

ETHICAL CODE

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1. Introduction and Implementation methods

This Ethics Code expresses the ethics efforts and responsibilities that Kardia Srl (the “Company” hereon) internal parties committed into in carrying out business activities.

The Company meets the legitimate expectations of its Stakeholders, that are the parties (Directors, area managers, employees, contributors, lenders, customers, suppliers, Public Administration, partners, and so on) with relevant relationships with the Company, and whose interests are variously involved with the Company’s activities coherently with its mission.

The Company aims at maintaining and developing the trust relationships with relevant Stakeholders and tries to reach its mission contemplating their interests too.

All levels of the relationships with the stakeholders shall be guided by the principles of fairness, collaboration, loyalty, and mutual respect. Therefore, this Code aims at reaching an ideal level of cooperation, in order for all the involved parties to reach a mutual advantage.

This Code does not replace nor overlap laws and other external and internal law sources. As a matter of fact, it represents a document integrating and reinforcing the principles included there, specifically related to business behaviors’ ethics. The Ethics Code is structured as follows:

- Scope of application;
- General ethics principles;
- Behavioral rules and stakeholders’ relationships;
- Internal and external communication and training;
- Sanctions in case of Code violation.

In order to create the proper environment for a more and more respectful and socially responsible attitudes, able to establish a trust agreement between the Company and society, the Company choose to adopt an ethical and behavioral address tool defining business values and commitments, practically ruling the relevant behaviors of parties serving the Company, and enhancing positive behaviors, also in line with the social policies pursuant to Legislative Decree no. 231 of 2001. Therefore, the Code is a Company’s public declaration of commitment to pursue the ethics top levels in operating, by identifying operating standards and behavioral rules, also preventing crimes pursuant to Legislative Decree no. 231 of 2001.

2. Addressees and scope of application

This Code applies, without any exception, to:

- Members of the Board of Directors and of the Supervisory Board;
- Area managers, employees and contributors;
- Any other public or private party establishing any kind of direct or indirect, stable or temporary collaborative relationships with the Company or operating in the interest of the Company.

These parties (the “Addressees” hereon), besides respecting law and rules in force, will act according to the Code’s principles, purposes, and commitments.

The Company maintain a trust and loyalty relationship with each Addressee.

All Addressees actions, operations, transactions, and, in general, behaviors in their work duties shall comply with the Code’s principles and values.

All Addressees shall be prepared to be monitored according to the law in force and internal procedures. Each of them shall provide professional contributions according to their responsibilities and their actions shall protect the Company’s fame.

According to their skills, the Company’s Directors shall operate fully respecting the Company’s values and fulfil their duties keeping all actions performed and business documents they know about totally confidential with both internal and external parties, even with those they do not agree with, non-authorized communication of opinions and documents inside or outside the Company is against the Code’s values.

Besides generally complying with loyalty, fairness, good faith in performing the work contract, the Company’s employees shall follow the Company’s and Code’s rules, also pursuant to the law in force.

All Addressees shall know the Code’s rules and the laws in force ruling their function’s work. Moreover, they shall act also privately so that the Company is not damaged, including image damage. In particular they shall:

- Avoid behaviors opposite to the above-mentioned rules and require their respect;
- Ask their managers or the proper Company’s functions in case of any clarification needed on their implementation;
- Timely report to their managers or the proper Company’s functions;
- Report any direct or indirectly heard news, on possible Code’s violations;
- Report any request received for Code’s violation;

- Cooperate with the proper functions aimed at verifying any possible violation.

If one of the Addressees becomes aware of illegal situations or situations against the Ethics Code principles, that the Company can directly or indirectly take advantage of or are committed in the Company's interests, he or she shall inform directly both his or her direct managers and the Chief Executive Officer, with the exemption from the obligation of hierarchy respect.

The Supervisory Board shall be similarly informed, especially when the Ethics Code's Addressee does not deem appropriate to use the Company's internal communication channels.

The Chief Executive Officer and the President of the Board of Directors commit themselves to inform each other on the reports received, that shall be promptly verified granting the reporter's anonymity.

The Company can sanction the lack in respecting the information duty; all levels employees' relationships shall be characterized by fairness, collaboration, loyalty, and mutual respect. Therefore, also abusing the above-mentioned information duty for retaliation or merely emulative purposes.

All area managers are obliged to:

- Set a good example for their subordinates with their behaviors;
- Promote respecting the Code's rules among their subordinates;
- Act to make their subordinates understand that respecting the Code's rules is essential for reaching a good quality of their work and activities;
- Adopt immediate corrective measures when the situation requires them;
- Commit themselves to prevent any retaliation, within their skills and duties' limits.

For its part, the Company shall grant, also through specific internal functions:

- The best Code's communication to the Addressees and to the parties interfacing with them as possible;
- The Code's deepening and updating;
- Specific communication and training programs aimed at improving the Code purposes' knowledge among the Addressees;
- Proper verification activities following Code's violations reports;
- Facts evaluation and consequent sanctions enactment when violations are ascertained;
- No retaliation of any kind against possible Code and related laws' violations reporters;

The Supervisory Board pursuant to Legislative Decree no. 231 of 2001 is in charge for proper monitoring on the behaviors pursuant to Legislative Decree no. 231 of 2001 and in general on the full respect of related law and Company's by-laws.

3. General ethical principles

This Code helps ensure that Addressees' activities and behaviors comply with honesty, transparency, information completeness and confidentiality, safety, equality and fairness, transactional correctness, and respect for the environment. Believing to act in the interest or to the advantage of the Company cannot justify in any situation behaviors against the above-mentioned values. The present Code is based on the following ethical principles.

Honesty

It is an essential principle for all the Company's activities, its initiatives, its reports and communications, and for general business management. The Company is committed to follow all laws, codes, rules, national and international recommendations, and all generally accepted practices. Not any business purpose can be aimed or realized against the laws in force.

Information transparency and completeness

The Company is committed to give clear and transparent information to all stakeholders on its financial situation and its economic and financial trend, without facilitating any particular individual or group. Financial, accounting, and analytical reports and any other Company's communication shall be complete, true, and accurate. The Company tries to be most transparent as possible in commercial transactions and adopts proper measures to prevent the crimes of laundering and receiving.

Information confidentiality

The Company grants the confidentiality of the information it possesses, the compliance with privacy laws, and it does not research restricted data illicitly.

Safety and personal centrality

The Company grants the confidentiality of the information it possesses, the compliance with privacy laws, and it does not research restricted data illicitly.

Equality and fairness

Every discrimination based on age, gender, race, nationality, political and religious beliefs is forbidden in all decisions related to relationships with stakeholders.

Business resources' protection

The Company is committed to preserve and protect its own physical and intellectual assets, by training its business representatives to correctly use assets, resources and information they use in their business activities.

Transactional correctness and unfair competition

The Company is committed to not abuse its counterparties' ignorance, inability, addiction or weakness conditions. Fair competition is protected by refrain from collusive behaviors.

Environment respect and protection

Well aware of its responsibilities on this matter, the Company is strongly committed in protecting the environment and preventing pollution: it positively contributes to the ecological sustainability of all its business activities and its assets, considering future generations' rights.

Gifts and presents

Not any gift, present, future benefits' promise to any stakeholder exceeding normal commercial practices, or anyhow aimed at obtaining illicitly favorable commercial conditions is allowed.

The only courtesy practices allowed shall fit into the concept of "moderate value" and be aimed at promoting the Company's image or its initiatives: however, these shall be authorized by the Company's top management and supported by proper documentation. These rules apply also for gifts and presents from the Company's employees, area managers or Directors.

Responsibility towards the community

The Company is aware of any effect of its activities on the external context where it operates, on its economic and social development, and on the community's wealth considered as a whole. Therefore, it pays attention on the social acceptance by the community. This is why its investments respect local and national communities, in order to improve its reputation and legitimacy to operate.

Behavioral rules and standards

All third parties entertaining relationships with the Company shall follow the same behavioral rules mentioned above.

All the information the Company possesses are processed respecting confidentiality and privacy of the involved parties. In order to ensure that, the Company will adopt and regularly update specific information protection procedures.

Moreover, the Company forbids employees, senior managers, consultants, and external parties acting on behalf of the Company to:

- Make false statements on relevant facts;
- Omit mandatory communications on the Company's economic and financial situation;
- Hide data or information able to mislead their addressees;
- Prevent or however interfere with the control and audit activities legally assigned to quotaholders and other corporate bodies.

The Company, coherently with the honesty and transparency values mentioned above, is committed to implement all the measures needed to prevent and avoid crimes of corruption and bribery. In particular, it does not allow the transfer of money or other corruption forms in order to take direct or indirect advantages.

All the Company's representatives shall avoid any situation able to cause conflict of Company's interests; in particular, both employees and external contributors shall avoid any conflict of interest between personal and family economic activities and work duties, that means pursuing a different purpose from the Company's mission or taking personal advantages from the Company's activities.

Every party thinking to have a conflict of interests between personal motifs, for him or herself or on behalf of others, and Company's, shall immediately inform the Board of Directors and the Supervisory Board.

The Company's financial entries shall be based on precise, complete and verifiable information and reflect the substance of the transaction they refer to, respecting the hierarchical and organizational nature. No false or biased accounting entry at all shall be posted in the Company's books.

Compliant with the information transparency and completeness values mentioned above, Company's external communication is based on the respect for the right of information. Not any situation allows the Company's representatives to give false and biased information.

4. Behavioral rules

4.1 Corporate governance ethical principles

Corporate bodies' members shall be nominated through transparent procedures.

Corporate bodies operate and resolve independently and with full knowledge of the facts, with the final purpose of creating value for the Company and its stakeholders, respecting law in force and the correctness value. Corporate bodies' resolutions, and therefore their members, shall ensure the highest transparency as possible in managing the operations they have individual interests into. In these circumstances, all laws and Company's by-laws in force on the matter shall be respected.

4.2 Employees' relationships ethical principles

The Company promotes the fairness and equal opportunities values in the hiring process, refusing any undue form of favoritism, nepotism, and patronage. Employees' evaluation is based on agreeing candidates' profiles with the Company's needs.

Work relationships are formalized with a contract, refusing any form of irregular work. The Addressees support new hires with the highest collaboration and transparency as possible, so that they clearly understand their duties. When the work relationship starts, indeed, the new employees or consultants shall receive complete information on their duties and functions' characteristics, on their law and compensation elements, on personal health risk management laws in force and required behaviors. Moreover, they shall explicitly accept their obligations deriving from the Ethical Code.

The Company promotes work conditions aimed at protecting employees' psychological and physical conditions, with workplaces in compliance with health and safety laws in force. Therefore, on the one hand it is committed to promote and spread a safety culture, making its employees and consultants aware of risk management measures, with responsible behaviors and preventive measures to protect all employees' health and safety. On the other hand, employees shall respect all laws and standards applicable on safety and environmental protection and respect the Company's policies if stricter than law.

Moreover, the Company is in charge for promoting their employees' professional growth, through proper instruments and training plans.

The Company aims at being a discrimination and physical and/or psychological harassment free workplace for its employees. Therefore, equal opportunities will be offered to all employees and all candidates looking for a job inside the Company, in line with applicable laws in force, and not any harassment or behavior able to create an hostile environment on the workplace will be tolerated.

Employees and contributors that deem to be harassed or discriminated for their gender, race, health situation, nationality, political and religious beliefs, or any other unjustified reason based on objective and reasonable criteria, can report what happened to the Supervisory Board, that will evaluate carefully actual Ethics Code violations and communicate the results to the proper function.

As regards hierarchical relationships' management, the Company representatives are committed in exercising authority fairly and correctly, without any abuse.

By "abuse" we here mean the authority of requiring any personal favor or behavior violating this Code as due to hierarchically superiors.

Employees and contributors shall act loyally in order to respect the obligations implied in their work relationship and compliant with this Ethics Code, granting the performances required. Employees and contributors belonging to professional categories with specific behavior or ethics code shall fully comply with these codes.

All contributors/employees shall avoid any situation that could cause conflicts of interests and avoid taking personal advantages from business opportunities they became aware of in carrying out their work duties. Every employee shall act diligently to protect the Company's assets, as well as prevent their illicit or improper use through responsible behaviors in line with their regular use purposes and operating rules, formalizing precisely their use.

4.3 Third parties' relationships ethical principles

4.3.1 Customers

Relationships with customers are based on the highest collaboration and transparency as possible, so that all the involved parties can benefit from the relationship itself. The Company defines its contracts with fairness and good faith, respecting common values.

The Addressees promote the highest impartiality as possible and refuse any form of discrimination in their relationships with customers. Moreover, they promote the highest courtesy and availability as possible in managing relationships with final customers, as well as a continuous improvement in quality of the services provided.

4.3.2 Suppliers

Suppliers' selection and choice processes are based on loyalty, fairness and transparency. Suppliers' choice is based on objective and impartial criteria for quality, innovation level, costs, additional services provided with respect to the main goods and services required.

Violation of law and of the values of fairness, transparency, confidentiality, and respect for the people's dignity are just cause for contracts resolution. If the Addressees receive benefits promises from suppliers in exchange for more favorable conditions in their activity, they shall suspend immediately the supply and report what happened to the Supervisory Board.

4.3.3 Public Administration and Public Entities

By "Public Administration" we here mean every public entity, as well as any independent administrative agency, physical or legal person, acting as a public official, public service official or member of a European Community's body. Moreover, we here include in this definition also private parties fulfilling public functions to protect common interests for major political and economic reasons, for example regulated markets operators.

It is forbidden, both directly and indirectly through third parties, to offer or promise money, gifts or any form of compensation or to exercise illicit pressures or to promise any good or service to Public Administrations' managers, officers or employees and to public service officers and their families or cohabitants in order to persuade them to act oppositely to their duties, including illicitly favor or damage some parties in a civil, criminal or administrative trial, so that the Company can directly or indirectly take illicit advantages.

Moreover, Addressees receiving any kind or explicit or implicit benefits requirements by Public Administration representatives, as detailed above, shall immediately:

- Suspend any relationship with them;
- Inform the Supervisory Board and their business superioren.

In case of trade relationships with the Public Administration, included public tenders, law and correct commercial practices shall always be followed.

It is not allowed to use or make false statements or documents, nor omit information for the Company to get contributions, loans or other benefits granted by the State, a Public Entity or the European Union.

It is forbidden to mislead anyone with fraud and deception for the Company to get an illicit profit and for others to be damaged. The prohibition is more serious if the violation is committed against the State or any other Public Entity. The "illicit profit" can be both direct or indirect and include, besides contributions, loans and other benefits granted by the State, a Public Entity or the European Union, also grants, authorizations or other administrative deeds.

It is forbidden to use grants, loans or any other benefits granted by the State, a Public Entity or the European Union for different purposes than intended at the grant.

It is forbidden to modify in any way the correct functioning of an IT or telematic system or illicitly operate on data, information and software herein included or related, in order to take an illicit advantage or damage third parties. The prohibition is more serious if the violation is committed against the State or any other Public Entity.

5. Ethical Code communication and training

The Company is committed to timely share the Code both internally and externally through:

- Its distribution to all corporate bodies' members and employees;
- Its posting in a place where everyone can access;
- Its posting on the Company website so that external Addressees can access.

The Supervisory Board promote and monitor regular training on this Code values, planned also considering different activities for different roles and responsibilities, or with deeper training for representatives deemed as risk-exposed by the Model.

Moreover, contracts with external Addressees include clauses and/or statements to both formalize their commitment to respect the Model and the Ethics Code and rule penalties in case of violations.

6. Code violations and penalty system

6.1 Directors and Employees

Fail in respect and/or violation of the behavioral rules included in the Code by Company's Directors and Employees constitutes a default with respect to their work obligations, therefore some disciplinary sanctions are applied.

Sanctions can be applied respecting the law and the National Collective Work Agreement in force. Their severity will be based on the specific violations' nature and seriousness.

Specific functions are in charge for evaluating the actual violations, managing the disciplinary actions and applying the relevant sanctions.

6.2 Contributors, consultants and other third parties

Every Ethics Code's violations committed by contributors, consultants and other third parties can lead even to the relationship's end, in the most serious cases, while compensation for any damage caused by this violation can always be required, independently from the actual resolution.