection through violence, threats, deception, abuse of authority, taking advantage of a situation of physical or mental inferiority or of a situation of need or through the promise or giving of sums of money or others advantages to those who have authority over the person. Khatod Optoelectronic makes information and training tools available to all staff, with the aim of enhancing specific skills and professionalism and reserves one particular attention to the training of both newly hired staff and existing staff operational in the company. The personnel, where the conditions set out in the previous provisions are met and in any other case in where there are reasons of expediency and convenience, abstains by informing, without delay, the his direct superior. The staff, without prejudice to what is dictated by the contractual rules on the subject, must not hire external assignments in companies or commercial enterprises whose interests are directly or even solely potentially conflicting or interfering with those of Khatod Optoelectronic and, in any case, not accepts collaboration assignments with people or organizations who have, or have had in the previous two years, an economic interest in decisions or activities relating to the office.

For the purposes referred to in the previous paragraphs, the staff of Khatod Optoelectronic to allow the assessment of any incompatibilities, informs the direct superior of activities and tasks assigned to him entrusted or otherwise attributed. The staff does not accept salaries or other benefits from parties other than Khatod Optoelectronic services to which he is required in carrying out his official duties. The staff does not ask their direct superiors to assign paid roles.

## **7. DISPOSIZIONI IN MATERIA DI IMMIGRAZIONE CLANDESTINA**

The company undertakes, in compliance with the relevant regulatory provisions

2, not to establish no employment relationship with individuals without a residence permit

3 and not to carry out any activity aimed at encouraging the illicit entry into Italy of illegal immigrants.

2 The matter in question is regulated by the "T.U. of the provisions concerning the discipline of immigration and rules on the conditions of foreigners" adopted with legislative decree 25/July/1998, n. 286, modified with law. 30/July/2002, n. 189, as amended by art. 5 l. 30/July/2002, n.

189.

3 Art. 5 Legislative Decree 25/July/1998, n. 286. We also note the approval, on 12/10/2006, of a bill containing "Provisions regarding combating and aiding and abetting immigration clandestine".

## **8. FALSIFICATION OF BANK NOTES, COINS, PUBLIC CREDIT CARDS, STAMPS AND WATERMARKED PAPER**

It is forbidden to counterfeit, put into circulation (buying and/or selling) banknotes, coins, public credit cards, revenue stamps and watermarked paper. Anyone who receives false or stolen banknotes or coins or



public credit cards as payment must inform their superior and the person in charge of the Supervisory Body, so that they can make the appropriate reports.

#### **9. MANAGEMENT OF MONEY, GOODS OR OTHER UTILITIES**

It is forbidden to replace or transfer money, goods or other benefits resulting from crime; or carry out other operations in relation to them, to hinder the identification of their criminal origin. It is also forbidden to use the assets in economic or financial activities.

#### **10. ASSOCIATION CRIMES**

Three or more people are prohibited from associating in Italy or abroad with the aim of committing more crimes, including mafia-type crimes or aimed at smuggling foreign manufactured tobacco or trafficking illicit use of narcotic or psychotropic substances or illegal immigration.

#### **11. ENVIRONMENT, SAFETY AND HEALTH OF WORKERS**

Environmental protection and the safety and health of workers are at the top of the priorities of Khatod Optoelectronic.

The Company undertakes, within the limits of the provisions of current legislation on the matter, to maintain a safety-conscious work environment and equip employees, depending of the activity carried out, of all the suitable and necessary equipment to protect them from any risk or danger to their integrity.

To this end, the Company is required to inform all employees of the conditions imposed by law, as well as the practices and procedures adopted by it regarding safety and health.

The employees, in turn, undertake to respect the conditions imposed by law and by all practice and procedure adopted by the Company. The Company will also maintain its facilities, offices and operating systems in such a manner as to comply with all safety standards.

Finally, Khatod Optoelectronic will carry out periodic audits and checks to ensure that all security measures are effectively implemented and respected, as well as will ensure intervene promptly where corrective measures are necessary. Employees, in any case, have the obligation to report any matters to the designated manager action or condition that does not comply with safety. Any form of retaliation against those employees who, in good faith, raise safety and health issues. Furthermore, the Company will operate in such a way as to preserve and protect the environment, respecting all environmental legislation, as well as any further provisions and procedures adopted by the Company itself.

To this end, Khatod Optoelectronic undertakes to:

- evaluate and manage the environmental risks associated with all aspects of its business;
- promptly correct conditions that threaten the environment;
- carry out the relevant audit activities and periodic checks.

Employees, in turn, have the obligation to report any matters to the designated manager event that may constitute an environmental risk.

#### **12. PROHIBITION OF POSSESSION OF PORNOGRAPHIC MATERIAL**

It is absolutely forbidden to possess and/or use in the interest or to the advantage of the Company, in its premises, warehouses, appurtenances, or in any other place that is in any case within the reach of Attributable company, pornographic material or virtual images<sup>4</sup> created using images of minors under the age of eighteen. <sup>4</sup> Virtual images mean images created with non-graphic processing techniques associated in whole or in part with real situations, whose quality of representation makes it appear as real situations not real.

#### **13. RELATIONS WITH THE PRESS AND OTHER MEANS OF MASS COMMUNICATION**

The Company addresses the press and mass media solely through corporate bodies and corporate functions delegated thereto, in an attitude of maximum correctness, availability and transparency, in compliance with the communication policy defined by the Company.

Recipients are required not to provide information to media outlets without having been informed specifically and previously authorized by the competent functions.



In any case, information and communications relating to the Company and intended externally, they must be accurate, truthful, complete, transparent, and consistent with each other.

#### **14. USE OF COMPANY ASSETS**

In order to protect company assets, every employee and collaborator is required to operate with diligence, through responsible behavior in line with operating procedures prepared for their use, precisely documenting their use. Each employee and collaborator must:

- use the goods entrusted to it scrupulously and sparingly;
- avoid improper use of company assets, which could cause damage
- reduce efficiency, or otherwise be in conflict with the company's interests;
- everyone must feel responsible custodian of the assets of Khatod Optoelectronic, no employee may make improper use of such assets;
- each employee and collaborator are responsible for protecting the resources entrusted to him and has the duty to promptly inform his manager of any events harmful to the Company.

#### **15. FINAL PROVISIONS**

Any changes to this Code of Conduct will be approved by the Board of Administration. The personnel function ensures that all employees are informed of the contents of this Code of Conduct, which will be adequately publicized, also pursuant to and for the purposes of article 7 of law 20 May 1970 n. 300. Each member of the Company's Board of Directors as well as each collaborator and/or external consultant, must sign the Code for acceptance at the time acceptance of the position or the stipulation of the relevant collaboration contract. In the towards the latter subjects the contents of this Code of Conduct must be made to assume a specific contractual obligation, providing for the right to terminate the contract itself if this Code of Conduct is violated.