

**CODE OF ETHICS OF  
TM.P. S.P.A. - TERMOMECCANICA  
POMPE**

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## 1. INTRODUCTION

Ethics in entrepreneurial activity is an approach of fundamental importance for the proper functioning and credibility of a company towards shareholders, customers, suppliers and, more generally, towards third parties and the entire economic context in which a company operates. **T.M.P. S.p.A. - Termomeccanica Pompe** (hereinafter, also, the “**Company**”) intends to transform the knowledge and appreciation of the ethical values that inspire it into a competitive advantage.

The Company's Board of Directors has therefore decided to adopt this Code of Ethics, which aims to confirm and establish the principles of correctness, loyalty, integrity and transparency of conduct, of operating procedures and of the conduct of relations, both inside and outside the Company in a document, in order to improve and enrich corporate decision-making processes and the conduct of its recipients.

The primary objective of the Code of Ethics is to introduce an implicit ethical assessment that each person must adopt both to define their own conduct and to assess that of others, thus combining the moral and the managerial sphere, individual responsibilities with those of the Company and the personal and the organisational sphere.

The Code of Ethics therefore represents the premise and the main reference both of the Organisational, Management and Control Model of the Company, and of the system of sanctions for violation of the rules established therein and which the Company has adopted pursuant to Legislative Decree no. 231 of 2001, integrating the regulatory framework to which the company is subjected. All this with the aim of translating individual reflection into a concrete ethical conduct that responds, first and foremost, to business objectives.

The Code of Ethics represents a tool with which the Company, in the pursuit of its mission, undertakes to contribute, in accordance with the laws and the principles of loyalty and fairness, to the social and economic development of the area through the organisation and provision of its services.

The Company believes that ethics in conducting business facilitates entrepreneurial activity, disseminating the image of transparency, correctness and reliability which inspire it and which it must contribute to disseminate on the market. For this reason, the Company requires relationships to be based on compliance with laws, regulations and the provisions of this Code of Ethics.

The Company also believes that unethical and non-transparent conduct in business and all related activities can jeopardise the relationship of trust between the parties involved and foster hostile conduct towards the same.

The Recipients of this Code of Ethics are:

- all Company employees, if hired;
- members of corporate bodies (board of directors and statutory auditors), and those who hold corporate offices in the Company;
- suppliers, customers, business partners and agents;
- internal and external collaborators;
- more generally, all those who temporarily or permanently cooperate with the Company in any capacity.

Knowledge of and compliance with the Code of Ethics by all those who provide their services to the Company are primary conditions for the transparency and reputation of the Company itself. Therefore, all recipients of this Code of Ethics undertake to comply and ensure compliance with its contents, in the context of their functions and responsibilities, during the course of their activity.

The recipients of this Code of Ethics, as regards their responsibilities, must comply with the following guiding principles:

- act in compliance with the law and regulations in force in the country in which the Company operates;
- treat customers, shareholders, collaborators, suppliers, the surrounding community and the institutions that represent it, as well as any third party with whom they enter into a relationship, with fairness, impartiality and without prejudice;
- protect their health and safety and that of third parties;
- minimise the effects of activities that may be harmful to the environment;
- compete fairly on the market with competitors;
- avoid or declare in advance any conflicts of interest with the Company;
- use the intellectual and material property of the Company in accordance with its intended use and in such a way as to protect its integrity and functionality.

## **2. COMPANY CONDUCT IN EXTERNAL RELATIONS**

In general, all recipients of this Code of Ethics must adopt conduct that is based on utmost correctness and integrity in all relationships with persons and entities external to the Company.

### **2.1 Customer relations**

The Company undertakes to establish with its customers a relationship characterised by high professionalism and based on helpfulness, respect, courtesy and the search and provision of utmost collaboration.

In particular, to protect the image and reputation of the Company, it is essential that customer relations are based on:

- simplicity and correctness, in order to have utmost transparency and awareness in the decisions to be adopted;
- respect for the confidentiality of the information acquired during the activity, as well as current privacy legislation;
- independence from all forms of influence, both internal and external, so as to guarantee uniform treatment for customers and suppliers that are in the same conditions;
- compliance with the law, with particular reference to the provisions on occupational safety and anti-money laundering.

In particular, in initiating commercial relationships with new customers and in managing those already in place, it is necessary, taking into account the information available, to avoid having relations with parties involved in illegal activities, in particular connected with money laundering and terrorism, and, in any case, with people lacking the necessary requirements of honesty, integrity and commercial reliability.

## **2.2 Suppliers and business partners**

Relations with suppliers and business partners are based on the determination of a balanced competitive advantage, on granting equal opportunities, on loyalty, impartiality and recognition of professionalism and competence.

Supplier selection procedures must comply with the Company's internal procedures and those of the Termomeccanica Group. Supplier selection and the purchase of goods and services of any kind must take place in compliance with the principles of competition and equal conditions and according to objective assessments based on competitiveness, quality, utility and the price of the service or goods offered.

In the selection, the Company adopts objective and transparent criteria established by the internal procedure and does not preclude any supplier company, in possession of the necessary requisites, from competing to be awarded a contract with it.

The Company has in place appropriate procedures to ensure utmost transparency in supplier selection and in the purchase of goods and services. The selection procedure must be carried out in compliance with the broader conditions of competition and any departure from this principle must be authorised and justified.

Relationships with the Company's suppliers are regulated, *inter alia*, by the principles of this Code of Ethics and are subject to constant and careful monitoring, also from the point of view of the adequacy of the services or goods supplied with respect to the agreed consideration.

The Company and the supplier operate in order to build a collaborative relationship and one of mutual trust. The performance of contractual services by the supplier must be in accordance with the principles of fairness, correctness, diligence and good faith and must be in compliance with current legislation.

The Company pays particular attention to compliance with environmental conditions and ensures that the activity is carried out in compliance with current legislation.

In the award of professional assignments, the Company adopts criteria based on principles of professional competence, cost-effectiveness and correctness. The remuneration and amounts, in any capacity, paid to those awarded professional assignments, must be adequately documented.

In all contracts entered into with suppliers, specific clauses relating to the Organisation and Management Model pursuant to Italian Legislative Decree 231/01 and to the Code of Ethics must be included, which third parties must comply with in carrying out the activities, under penalty of termination of the contract and compensation for any damage caused.

### **2.3 Management of relations with Public Administration**

Within the scope of its activity, the Company may interact with Public Administration representatives. The Company therefore pays particular attention to ensuring that all acts conduct or agreements are based on utmost transparency, correctness and legality. To this end, as far as possible and to the extent that this does not compromise or slow down the normal course of business activities, the Company will avoid being represented in such relationships by a single natural person, basing this decision on the assumption that a plurality of persons and an equitable sharing of responsibilities allows the risk of interpersonal relationships inconsistent with the intention of the Company and with the principles of this Code of Ethics to be minimised. In the course of negotiations and/or commercial relations with Public Administration, there shall be no direct or indirect conduct that could incorrectly influence the decision of the counterparty.

In particular, by way of example, it is absolutely forbidden to:

- examine or propose employment and/or commercial opportunities that may benefit employees of Public Administration or individuals connected to the same by kinship, marriage or cohabitation;
- try to improperly influence the decisions of the counterparty, including those of the officials who deal with or make decisions on behalf of the Company;
- solicit or obtain confidential information in order to compromise the decision-making integrity of the persons involved in the management of the business relationship.
- falsify and/or alter statements in order to obtain an undue advantage or any other benefit for the Company. Likewise, it is absolutely forbidden to alter the functioning of an IT or telematic system or manipulate the data contained therein in order to obtain an unfair profit (be it material or immaterial) causing damage to the Public Administration;
- falsify and/or alter documentary data in order to obtain the favour or approval of a project that does not comply with current legislation;
- provide direct or indirect contributions in any form or allocate funds and funding to support public entities (by way of example: political parties, trade associations, etc.). It is however possible to cooperate, also financially, with such organisations for specific projects based on the following criteria: (i) purposes related to the business objectives of the Company, (ii) clear and documentable destination of resources, (iii) explicit authorisation by the persons responsible for managing such relationships;
- allocate public funds for purposes other than those for which they were obtained. Moreover, all recipients of this Code of Ethics are required to:
- adopt correct and collaborative conduct in the event of audits and inspections by the Control or Supervisory Authority, making available all the data and documents required and related to the subject of the inspection;

- requests consultants and their collaborators or third party personnel involved in the management of business relationships with Public Administration in the name and on behalf of the Company to comply with the directives contained in this document;
- involve consultants or third parties in relations with the Public Administration when there are or may be potential situations of conflict of interest;

All recipients of this document are required to pay particular attention and care in the management of business relationships concerning: tenders, contracts, authorisations, licenses, concessions, requests and/or management and use of funding of any kind from public sources (national , foreign or EU), project management, relations with supervisory authorities or other independent authorities, social security institutions, bodies in charge of tax collection, as well as entities in charge of bankruptcy, civil, criminal and administrative proceedings.

## **2.4 Environmental protection and corporate social responsibility**

The commitment that the Company has towards the environment is aimed at safeguarding natural resources and supporting local communities in a long-term perspective.

The Company intends to convey to all recipients of this document a mentality focused on attention to the local area in order to preserve resources and limit environmental impacts. In particular, the Company is committed to minimising the environmental impact of its production plants and processes.

Protecting the ecosystem and contributing to the economic and social development of places are the main objectives that the Company intends to pursue.

## **2.5 Media relations**

All news and communications to outside the Company must be accurate and disclosed, subject to authorisation, only by the company functions delegated for this purpose.

Company communications to the external environment must be truthful, clear, transparent and not ambiguous or instrumental.

It is forbidden for the recipients of this Code of Ethics to:

- take commitments of any kind in the presence of requests from the press or other common media, unless duly authorised. In any case, each request must be carefully collected and evaluated.
- provide information to mass media representatives without the express authorisation of the competent corporate functions.

Those who are called upon to disclose any type of information regarding the Company's objectives, strategies and results outside the company when attending conferences, public events or for the preparation of publications are required to obtain the prior authorisation of the directly superior function and of the function in charge of relations with the mass media (or directly of the top



management) so as to agree and share the contents of the declarations expressed in coherence with company policies and with internal development plans.

Relations with the mass media must always be based on compliance with the law, the Code of Ethics and related company protocols, with the primary objective of protecting the Company's image. Under no circumstances may false or misleading information or comments be disclosed.

## **2.6 Gifts, presents and other forms of benefits**

No form of gift, present or payment, which may be interpreted as exceeding normal commercial practices or courtesy, or which is aimed at obtaining favourable treatment in the adoption of decisions or management of any activity linked to or concerning the Company, is permitted for any reason. In particular, any form of gift to Italian and foreign public officials, or to their relatives or acquaintances, which may influence the independence of judgment or lead to ensure any type of advantage is prohibited. Exceptionally, only purely symbolic gifts and presents of modest value can be accepted.

The preceding provisions concern both gifts promised or offered, and those received, meaning by gift any kind of benefit, even indirect (by mere way of example: free participation in conferences, promise of a job offer, etc.).

The Company's gifts are characterised by being aimed at promoting cultural, sporting and humanitarian initiatives or the corporate brand image.

Gifts offered, except those of modest value, must be adequately documented to allow audits and must be authorised by the Organisational Unit Managers and/or by the Organisational Units of the competent Companies or Holdings and reported to the Supervisory Board.

Recipients of this Code of Ethics who receive gifts or benefits that do not fall within the permitted circumstances are required to notify the Supervisory Board, which will assess their appropriateness and take the appropriate measures.

Offering or accepting invitations to fairs, exhibitions, meetings or other similar events in order to develop good business relationships and promote the Company's image is permitted, within acceptable limits, only for persons who, case by case, are expressly authorised and provided that they are not intended to influence the independence and impartiality of third parties in decisions that are to be taken and that concern, even if only indirectly, the Company.

## **3. MANAGEMENT OF INTERNAL RELATIONS**

### **3.1 Corporate governance**

In order to guarantee a responsible and transparent conduct of the business in the market and with a view to creating value for shareholders, the Company adopts a governance system that complies with the provisions of the law. Those who hold corporate offices within the Company may enter into

obligations with the same and with other companies of the Termomeccanica Group in compliance with current legislation, as well as with the Company's internal provisions.

Those who hold corporate offices within the Company, in addition to respecting the principles of conduct set forth in this Code of Ethics in the performance of their assigned duties and responsibilities, shall:

- duly participate in the meetings they are invited to attend;
- carry out the tasks assigned with loyalty and correctness, in compliance with current legislation;
- facilitate communication and correct information within the Company, making confidential use of the information which they become aware of by virtue of their office. All communication activities must comply with the law and internal conduct practices and be aimed at safeguarding company information and industrial secrecy;
- not use their position to obtain undue direct or indirect. personal benefits The duties listed above must be respected even after termination of the relationship with the Company.

### **3.2 Internal control**

The Company recognises the importance of internal control as a process that has as its primary objective that of continuous improvement and that, therefore, is aimed at facilitating the achievement of corporate objectives, safeguarding resources, ensuring compliance with applicable laws and regulations, and to prepare reliable, truthful and correct financial statements and economic-financial data.

In this sense, the internal company procedures regulate the execution of the main operations and transactions, guaranteeing evidence of the principles of legitimacy, authorisation, consistency, correct documentation and traceability.

In general terms, each operation must be supported by adequate, clear and complete documentation to be kept in the records, so as to allow the control of the reasons and characteristics of the operation at any time and the precise identification of who, in the various phases, authorised, performed, accounted and verified it.

For this reason, the Company undertakes to create and develop over time a set of tools, procedures and mechanisms suitable for managing the organisation's functioning and monitoring, well aware that an adequate internal control system represents an element that characterises sound business management.

All recipients of the Code of Ethics must:

- take action to manage an effective internal control system;
- comply with the procedures envisaged by the protocols, each within the scope of their responsibilities and functions.

The managing body, responsible for the internal control system, has the task of evaluating and contributing to the improvement of risk management and governance processes, verifying that the internal control system is effective, efficient and safeguards the company's assets and ensures compliance with laws, regulations and internal procedures. This function also has the duty of bringing

any failure to comply with the principles of this Code of Ethics, the rules defined in internal company procedures and the regulatory provisions that the Company must abide by to the attention of managers, directors and auditors, depending on the severity of the event.

### **3.3 Occupational health and safety**

The Company undertakes to promote and consolidate a safety culture by developing risk awareness and promoting responsible conduct by all workers; moreover, it seeks to protect, especially with preventive actions, the health and safety of workers.

All collaborators are required to scrupulously comply with the rules and obligations deriving from the relevant legislation on health, safety and the environment, as well as to comply with all the measures required by internal procedures.

The protection and safeguarding of workers' health is the primary objective of the Company, pursued through:

- analysis of the risks related to work activities and production processes;
- adoption of "good practices" and the best technologies;
- adoption of adequate health and safety and health monitoring measures;
- control and updating of work methods;
- constant and appropriate training and information.

Particular attention is paid to the purchase and use of devices to protect the health of workers and of products that are not hazardous/harmful.

In accordance with current legislation, smoking is not allowed in any work areas.

### **3.4 Protection of people**

The company undertakes to protect the moral integrity of its employees by ensuring the right to working conditions that respect people's dignity. For this reason, the Company safeguards all employees against acts of psychological violence, and combats any attitude or conduct that is discriminatory or harmful to people, their convictions and preferences.

Sexual harassment is not allowed and conduct that could upset people's sensitivity must be avoided.

Employees who feel they have been subjected to harassment or discrimination for reasons related to age, sex, sexual orientation, race, health, nationality, political opinions or religious beliefs, can also report the incident to the Supervisory Board, for adoption of the appropriate measures.

Decisions that determine inequalities in the economic and regulatory treatment of employees are not considered discriminatory if they are justified or justifiable on the basis of objective criteria.

## **4. PRINCIPLES OF CONDUCT IN CORPORATE AFFAIRS**

### **4.1 Disclosure and reporting on operations and accounting data**

In carrying out their duties and within the scope of their responsibilities, the recipients of this document are required to process, disseminate or communicate the data, information or knowledge they possess with accuracy, precision and completeness, avoiding providing incomplete, biased or untruthful information.

All financial, economic and accounting information must be documented in an appropriate manner that enables the decision-making and authorisation process to be verified at any time.

Each person, also external, is required to cooperate so that operations are correctly represented in the accounts in a timely manner, on the basis of truthful, accurate, complete and verifiable information. All operations and transactions must be correctly recorded, authorised, verifiable, legitimate, consistent and appropriate so that this precisely reflects the contents of the supporting documentation submitted and received. In fact, all accounting entries must make it possible to reconstruct the related balance sheet or income statement event that occurred in the company and be justified by adequate clear, complete, truthful and valid documentation.

No false or partial entries may be entered in the Company's accounting records for any reason. Nobody, even external, can engage in activities that lead to an offence, even in the presence of an express request of a superior. Recipients who are aware of probable omissions, falsifications or alterations to accounting records are required to promptly inform their direct superior or the competent corporate function and the Supervisory Board.

### **4.2 Protection of share capital, creditors and the market**

A central element that qualifies the Company's conduct is compliance with the principles of conduct aimed at guaranteeing the integrity of the share capital and the protection of creditors and of third parties that establish relationships with the Company.

It is absolutely forbidden for the recipients of this Code of Ethics to engage in, collaborate with or give rise to the implementation of conduct constituting the crimes envisaged by Art. 25-ter of Italian Legislative Decree No. 231 of 2001 and put in place, collaborate with or give rise to the implementation of conduct which, although not in itself constituting the crimes falling among those considered above, is put in place to support the implementation of such crimes. All recipients, within the scope of the functions and activities performed, are responsible for the definition and proper functioning of the control system and are required to communicate in writing, to their superior and to the Supervisory Board, any omissions, falsifications or accounting irregularities which they become aware of.

## **5. CONFLICT OF INTEREST**

The recipients of this Code of Ethics and other persons who may influence the decisions of the Company must strictly avoid using, even implicitly, their corporate position to influence decisions in

their favour or in favour of relatives, friends and acquaintances for purely personal purposes. Any recipient who believes to be in a situation of conflict of interest must immediately notify their direct superior and, in the absence of the same, the board of directors. The occurrence of situations of conflict of interest, in addition to being in conflict with the law and with the principles defined in the Code of Ethics, is detrimental to the corporate image and integrity.

## **6. PRIVACY PROTECTION: INFORMATION CONFIDENTIALITY AND MANAGEMENT**

The information, data and knowledge acquired, processed and managed by recipients in the exercise of their work activity must remain strictly confidential and appropriately protected and cannot be used, communicated or disclosed, either within or outside the Company, unless in compliance with current legislation and company procedures.

Anyone processing data and information must avoid any conduct that may disclose information that is owned by the Company and not yet in the public domain. In particular, particular attention will be paid to:

- keeping news and information received in the performance of one's duties confidential if not subject to publicity;
- complying with the duty of confidentiality even after termination of employment;
- consulting only documents which one is authorized to access and making use of them in accordance with one's duties, allowing access to the same only by those who have the right to do so and in compliance with the instructions provided;
- avoiding disclosing information or facts that do not correspond to the truth;
- avoiding preventing or hindering the performance of audit activities legally attributed to the corporate bodies or to the competent supervisory authorities;
- preventing any dispersion of data by complying with the security measures provided, keeping entrusted documents in an orderly manner and with due and care and avoiding making unnecessary copies.

In particular, for aspects such as the management of the IT system, management, custody and destruction of paper documents and data resident on magnetic media and, more generally, for all aspects concerning the protection and processing of personal data, recipients must refer to the procedures adopted by the Company.

## **7. IMPLEMENTATION AND CONTROL OF THE CODE OF ETHICS**

The application of the Code of Ethics is entrusted to the Board of Directors, which makes recourse to the support of the Company's Supervisory Board.

A copy of the Code of Ethics is given to each new director, statutory auditor, any employee or collaborator (including business partners). Upon the establishment of the employment or collaboration relationship, such persons must undertake to comply with the Code of Ethics and the

related provisions. Compliance with the provisions of the Code of Ethics must be considered an essential part of the contractual obligations of all recipients of the same. Violation of the principles and contents of the Code of Ethics may constitute non-fulfillment of the primary obligations of the relationship or a disciplinary offence, with all legal consequences, including with regard to maintaining the employment or collaboration relationship, and entail compensation for consequential damages to the Company.

The control system must be based on the following principles:

- verifiability, documentability, consistency and appropriateness of each operation;
- separation of functions (no one can independently manage all the phases of a process);
- control documentation;
- introduction of an adequate penalty system for violations of the rules and protocols envisaged by the Model;
- identification of a Supervisory Board whose main requirements are:
  - autonomy and independence,
  - professional standing,
  - continuity of action;
- obligation, on the part of company departments, and in particular those identified as the most "at risk of crime", to provide information to the Supervisory Board, both on a structured basis (periodic disclosure in implementation of the Model), as well as to report any anomalies or unusual aspects found in the information available.