

Citarieffe srl

CODE OF ETHICS



INTRODUCTION

Citiefte operates in the field of manufacturing and sale of precision machined parts, in particular in the sector of orthopaedic and trauma surgery and in other related medical fields.

The Company also carries out scientific, technological and economic research, also for third parties, in order to identify new products, new technologies and new processes, particularly in the orthopaedic surgery sector.

In its specific areas of expertise, Citiefte is geared to develop and register patents, provide consultations and technical-scientific assistance. It fulfils the role of coordinator, facilitating relations between the various Italian and international research centres.

In conducting its day-to-day business, Citiefte is firmly committed to abiding by the ethical principles set out in this document, which it deems essential for achieving greater success in business and for maintaining a reliable and transparent corporate image.

This document, entitled "Code of Ethics", approved by the Board of Directors on 13/07/2010, is intended to establish the rights, duties and responsibilities acknowledged by the Company with regard to the various stakeholders with whom it interacts on a daily basis.

All those who work for Citiefte must be guided in their conduct by the various principles set out in this document and no behaviour in breach of said principles will be justified, even if motivated by the intention to act in the best interests of the Company.

The Code of Ethics is not intended to be an immutable document. The Company undertakes to revise and update it in the event of changes in the corporate organisation, the field in which it operates or in current regulations.

The provisions set out in the Code of Ethics are an integral part of the contractual obligations of employees pursuant to article 2104 of the Italian Civil Code.

All employees are required to familiarise themselves with the content of the Code of Ethics.

The adoption of certain specific behaviours, particularly with regard to relations with the Public Administration, is a clear expression of Citiefte's commitment to preventing such conduct as punishable under Italian Legislative Decree n. 231 of 8th June 2001 (governing the administrative liability of legal entities for offences).

This Code of Ethics is largely inspired by the principles of the Code of Ethics of ASSOBIOMEDICA.

1. GENERAL PRINCIPLES

Citiefte, in conducting its business, conforms to and upholds the principles of legitimacy, loyalty, propriety and transparency, values deemed essential for the success of the Company.

For Citiefte, the principles of legality, fair competition, honesty, moral integrity, transparency, reliability and a sense of responsibility represent behaviours that characterise the Company,

shaping conduct both in internal relations and in interaction with the outside world.

The directors, employees, partners and collaborators of the Company, as the intended recipients of this Code of Ethics, are required to abide by such principles, which should guide their everyday conduct, so that they become a means of providing assurance and reliability, all to the considerable advantage not only of the Company but of the wider community too.

All those who collaborate in various capacities with Citieffe are required to observe the provisions set out in this Code of Ethics to the extent said provisions apply to them and must also conduct themselves in an ethical manner, during and outside of working hours, in relations with colleagues, clients, suppliers and public institutions.

Citieffe undertakes to provide suitable information through the most appropriate channels. In addition, the Company ensures a suitable programme of training and ongoing promotion of awareness of issues related to the Code of Ethics.

The Code, formally adopted by the Company's board of directors, is also intended to introduce and make binding within the Company the principles and rules of conduct for the reasonable prevention of crimes indicated in Italian Legislative Decree n. 231 of 8th June 2001 governing the administrative liability of legal entities for offences.

Legality

Citieffe operates in full compliance with the laws and regulations in force within the national boundaries where it conducts its business.

The requirement to comply with regulations extends to any and all persons operating on behalf of or in the name of the Company.

No behaviour in breach of the provisions of the law will be accepted or justified, even if motivated by the intention to act in the best interests of the Company.

Confidentiality

Citieffe ensures the confidentiality of all information and details relating to patients and other types of personal data it may come to acquire while conducting its business. This information may not be used for any purposes other than those provided for by law.

The directors, employees (in particular those entitled to perform processing of sensitive and judicial personal data pursuant to Italian Legislative Decree n° 196/03) partners and collaborators must take all precautions to avoid undue dissemination of said information.

The directors, employees, partners and collaborators may not use, nor allow the use of information not in the public domain relating to the Company or to individuals who have relations with the Company, to promote or favour their own interests or those of third parties.

Protection of individuals

Human resources constitute a primary asset for Citieffe. The professionalism and dedication of employees are essential elements for the existence, development and achievement of the Company's objectives.

The Company is committed to developing skills and stimulating its employees' capabilities and potential so that they may find full satisfaction in achieving established goals.

Updating and professional growth are encouraged through specific institutional training initiatives.

Citieffe offers equal work opportunities to all its employees based on their specific professional qualifications and performance capabilities, without any unlawful discrimination, inasmuch as it selects, recruits and manages employees and collaborators exclusively based on the criteria of ability, competence and merit.

The Company endeavours to ensure that the working environment, as well as being suitable from the point of view of the safety and personal health of employees in compliance with current laws and workers' rights, is free from all prejudice and that every individual is treated without any intimidation and with respect for their moral personality, avoiding unlawful conditioning and undue hardship.

Impartiality

In its dealings with clients, Citieffe undertakes to show no favouritism and to accept no undue influence of any kind.

The Company shall avoid any discrimination based on gender, age, health, racial origin, nationality, political persuasion or religious belief.

Conflict of interest

No individual may take decisions or perform actions that are in contrast with the interests of the Company.

The intended recipients of this Code of Ethics must avoid any conflict of interests between personal and family economic activities and their tasks within Citieffe.

Competition

Citieffe conducts its business in compliance with laws on free and fair competition and the management of public contracts, as it considers the free market an asset which must be protected from any undue pressure or unlawful conduct.

The directors condemn any conduct which is contrary to the principles of fair competition and endeavour to prevent Company meetings from giving rise to anti-competitive conduct.

Accordingly, directors and collaborators may not be involved, either personally or through third parties, in initiatives or contact with competitors which might be construed as a breach of regulations governing the protection of market competition.

Quality

The Company undertakes to ensure quality in every product and service offered, in keeping with its long-term strategy.

For this reason, Citieffe has drawn up and adopted a Quality Manual in compliance with the following regulations:

- ISO 9001-2000 (Quality management systems for the healthcare sector);
- ISO 13485/2004 (Medical devices - Quality management systems - Requirements for regulatory purposes);

The Directors' undertaking is not limited to compliance with quality and safety standards as prescribed by law, but where possible goes further in order to ensure increasingly effective products, services and treatments.

Safeguarding of company assets

Citieffe employees must use and protect all Company assets entrusted to them.

Employees may not use Company material for personal advantage or for improper purposes.

All Company assets must be entered in the accounting records.

Safeguarding of ICT resources

The Company ensures the proper and lawful use of information and communication technology resources used for the purpose of conducting its business.

Information contained in these formats must be used exclusively for the purpose of execution of work activities.

Any behaviour intended to damage the ICT system of the Company or of third parties is strictly prohibited, as is the use of ICT material beyond the limits and manner prescribed by Citieffe. The use of and access to computer and telecommunication systems is constantly monitored by the Company and is governed by specific internal regulations.

Environmental protection

Citieffe considers respect for the environment a core value of its economic activity and, accordingly, directs its strategic choices in order to achieve a balance between economic initiatives and inalienable environmental needs.

Safeguarding public confidence

In conducting its day-to-day business, Citieffe undertakes to comply with current legislation governing the use and circulation of currency, legal tender and tax stamps, through diligent behaviour taken in the public interest.

Terrorism and subversion of democratic order

The Company undertakes to comply with all legal provisions aimed at preventing and punishing terrorist activities and subversion of democratic order, and condemns any such behaviour. The use of personal financial resources to fund terrorist or subversive activities is strictly forbidden.

Money laundering, receipt of stolen goods, utilisation of money, goods and other activities of unlawful origin

Citieffe and its employees must not in any way or under any circumstances be implicated in matters connected to money laundering or recycling of money from illicit or criminal activities.

This means that Citieffe employees are prohibited to buy, replace or transfer money, assets or other utilities which they know to be ill-gotten gains.

It is strictly forbidden to accept or make payment orders from or to unidentified persons; in addition, it is not permissible to use bank accounts not attributable to the Company.

The Company undertakes to comply with all rules and provisions, national and international, on money laundering and the regulation of cash flows.

2 RELATIONS WITH THE PUBLIC ADMINISTRATION AND INSTITUTIONS

The Company's relations with the Public Administration are characterised by the utmost transparency and propriety.

Relations with civil servants, in particular in the case of public tenders, must be managed by officially authorised individuals specifically entrusted with the task, who must conduct themselves with integrity and propriety, in strict compliance with the law and internal procedures.

To this end, the directors, employees, partners and collaborators must refrain from offering or promising to offer, even if subject to unlawful pressure, sums or money or other payment or benefits of any kind, to promote or foster the interests of the Company through the performance of an official duty or of an act in breach of the official duties of the Public Administration by a public servant; nor can they accept for themselves or on the behalf of others gifts, donations or the promise of such from public servants to promote or foster the interests of Citieffe or third parties.

In these relations in particular it is expressly forbidden to sustain unjustified entertainment expenses; to provide, promise to provide or solicit confidential documents; to present false

documents or details or display deceitful behaviour intended to mislead the Public Administration and lead it to unduly favour the Company.

These provisions cannot be circumvented through indirect forms of unlawful recompense, such as for example sponsorships, consultations or advertising.

Any director, employee, partner or collaborator who receives a request or offer, explicit or implied, of such payments, must immediately inform the supervisory body, established pursuant to Italian Legislative Decree n.231 of 8th June 2001 and suspend all relations pending specific instructions.

The only exception to these provisions are gifts of modest monetary value, where attributable solely to polite gestures within the context of correct and courteous business relations and not expressly prohibited.

Management of gifts guarantees traceability of the latter through appropriate documentation.

Following a specific procedure, it is permissible to make donations to charity or to Public Administrations for philanthropic purposes, such as medical research and patient education, in accordance with current regulations.

Citiefte may also occasionally provide products of modest monetary value, pertinent to the work of healthcare sector professionals, for promotional purposes, but these items must be of modest value and in compliance with current laws.

3. PRINCIPLES RELATING TO ORGANISATION AND ACCOUNTING

The directors must refrain from making any transactions to the detriment of the partners and likewise from any behaviour which poses a conflict of interest with the Company.

Each transaction must be authorised, verifiable, legitimate, consistent and appropriate. In particular, it must be possible to verify the decision-making process and all controls carried out on the transaction itself.

All accounting entries must be made in a timely and comprehensive manner and in compliance with current statutory and tax regulations; each entry must have all appropriate supporting documentation. No payment may be made in the name of or on behalf of the Company without the aforementioned appropriate supporting documentation.

All employees and collaborators observe the following principles relating to documentation and record keeping:

- payments and other currency transfers made by/to the Company must also be accurately and fully recorded in accounting books and in statutory accounts;
- payments must be made only to the intended recipients and for contractually specified activities;
- all payments made and monies received by the P.A. must be reported to the supervisory body, as must all promotional activities envisaged in the budget;

- no false, incomplete or misleading entries must be made, and no secret or unrecorded funds established; nor must any funds be deposited in personal accounts or accounts not held by the Company.

The directors, employees, partners and collaborators in any way involved in the preparation of the financial statement, are required to abide by the regulations and rules regarding the truthfulness and transparency of data and evaluations.

All Company bodies must offer auditing bodies full and timely cooperation as regards requests for information and documentation concerning administration of documentation.

Economic and financial resources are managed exclusively in accordance with specifically envisaged company procedures.

Any individual who becomes aware of any omissions, errors, falsifications, negligence in the accounts or in the documentation on which accounting records are based, must immediately report the matter to his/her superior and to the supervisory body.

A positive attitude towards audits is essential, given their contribution to the improvement of Company efficiency.

Internal audits include all those tools which are necessary or useful for directing, managing and checking business activities with a view to ensuring compliance with laws and corporate procedures, protecting Company assets, efficiently managing operations and generating accurate and complete financial and accounting data.

All Citiemme employees, within their respective capacities, are responsible for the definition and smooth operation of the audit system.

4. RELATIONS WITH PROFESSIONALS IN THE HEALTHCARE SECTOR

The directors must adopt ethical business practices and maintain socially responsible conduct in relation to interactions with healthcare sector professionals. Partners must also respect healthcare sector professionals' obligation to make independent decisions regarding treatments to be provided.

In particular, during the course of any business negotiations, requests or dealings with the Public Administration, Citiemme must not seek to improperly influence the decisions of the other party, including those of civil servants who negotiate or hold decision-making powers on behalf of the Public Administration.

In the case of a tender for contract with the Public Administration, Citiemme must operate in compliance with the law and correct business practice.

The directors should put in place specific procedures, in compliance with legislation in force, and abide by them as a demonstration of their willingness to sustain costs relating to the registration and/or participation of a healthcare worker employed by the Public Administration in a specific event.

The directors may support independent training, or scientific conferences or conferences which support policies aimed at promoting scientific knowledge, medical progress and effective healthcare.

The directors may provide financial contributions to cover expenses incurred by healthcare sector professionals in relation to conferences, where central to the conferences in question is the promotion of objective scientific activities and training. This support must comply with all applicable laws and regulations.

The conference organizers alone are responsible for the conference and will check the choice of content, the teaching body, methods and training materials.

Meetings with healthcare sector professionals for the purpose of illustrating product characteristics, must be held close to the place of work of the healthcare sector professionals.

The offering of any form of hospitality, payment for meals, travel or other hotel services on behalf of the guests of healthcare service professionals or any other individual who does not in good faith have any legitimate professional interest in the matters covered during the conference is prohibited.

Fees paid to healthcare sector professionals must be reasonable, based on the nature of and in proportion to the services actually supplied, in compliance with tax requirements and other applicable legal requirements.

5. RELATIONS WITH THIRD PARTIES

Relations with third parties (clients, suppliers, external collaborators, communication media, the civil and economic contexts in which Citieffe operates) must be maintained with loyalty and propriety, to safeguard the interests of the Company.

Loyalty and propriety must likewise be expected of third parties.

Relations with clients are geared to achieving maximum efficiency and quality of service. Thus, professionalism, competence, helpfulness, propriety and courtesy are the guiding principles which the intended recipients of the Code are required to follow in their dealings with clients.

Employees of Citieffe are obliged to:

- provide, within specified contractual limits, high quality products and services which satisfy or exceed the reasonable expectations and requirements of clients;
- provide accurate and exhaustive information on products and services, in order to allow clients to make informed decisions;
- be entirely truthful in advertising campaigns and all other forms of communication.

Suppliers are guaranteed a relationship based on true and proper competition. Supplier contracts are awarded and confirmed based exclusively on objective, impartial criteria such as value for money and other factors useful to Citieffe.

External collaborators must also abide by the principles set out in the Code of Ethics. Citieffe

employees must inform the supervisory body of any breach of the Code by external collaborators.

Outgoing information must be truthful, transparent and in keeping with the policies and interests of the Company.

Relations with the press and media in general must be handled only by duly delegated persons, or with their authorisation.

The directors, employees, partners and collaborators requested to supply any information externally regarding Company objectives upon participation at conferences, public events and the drafting of publications in general, are obliged to obtain prior authorisation from the duly appointed persons.

Employees will refrain from any conduct or statements potentially detrimental to the image of Citieffe, which on the contrary they will promote through the proper conduct that is required of them.

Relations with public institutions will be handled only by duly delegated persons, or with the authorisation of the latter.

6. HEALTH, SAFETY AND THE ENVIRONMENT

Citieffe undertakes to guarantee all intended recipients of this Code of Ethics, safe conditions and working environment, in full compliance with current regulations.

All activities are carried out in compliance with the appropriate technical and organisational standards put in place to avoid risks for workers.

The Company plans prevention and undertakes to disseminate a culture of safety among employees, also through far-reaching training and education activities.

All employees are committed to observing the accident prevention and safety measures put in place.

The use of alcohol, illegal drugs and controlled substances is prohibited on company premises and smoking is also prohibited in compliance with current regulations.

7. COMMUNICATION

Citieffe undertakes to inform all intended recipients of the main principles set out in this Code of Ethics, employing appropriate means to guarantee knowledge and understanding of the latter, and to ensure compliance.

It also undertakes to interpret and clarify the provisions therein contained, to verify compliance with said provisions and update the latter based on any new requirements.

8. METHOD OF IMPLEMENTATION

Assessment of correct implementation of the Code of Ethics is entrusted to the supervisory body, established pursuant to Italian Legislative Decree n.231/01.

The supervisory body is responsible for controlling the operation and implementation of the organisation and management model and the periodical updating of the latter. It also supervises implementation of the Code of Ethics by the intended recipients.

In particular the supervisory body:

- promotes consistency between the principles of the Code of Ethics and company policy, also in relation to obligations set forth in Italian Legislative Decree n.231/01;
- verifies that the competent department ensures dissemination of the Code of Ethics among recipients;
- verifies compliance with the Code of Ethics by its intended recipients, acquiring all the necessary information and documentation;
- receives any notifications of failure to comply with the Code and investigates where necessary;
 - reports the results of relevant assessments to the Board of Directors to enable deliberation on any disciplinary measures.

The supervisory body establishes communication channels through which reports pertaining to the Code of Ethics can be made.

Recipients must report, anonymously if so wished, any breach or suspected breach of the Code of Ethics.

The supervisory body undertakes to protect the confidentiality of informants, without prejudice to legal obligations and the protection of the rights of the persons wrongly accused or accused in bad faith. Citieffe guarantees to protect those who report any breaches against any form of retaliation, discrimination or penalisation resulting from the report made to the supervisory body.

The supervisory body may be summoned at any time by the Board of Directors or other corporate bodies to report on particular events or situations relating to the functioning and compliance with the Code of Ethics.

9. EFFECTIVENESS OF THE CODE OF ETHICS AND SANCTIONS

Compliance with the provisions set out in this Code of Ethics must be considered an essential part of the contractual obligations of all Company employees, pursuant to art. 2104 of the Italian Civil Code and of the directors pursuant to art. 2392 of the same.

The Board of Directors, in collaboration with the supervisory body, is entrusted with ensuring compliance with the principles of the Code of Ethics. Any individual who has knowledge of any failure to comply with these principles must immediately report the matter to the supervisory body.

Any breach of the principles contained in the Code of Ethics constitutes non-compliance of contractual obligations, with all the ensuing legal consequences including, where deemed appropriate, termination of the contract of employment or collaboration and possible liability for

damages in accordance with the relevant contractual clauses.

The disciplinary measures for such breaches will be adopted in conformity with laws and labour contracts in force.