

# erresse

## V A L V E S

C O D E   O F   E T H I C S

# CODE OF ETHICS

TEXT APPROVED BY THE MANAGEMENT BODY  
ON 30 OCTOBER 2017

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# erreesse VALVES

## LETTER FROM THE CHAIRMAN

Dear colleagues,

It is a shared opinion that the good reputation of a company is an essential element to ensure sustainable growth over time.

If we don't achieve this goal, we will not be able to ensure a solid future for our company, ERREESSE s.r.l., nor for all those who contribute to its success through their daily efforts.

Thus, the Code of Ethics stems from the desire to pursue values such as fairness, fair competition, technological innovation and customer satisfaction; it identifies the principles that should inspire the work of the management and control bodies, of employees, contractors, suppliers and in general of all those who entertain relationships with ERREESSE.

The ultimate goal is to set up a self-control system in which respect for the rules and for shared ethical values is perceived not as an imposition from above, but as a common action that inspires our daily activities.

As Chairman of the Board of Directors, I therefore ask you to comply with the guidelines set out below with a view to further enhance the image and appreciation of our company.



Italy - Grignasco (NO), October 30, 2017

The Chairman of the Board of Directors

(Andrea SANFILIPPO SCENA)

A handwritten signature in black ink, appearing to read 'Andrea Sanfilippo Scena'. The signature is fluid and cursive, with a long horizontal stroke at the end.

## INTRODUCTION

ERREESSE s.r.l. (hereinafter “ERREESSE” or “Company”) is an undertaking engaged in a deeply changing economic environment. Given such context, at ERREESSE we believe it is appropriate to set out the principles that must inspire our approach to the people and the environment with whom and in which we conduct business. All our actions must comply with the law and must be performed with loyalty, fairness and in full respect of the legitimate interests of customers, employees, commercial and financial partners, institutions and all stakeholders with whom ERREESSE comes into contact in carrying out its activities. All those working in ERREESSE, without distinction or exception, undertake to observe and enforce these principles as part of their own functions and responsibilities. Under no circumstances, shall the belief of acting for the benefit of ERREESSE justify a conduct that is in conflict with these principles.

ERREESSE considers it appropriate to clearly define the set of values it embodies, accepts and shares, and the set of responsibilities it intends to assume vis à vis its internal organization and the external world. For this reason, we have prepared this “Code of Ethics” or “Code” that contains a set of principles and rules the observance of which by the recipients is crucial for the good functioning, reliability and reputation of ERREESSE.

Therefore, the Code of Ethics has been independently prepared, approved and adopted by our Company to inform all stakeholders about the principles of corporate ethics, the commitments and ethical responsibilities in business conduct with which the Company intends to comply. We require that all those who work within the Company and have contractual relations with it (suppliers, consultants, agents, partners, etc.) also comply with such Code. The Code of Ethics aims to ensure that operations, behaviours and work activities, both within and outside ERREESSE, are inspired by the principles of correctness, fairness, integrity, loyalty and strict professionalism; the Code places compliance with the applicable laws and regulations and with company procedures at the centre of our engagement.

Guided by the most advanced standards of corporate governance, the management body of ERREESSE has adopted this Code of Ethics to establish the aforementioned principles of ethics and transparency and to strike an appropriate balance between efficiency and fair competition.

ERREESSE shall carefully monitor compliance with the Code of Ethics, by setting up adequate information, prevention and control tools, ensuring transparency of operations and conduct and, where necessary, taking the actions that are deemed appropriate.

# 1 GENERAL PRINCIPLES

## 1.1 Mission and target market

The company's mission is to design, manufacture and sell special valves to support companies engaged in the petrochemical, gas and energy industries, offering end users, suppliers, producers and distributors high-quality products and services.

The ERREESSE range of valves can withstand and exceed the most rigorous and demanding requirements of high-risk industrial applications.

All design, development, production and customer care processes meet international quality and safety standards and all products are rigorously tested and certified for quality assurance as also evidenced by the various certifications obtained, including: ISO 9001-2000 by TUV, PED, API 6D, ATEX and Fire Safe.

In line with its mission and ethical vision, the Company intends to maintain and develop a relationship of trust with its stakeholders and pursue its objectives in compliance with all legal provisions and with the principles of honesty, impartiality, reliability, loyalty, fairness, transparency and good faith.

## 1.2 Recipients of the Code

The “Recipients” of this Code of Ethics are those to whom the rules of this Code apply, namely, the Directors and the other members of the Corporate Bodies of ERREESSE, all employees of the Companies and all those who, directly or indirectly, permanently or temporarily, establish relationships with ERREESSE, or, in any case, act in the pursuit of ERREESSE’s objectives.

The duty to implement the values and principles contained in this Code rests, in the first place, with those who hold top management positions (managers, middle managers, heads of functional areas, etc.), who assume the relevant responsibilities both within and outside the organization and help strengthen trust, cohesion and team spirit.

The employees of ERREESSE, in addition to complying with the law and the regulations in force, shall shape their actions and behaviours in accordance with the principles, objectives and commitments envisaged by the Code.

In setting the company objectives, the management body shall be inspired by the principles contained in the Code.

All actions, operations and negotiations carried out by, and, in general, the conduct of ERREESSE employees in the performance of their work shall be inspired by utmost management fairness, completeness and transparency of information, formal and substantial lawfulness as well as clarity and truthfulness in accounting records, in compliance with the laws and internal procedures in force.

Each employee must provide his/her professional contribution as appropriate given the responsibilities each one has been assigned and must act to protect ERREESSE prestige and image.

Each Recipient is required to be familiar with the Code of Ethics, to actively contribute to its implementation and to report any shortcomings to the relevant function in charge.

For full compliance with the Code of Ethics, any employee who becomes aware of situations that may constitute a significant, actual or potential, breach of the Code of Ethics, must promptly report it to their line manager or to the Body in charge which is specified in sub-paragraph 1.7 hereinafter.

## 1.3 Duties

ERREESSE shall ensure:

- a) that the Code is distributed to the Recipients to the maximum extent possible, through publication in a specific section on the company's website;
- b) updating of the Code to bring it into line with the development of public values and relevant regulations;
- c) that checks are carried out upon becoming aware of any infringement of the Code;
- d) the assessment of the facts and the consequent imposition, in case of ascertained violation, of suitable sanctions;
- e) that no one suffers any retaliation of any kind for having provided information about potential infringements of the Code or of the relevant laws.

## 1.4 Obligations of employees

Each employee is required to be familiar with the rules contained in the Code and the relevant regulations that regulate the activity carried out within the scope of their function.

ERREESSE employees are required to:

- a) refrain from any conduct that is in conflict with such rules and regulations;
- b) contact their superiors or the management body if they need clarifications on how to apply said rules and regulations;
- c) promptly report to their superior any news, directly obtained or reported by others, regarding potential infringements and any requests they have been made to infringe said rules and regulations.



## 1.5 Additional obligations for employees in positions of responsibility

Employees in positions of responsibility (managers, middle managers, unit managers) are required to:

- a) act in an exemplary manner for their collaborators with regard to compliance with the Code and the relevant procedures;
- b) make sure their collaborators understand that compliance with the rules of the Code and with safety rules and procedures constitutes an essential part of the quality of their work performance;
- c) carefully select, within their own remit, their internal and external collaborators to prevent the appointment of people who cannot be trusted as to their commitment to comply with the Code's rules and procedures;
- d) take immediate corrective measures when required by the situation.

## 1.6 Duties of disclosure to third parties

With respect to third parties, all ERREESSE employees, according to their area of responsibility, must:

- a) Adequately inform third parties about the commitments and obligations imposed by the Code;
- b) demand compliance with the obligations that directly affect their activity;
- c) take appropriate internal actions and, if they are within their responsibility, external actions in case of non-fulfilment by third parties of the obligation to comply with the provisions of the Code.

## 1.7 Body in charge

It is up to the management body (Board of Directors or Sole Director) of the company:

- a) to establish operating procedures for reporting potential infringements of the Code;
- b) to promote knowledge of the Code within ERREESSE and impose appropriate sanctions in case of infringements of the Code;
- c) to examine any reported infringements, promote the most appropriate investigations and checks by relying on the relevant units and then assess and notify the outcome of the checks to the Human Resources Manager, or any another corporate body that has responsibility given the nature and severity of the infringement, so that appropriate corrective measures can be taken;
- d) to act as reference point with regard to the interpretation of relevant aspects of the Code.

## 1.8 Incorporation within the employment contract

The Code is an integral part of the employment contract. Compliance with the provisions of the Code is an essential part of employees' contractual obligations pursuant to law.

Any infringement of the Code may constitute breach of the primary obligations under the employment contract or a disciplinary offence, with all legal consequences, including with respect to keeping one's job, and may lead to actions seeking compensation for any damage resulting from the infringement. For Recipients who are not employees of the company, compliance with the Code is a prerequisite for continuation of the existing professional relationship/collaboration with ERREESSE.



## 1.9 Proper use of company assets

Recipients are responsible for protecting the assets assigned to them and are required to promptly inform the appropriate organizational units of any threats to, or harmful events for ERREESSE.

More specifically, each recipient must:

- a) act diligently to protect the company assets, through responsible conduct in line with the operating procedures in place regulating the use of such assets;
- b) avoid the improper use of company assets that may cause damage or reduce efficiency, or that in any case is in contrast with the company's interest;
- c) obtain the necessary authorizations if an asset is to be used outside the company's premises.

The growing dependence on computer technology requires ensuring the availability, security, integrity and utmost efficiency of this specific category of assets.

Each recipient is required to:

- a) refrain from sending threatening and insulting emails, from using coarse language, from expressing inappropriate or undesirable comments, that can offend people and/or damage the corporate image;
- b) avoid spam or "chain letters" that can generate data traffic, information, processes within the company IT network such as to significantly reduce the network efficiency and adversely affecting productivity;
- c) refrain from browsing websites with indecent or offensive content;
- d) scrupulously comply with corporate security policies, in order not to jeopardize the proper functioning and protection of the information systems;
- e) avoid uploading unauthorized software to the company IT systems and from making unauthorized copies of licensed programs for personal, business or third-party use.

The use of these assets, although unintentional, for any purpose outside the business activity may cause serious damage (economic, image, competitiveness, etc.) to ERREESSE, with the aggravating circumstance that improper use may constitute an offence involving potential criminal and administrative sanctions against the company and the need to take disciplinary action against the recipients.

When an expense report is submitted, the company shall reimburse reasonable, actual and authorized expenses, according to the rules contained in specific applicable procedures. Employees must always request a receipt and keep their personal expenses separate from work expenses under all circumstances.

THERE  
OUR  
PHILOSOPHY

**erreesse**  
V A L V E S

## 2 BUSINESS ETHICS FOR ERREESSE

### 2.1 INSPIRING PRINCIPLES

In business relationships, ERREESSE is inspired by principles of loyalty, fairness, transparency, efficiency and openness to the market.

In business relationships involving ERREESSE and in relations with the Public Administration, ERREESSE employees and external contractors acting in the name or on behalf of ERREESSE are required to conduct ethically and in compliance with the laws, according to utmost transparency, clarity, fairness and efficiency.

In commercial or promotional relations, Recipients are also required to behave in line with ERREESSE company policies; accordingly, their conduct, although directed to the achievement of the corporate purpose, may never translate into actions that are in conflict with the law and regulations in force or with the company procedures in place for each individual function.

## 2.2 Gifts and other benefits

In relations with customers, suppliers and third parties in general, no offers of money, gifts or benefits of any kind are permitted with a view to obtain undue real or apparent advantages of any kind (e.g. promises of economic advantages, special treatment, recommendations, promises of job offers...).

However, acts of commercial courtesy are permitted, provided they are of modest value and, in any case, such as not to compromise the integrity and reputation and not to influence the independent judgment of the Recipient.

Recipients who receive gifts that exceed the limits of normal courtesy and that are not of modest value, must refuse them and immediately inform their superior or the Body in Charge referred to in sub-paragraph 1.7.

## 2.3 Conflict of interest

To safeguard ERRESSE interests, Recipients must avoid situations and/or activities that may lead to conflicts of interest with those of ERRESSE or that could interfere with their ability to make impartial decisions.

If the Recipient has a conflict of interest with respect to ERRESSE own interests, the Recipient must immediately inform his/her superior or one of the Bodies in Charge and refrain from any activity related to the conflicting situation.

In relations between ERRESSE and third parties, Recipients must act according to ethical and legal rules and are expressly forbidden from resorting to any unlawful favouritism, collusive practices, corruption or solicitation of personal benefits for themselves or others.

Recipients are required to promptly report to their superior and/or to the Body in Charge any information that may suggest that a potential conflict of interest with ERRESSE is presumable or foreseeable.

For example, and without limitation, the following situations may give rise to conflicts of interest:

- a) economic and financial interests (significant ownership of shares, professional appointments, etc.), including through family members, customers, suppliers or competitors, that may lead to the employee having a joint interest - whether manifest or hidden - in the activities of suppliers, customers or competitors;
- b) carrying out work activities, including through family members, at customers', suppliers' or competitors' premises;
- c) accepting money, gifts or favours of any kind from individuals, companies or entities that are or intend to enter into business relationships with ERRESSE;
- d) using one's position in the company or the information acquired in the performance of the job in such a way that may lead to a conflict between one's own interests and those of the company;
- e) buying or selling shares when, in relation to his/her job, the employee is aware of relevant information not yet in the public domain.

In its conduct, the management body of the company is guided by a duty of disclosure; any financial interest or benefit that the Directors or their family members can derive from any actions they undertake must be disclosed to the management body for proper scrutiny, to ensure they are adequately justified, paying special attention to the obligation of managing the corporate affairs in a fair and reasonable manner.

## 2.4 Corporate Social Responsibility

Social responsibility is an integral part of ERREESSE as an enterprise. The centrality of people and customers, the search for innovation and the commitment to create not just economic “value”, but also social and cultural value, are among the founding values of the Company.

Customer satisfaction, safety and respect for the environment, have constantly been regarded as priorities by ERREESSE, as evidenced by the following prestigious certifications:

- ISO 9001 obtained in 2005, regarding recognition of the company's product design processes;
- OHSAS 18001 obtained in 2015, regarding recognition of the health and safety at work standards adopted by the company;
- ISO 14001 obtained in 2015, concerning recognition of the safety measures adopted by the company for the environment in which it carries out its operations.

ERREESSE believes that sport contributes to harmonious human growth; through healthy sport activities people develop ethical values such as a sense of sacrifice, team spirit, sense of belonging and respect for competitors. As such, ERREESSE acts as sponsor in promoting initiatives that encourage sport activities, especially among young people.

The Company is committed - now and for the future - to continue investing to ensure (i) the human and professional growth of its human capital (ii) high standards of safety at work, (iii) sustainable industrial production and respect for the surrounding environment, (iv) the promotion of social initiatives locally.

## 3 RELATIONS WITH STAKEHOLDERS

### 3.1 Relations with suppliers

Supplier selection and the terms and conditions for the purchase of goods and services for ERREESSE companies are based on competition, objectivity, fairness, impartiality, fair price and the quality of goods and/or service; the company also carefully assesses the support guarantees offered and the offers generally available.

Purchasing processes must be aimed at obtaining the maximum competitive advantage for ERREESSE, while ensuring loyalty and impartiality towards each supplier that meets the required qualifications. Furthermore, cooperation with suppliers must be constantly pursued to ensure that the needs of ERREESSE customers are met in terms of quality and delivery times.

The signing of contracts with suppliers must always be based on extremely clear relationships and the assumption of contractual obligations involving any kind of dependence on the contracting supplier must be avoided, where possible.

### 3.2 Relations with customers

ERREESSE pursues its success by offering high quality services at competitive conditions, in compliance with the laws in force for the protection of competition and the profession.

In relations with customers and in compliance with internal procedures, each Recipient must seek maximum customer satisfaction, by also providing comprehensive and accurate information on the services provided to facilitate customers' informed decisions.

## 3.3 Relations with employees

Human resources are an indispensable element of the company's life. The dedication and professionalism of our employees are essential values and conditions for the achievement of ERREESSE's objectives.

ERREESSE undertakes to develop the skills and competences of each employee so that each of them can fully express his/her energy and creativity in the execution and achievement of the corporate purpose.

The Company promotes respect for the physical and cultural integrity of people. It guarantees working conditions that are respectful of individual dignity and a safe working environment. ERREESSE undertakes to spread and consolidate a culture of safety, by developing awareness of risks, promoting responsible behaviour by all collaborators and undertaking to preserve workers' health and safety, especially through preventive actions; in managing operations, the most advanced criteria for environmental protection and energy efficiency must be taken as reference. ERREESSE protects workers from acts of psychological violence and combats any discriminatory or harmful attitude or behaviour (by way of example, and without limitation, insults, threats, isolating or intruding into people's privacy, professional constraints are not permitted); each Recipient must actively collaborate to maintain a climate of mutual respect for the dignity and reputation of everyone.

Harassment of any kind is not permitted and any conduct or speech that may offend people must be avoided. Therefore, ERREESSE opposes any attitude or behaviour that discriminates or harms people, their convictions and preferences.

ERREESSE does not tolerate requests or threats that induce people into acting against the law and the Code of Ethics, or that lead them to infringe people's convictions and moral and personal preferences.

The ideas, preferences, personal tastes and in general the private life of collaborators shall not be investigated. ERREESSE offers all employees the opportunity for professional growth, ensuring that everyone can enjoy fair treatment based on merit, without discrimination. The functions in charge must:

- a) rely on merit, competence and strictly professional qualities as criteria for any decision concerning employees;
- b) select, hire, train, remunerate and manage employees without discrimination;
- c) create a work environment where the personal characteristics of each employee are not a reason for discrimination.

ERREESSE does not allow any sexual harassment, meaning as such: subordinating remuneration or career prospects to the acceptance of sexual favours; proposing to engage in private interpersonal relationships despite denial is obvious or reasonably clear, that may affect the recipient's peace of mind, given the specific situation.

ERREESSE requires that each employee personally contributes to maintaining a work environment that is respectful of others' values. Therefore, the following situations in working activities and in the workplace shall be considered as deliberately taking the risk of disrupting such work environment: working under the influence of alcohol, narcotics or substances having a similar effect; using or giving narcotics in any way while at work.

The Company supports and respects the rights of people in accordance with the UN Universal Declaration of Human Rights.

Any infringement of the provisions of this article must be immediately reported to the management body.

## 3.4 Relations with representative bodies

ERREESSE does not make direct or indirect contributions to political parties either in Italy or abroad nor to their representatives or candidates.

Employees must acknowledge that any form of involvement in political activities shall be on a personal basis, in their own free time, at their own expense and in compliance with the laws in force.

Furthermore, ERREESSE does not make contributions to organizations with which there may be a conflict of interest (such as trade unions, consumer associations, etc.).

Some types of cooperation are possible when expressly authorized by the relevant company departments and:

- a) the purpose is related to ERREESSE mission;
- b) they concern projects for the well-being of the community or they are in favour of some specifically identified categories of individuals.

How the resources will be used must always be clear and documented.

## 3.5 Relations with Public Institutions

Only company functions specifically delegated for the purpose may engage in relations with public bodies and entities that are necessary for the development of ERREESSE's corporate plans. Relationships must be inspired by utmost transparency, clarity, fairness and such as not to lead to partial, false, ambiguous or misleading interpretations by the public officials with whom relationships are held in various capacities.

Gifts and acts of courtesy and hospitality with representatives such as public officials or public service representatives are only permitted if they are of modest value and in any case such that a third party shall not interpret them as aimed at gaining improper benefits.

In any case this type of expenses must be authorized and adequately documented.



## 4 TRANSPARENCY OBLIGATIONS AND CONTROL SYSTEM

### 4.1 Transparency regarding the activities carried out

All activities and actions carried out by the Recipients in the performance of their work must be verifiable.

Accounting transparency is based on truthfulness, accuracy, completeness and reliability of the documentation of management affairs and the related accounting records.

Each Recipient is required to cooperate so that business activities are correctly and promptly represented in the accounts.

Adequate supporting documentation of the work activity is kept in the records for each transaction, to facilitate recording in the accounts, identification of the various levels of responsibility and accurate tracing of transactions.

Each record must exactly reflect the content of the supporting documentation.

If Recipients become aware of any omissions, forgery, alteration or negligence in disclosures and in the supporting documentation, they are required to report the facts to their superior or to the Body in Charge.

### 4.2 Control activities

ERREESSE intends to ensure that awareness about the importance of an adequate internal control system is entrenched at all levels of its organization.

Specifically, ERREESSE believes that the internal control system must promote the achievement of company objectives and must therefore be oriented towards improving the effectiveness and efficiency of production and management processes.

All Recipients, within their respective roles, are responsible for the proper functioning of the control system.

Everyone must feel accountable for the corporate assets, both tangible and intangible, used to perform business activities.

The appointed control body has free access to data, documentation and information that are necessary for carrying out its activities.

# 5 SANCTIONS

Compliance with the provisions of the Code of Ethics is an integral part of the contractual obligations of employees pursuant to art. 2104 of the Italian Civil Code. Any infringement of the Code of Ethics may constitute breach of the primary obligations under the employment contract or a disciplinary offence, in accordance with the procedures provided for by art. 7 of the Workers' Statute, with all legal consequences, including with respect to keeping one's job, and may lead to compensation for damage resulting from such infringement.

Compliance with the Code should be considered as an essential part of the contractual obligations assumed by independent collaborators and/or by other persons who are engaged in business relations with the Company. Any infringement of the Code of Ethics may constitute breach of contractual obligations, with all legal consequences, including with respect to termination of the contract and/or engagement and may lead to compensation for damage resulting from such infringement.

The Company undertakes to provide for and impose, in a consistent, impartial and uniform manner, sanctions that are proportionate to the respective infringements of the Code and compliant with the regulations in force on labour relations.

## 6 EFFECTIVE DATE AND AMENDMENTS

This Code of Ethics has been adopted by decision of the management body and has been illustrated to the control body of the company ERREESSE on 30 October 2017; it became immediately effective as of such date.

Any update, amendment or revision to this Code of Ethics must be approved by the management body and notified to the control body.



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