



CODE OF ETHICS
and
CORPORATE RESPONSIBILITY

The Code of Ethics herein was adopted by the

Board of Directors, L.C.M. Italia S.p.A.

on 31st March 2017

1 FOREWORD

L.C.M. Italia S.p.A. ("LCM" or "Company"), founded in 1986, is a fast-growing company specialised in the design and manufacture of ball valves for oil, chemical, petrochemical, pipeline and water industries. LCM products are used both in on-shore and off-shore plants worldwide.

The cornerstones of LCM's business and its Mission Statement are excellence, integrity and teamwork.

- EXCELLENCE – means understanding of our Customers' requirements, and to provide them with the best solutions aimed at ensuring the constant improvement of our performance, services, products and processes;
- INTEGRITY – the concept is based on the respect of procedures, environment and personal safety, to ensure the highest ethical and professional standards;
- TEAMWORK – an essential component for the development of new ideas and innovation, through the interaction of the Company's workforce.

To the end of implementing the afore-stated values in a broader and deeper manner, the Company has adopted the "Code of Ethics" ("the Code") herein as a tool for the application and incorporation into its business fabric.

The Code expresses the principle of professional morality that must always be part of the Company's management and operational processes. Said principles must be constantly respected in work alliances, cooperation and business relationships.

In addition, the Code outlines the rules of conduct to prevent the committing of crimes as well as any behaviour in breach of the Company's values. Therefore, the Code of Ethics herein must be deemed as an essential and functional element of the Organization Model adopted by the Company pursuant to Legislative Decree n. 231/2001.

The Code constitutes the charter of rights and moral obligations for defining the ethical and social responsibility of each member in a business endeavour.

2 GENERAL GUIDELINES

The Company acknowledges the importance of ethical and social responsibility in the management of business and corporate activities, and it undertakes to operate with respect for the legitimate interests of its Stakeholders and the community it operates in. Stakeholders are understood to mean the shareholders, the directors, the employees, the associates, the customers, the suppliers, the business partners and others with whom the Company liaises. Stakeholders are also the individuals or the groups, in addition to the organisations and the institutions whose interests are directly and indirectly affected by the activities of the Company.

Likewise, the Company expects full compliance with the in-house rules and with the principles envisaged in this Code on the part of all its Recipients, meaning the Shareholders, the Directors, the Employees, the Agents (understood as individuals and legal entities), the Associates, the Free-lancers, the Suppliers, the Business Partners and all the other parties that liaise with the Company on the grounds of a contractual relationship, whether of an occasional or of a temporary nature.

The regulations stated in the Code are understood to represent a safeguard for the integrity of the Company and a guarantee for the compliance with applicable standards of probity and professionalism, and also with the laws and regulations of each country the Company operates in.

A behaviour which is in breach of the Code can call for disciplinary measures and consequently for sanctions against the perpetrator as envisaged in the National Labour Contract (CCNL), following a free and independent process regarding infringements for breach of rules stated in Articles 2104 and 2106 of the Civil Code.

3 SCOPE OF APPLICATION AND VALIDITY

The Code of Ethics herein is enforced within the Company; its provisions are binding for all of its Recipients that are defined in the Section above.

In particular, the Directors of the Company and all the other senior positions must comply with the Code's principles in setting the corporate goals, in proposing the investments and accomplishing the business development projects. Furthermore, the managers, during the tangible execution of operational activities, must comply with the principles stated in the Code, both within the Company, therein reinforcing the cohesiveness and the spirit of mutual cooperation amongst all the corporate functions, and with third parties interacting with the Company.

This Code is valid in Italy and abroad and must be deemed applicable from its date of enforcement by the Company's Board of Directors, in virtue of the Meeting held on 31st March 2017.

4 GENERAL ETHICAL PRINCIPLES

The section herein states the basic ethical principles recognised by the Company and which must compulsorily be a benchmark for all parties involved in the business endeavour, to the end of safeguarding the proper functioning, the reliability and the reputation of the Company itself.

Lawfulness

In the execution of its activities, the Company operates pursuant to applicable rules and regulations, and under the provisions of the Code and in-house procedures. Compliance with both domestic and international laws must be a binding and fundamental condition in the conduct of all staff members.

In executing their respective activities, the Recipients of this Code must comply with the principles of lawfulness stated in our organisational system, with a special focus on preventing crimes envisaged by the Legislative Decree n. 231/2001. In no event shall the achievement of an interest or an advantage for the Company, even of an indirect nature, justify a conduct in breach of the aforementioned principles, rules and procedures.

Such commitment must also be applicable to Free-lancers, to Suppliers and to Customers as well as, in general, to whosoever entertains a relationship with the Company.

The Company will not commence and move ahead with any relationship with those unwilling to abide by the said principle.

Therefore, the Recipients of the Code must be aware of the laws and the actions that must reflect such provisions. Should there be any doubt or further clarifications needed, they must enquire with their direct superiors or with the functions designated by the Company.

Impartiality

Regarding decisions that affect the relationship with its Stakeholders, the Company eschews whatsoever type of discrimination based on age, on gender, on sexual orientation, on health, on race and on ethnic origin, on nationality, on political opinions and on religious beliefs.

The Company strives to ensure a positive, constructive and dynamic working environment which supports any type of diversity on the part of individuals and their talent, opinions and views, offering equal opportunities to all.

In selecting its employees and associates, the Company shuns any discriminatory behaviour, by evaluating candidates on guidelines of merit, of skills, of their professionalism and on its actual business requirements.

In the implementation of any activity, care must be taken to avoid all situations wherein parties to the transaction lack transparency, or even just appear to, or are in a state of conflict of interest. A "Conflict of Interest" arises when the interests of a personal nature or outside of the Company impair and intrude the judgement and choice of the Recipients of the Code about how to perform the job and conform to the mission in the Company.

Honesty, loyalty and transparency

In the implementation of any activity and in a relationship of whatsoever type and nature, the Recipients of the Code are required to act and communicate in a sincere and transparent manner, in observance of the moral principles deemed universally valid and always complying with the applicable laws, with the Code herein and with all the other in-house procedures. The conduct of the Code's Recipients must be oriented towards the values of rectitude, by keeping the promises made and always ensuring a consistency between their actual conduct and their stated ideals.

Moreover, the Recipients of the Code are always required to provide their counterparts with clear, truthful and transparent information, to enable the latter to take decisions independently, with full awareness of the interests involved, of the alternatives and of the relevant consequences.

The Company undertakes to set the goals, to organise the work, to define its own operational procedures and to promote the conditions of work as to always facilitate the same principles.

The final goal of attaining the interests of the Company shall never warrant any conduct which breaks away from the principles of honesty and rectitude.

Fairness and Authority

In the signing and management of contractual relationships that imply the setting up of a hierarchical structure, the Company pledges to arrange for authority to be wielded fairly and impartially, preventing any form of abuse.

Individual Safeguard

The Company undertakes to safeguard the physical and moral integrity of all its Stakeholders. Any behaviour, requests or threats intended to spawn a conduct harmful to the personal dignity of the individual are not tolerated.

Confidentiality

The Company assures the confidentiality of information in its possession and uses it in observance of applicable laws. The Recipients of the Code are bound to refrain from making use of and disclosing confidential information for reasons different from what they have been cleared for and on grounds not connected with the exercise of their job functions and always within the business precincts of the Company.

The treatment and disclosure of personal information related to associates or third parties are performed in compliance with dedicated laws in force. In addition, the Company binds other third parties, if any, which shall receive such confidential information, to the observance of the stated terms of confidentiality.

Free competition

The Company acknowledges free competition, under a market economy, as a firm vehicle of growth and constant business improvement.

The Company respects the legal provisions governing the subject, refrains from adopting any deceitful practices and, in any event, from abusing dominant positions, and foregoes any form of unfair competition.

5 RULES OF CONDUCT IN SPECIFIC ENVIRONMENTS

Quality of products and services

The success of the Company depends on the customer's satisfaction and trust. Consequently, the Company is committed to supplying products that generate value for its clients and to nurturing their confidence in its goods based on quality, reliability and safety.

Therefore, Quality is a priority component in the Company's fabric.

In particular, the Company fosters the satisfaction of its Customers, be they existing or prospects, their requests and their expectations, with the intent of providing, in its respective domain of operations, products and services that are ever competitive, alongside guarantees of the utmost professionalism, flexibility and a high qualitative standard.

Value of associates

Our associates represent an essential asset for the existence and development of the Company, which recognises in their professionalism and commitment all the fundamental values for the accomplishment of its goals.

Therefore, the Company safeguards its human resources and enhances their degree of satisfaction in the work place. In the management of relationships that imply the set-up of a hierarchical structure, the Company pledges to arrange for authority to be wielded fairly and impartially, sanctioning any type of action that may, in whatever way, harm the personal and professional dignity of the associate concerned.

The Company pledges to guarantee a working environment wherein relations amongst colleagues are marked by loyalty, rectitude, respect, honesty, cooperation and mutual trust.

Valorisation of equity investments

The Company undertakes to arrange that all economic/financial operations are performed with the goal of safeguarding and enhancing the value of its business, so that the risks borne by shareholders are adequately remunerated.

Responsibility towards the community

The Company, aware of the influence, even if indirect, that its operations can have on the conditions, on the economic and social development and on the general welfare of the community it operates in, intends to manage its activities in observance of the universal rights of man, with respect for the local and national communities, by supporting initiatives of cultural and social value.

Safety at workplace

The Company adopts the measures necessary for protecting the health and safety of workers, including activities connected with the prevention of professional hazards.

Furthermore, the Company develops a continuous process of information, awareness and training calling for the active contribution from all of the Code's Recipients, striving for the best and ever higher standards in the field of health and safety.

In virtue of the above, the stated Recipients, both in senior and operational positions, must comply with the in-house rules and applicable regulations connected with safety in the workplace.

Environmental protection

The Company considers the environment as a fundamental asset and is committed to operating in its respect.

To this end, the Company plans its activities by striving to find a balance between economic initiatives and the fundamental requirements for the protection of the ecosystem, in consideration and safeguard of the rights of future generations.

Consequently, the Company endeavours towards the enhancement of eco-sustainable mobility and the prevention of risks for the population and the environment, pursuant to applicable laws and but also considering the development of scientific research.

The Company evaluates and monitors the environmental consequences of its activities, with continuous attention so that such operations are performed not only in abidance of national and international regulations governing the subject but also in respect of the environment and public health.

Relations with Government Agencies, public bodies and supervisory boards

The Recipients of the Code who liaise, on behalf of the Company, with managers, officials or employees of Government Agencies or of public bodies, or, in any event, with Public Servants or Public Officials (whether Italian or from other countries) must comply with the applicable regulations, imprinting their activities on principles of lawfulness, rectitude and transparency.

The relations with the supervisory boards must also feature elements of completeness, truth and balanced information. No information can be covered-up or distorted if, in compliance with applicable regulations or based on a good faith assessment and prudence, said data must be transmitted to the supervisory boards, to the in-house controller and to those from outside the Company.

Relations with customers

The Company's main goal is the maximum satisfaction of its Customers' demands in the sphere of relationships tailored around the principles of lawfulness, rectitude and transparency. The Recipients of the Code are bound by promptness and proactivity in the conduct requested of their respective roles, designed towards the accomplishment of the stated objectives.

The Company also undertakes to refrain from any arbitrary discrimination of individual Customers, to supply high-quality products and services that meet the reasonable demands of the Customer and that safeguard its safety and integrity, to provide truthful and complete information in its advertising, commercial or any other type of communication.

Relations with Suppliers

The Company acknowledges the importance of its Suppliers in ensuring the high standards of quality of the products and services sold to its customers and in enhancing its own global competitiveness. On these grounds, the Company selects its Suppliers through an in-depth evaluation of their competencies, professionalism, focus on high quality and ethics in the execution of their activities.

In managing relationships with Suppliers, including prospects, The Company pledges to abide by the principles of lawfulness, transparency, rectitude and loyalty.

Relation with competitors

The Company competes in the market by observing all the rules governing the subject and without promoting or being party to any no-compete agreements or understandings with other businesses.

The Recipients of the Code cannot enter into agreements, even of an informal nature, with competitors with the aim of manipulating or splitting the market or the customers, boycotting the end-client or by attempting to create a monopoly, partly or wholly. Agreements such as a joint-venture, mergers and acquisitions or exclusive tenders may harm the basics of free competition and must be resolved and cleared by the administrative bodies concerned.

Relations with political parties, trade unions, associations and other representative bodies

The Company can support the activities of committees, political parties and movements, trade unions, associations or representative bodies, even through financial contributions. Said contributions must be resolved and disbursed by the Board of Directors which shall check for compliance with the applicable laws, and are limited to the sphere of specific projects and initiatives.

Relations with the media

Relations with the mass-media are exclusively managed by those designated by the Company, also to the end of guaranteeing a standard communication.

Consequent to the above, all the other Recipients of the Code are specifically forbidden from disclosing news connected with the Company without a prior clearance from the function designated for the purpose. All the Recipients must also avoid disclosing false or misleading news that may deceive the community at large.

Sponsorships and patronages

Sponsorship and patronage activities can be related to shows, events and initiatives regarding sports, culture, science, social life, humanities or the environment or connected with other issues of general interest, provided such actions offer guarantees of quality and seriousness.

In any event, in stipulating contracts of sponsorships and patronages, the Company operates in a transparent manner and shuns from exercising any sort of pressure on the parties concerned.

6 CHECK ON COMPLIANCE WITH THE CODE OF ETHICS

The observance of regulations stated in this Code is construed as part of the contractual obligations envisaged for the Company's employees, pursuant to Articles 2104 and 2106 of the Civil Code, and also for the Recipients of the Code on the grounds of their respective contracts.

The Company undertakes to arrange and apply, consistently, impartially and uniformly, the sanctions proportional to the violations, if any, of the Code and in compliance with the applicable provisions governing the subject on issues such as work relations and applicable national labour contracts.

The Company also arranges communication channels through which the Recipients of the Code can transmit reports related to its possible violations. Alternatively, all the Recipients of the Code must have the possibility of transmitting a written, even an anonymous message regarding whatsoever breach or likely breach of the Code of Ethics, to the Supervisory Committee, under Legislative Decree 231/2001. The latter shall take the measures necessary and ensure confidentiality regarding the identity of the reporting person, in compliance with the law.

In particular, the Recipients of the Code must directly transmit their messages to the Supervisory Committee when:

- the reports sent to the in-house supervisors designated hierarchically or functionally have been unsuccessful,
- there are some qualms in involving said positions.

This Code enshrines compulsory disciplinary measures for the breach of conduct regulations therein stated.

All Recipients of the Code violating the principles and provisions stated therein shall be subject to disciplinary measures/sanctions which will vary depending on the extent of the violation and the role of each Recipient, in addition to the compensation of higher damages, if any, arising from the breach. The above shall be irrespective of any criminal consequence of the conduct and/or the filing of a criminal case in the event of an illicit offense.

The Supervisory Committee must be informed about all the measures adopted following the infringements of this Code.