

ORGANISATION AND MANAGEMENT MODEL
ACCORDING TO LEGISLATIVE DECREE DATING BACK TO JUNE 8, 2001 N. 231
Code of Conduct
Velan ABV S.r.l.

ORGANISATION MANAGEMENT AND CONTROL MODEL (ACCORDING TO THE
LEGISLATIVE DECREE N. 231/2001) CODE OF CONDUCT

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1. APPLICATION

Velan ABV S.r.l. (hereinafter the “Company” or “VELAN”) works in the metal and steel sector, for the production of valves mainly destined to the energy sector (Oil & Gas).

The present Code of Conduct (hereinafter the “Code”), summarizes values and behavioral standards which the company and the receivers should comply with.

The Company is committed to promote the dissemination and compliance with the principles contained within the Code, in line with defined behavioral rules.

The receivers of the Code are: all VELAN employees, whatever their role within the company and their area of expertise, consultants, trainees, employees of other Group companies temporarily working for VELAN, directors, auditors, attorneys, experts, sale agents, brokers, business partners, suppliers, contractors and whoever is working in the name and on behalf of VELAN.

Every receiver should know the content of the Code, understand its meaning and ask for information if it is not clear, as specified in the section “Application field” of the present document.

The present Code of Conduct is integral to the “VELAN Code of Conduct” (in the version drafted by Velan Inc.), already enforced by VELAN as to promote and guarantee compliance with the highest integrity standards of each individual and the company. The “VELAN Code of Conduct” is integral to the present Code.

The company will inform and oblige all the people affected at different levels to comply with the Code or who the Company is interested to inform about the Code’s main provisions and principles.

2. COMPANY MANAGEMENT PRINCIPLES

2.1. HONESTY AND INTEGRITY

VELAN carries out its activities according to the principles of honesty and integrity. All people directly or indirectly liable for the company’s activities or operating on behalf or in the name of the company should comply with such principles.

More precisely the Code receivers are obliged to integrate and accurately comply with the following behavioral principles:

- Any fraudulent practice or behavior is entirely forbidden together with corruption, cronyism, and more in general any conduct whatsoever contrary to the law, sector regulations, internal regulations and what is contained in general in the present Code;
- No payment in kind is to be accepted, as well as any gift which could be interpreted as more than a normal business or courtesy practice or simply leading to a better personal treatment or in the activity enforcement connected with the Company.

Such behaviors are forbidden and rigorously sanctioned, independent from the fact that they were really or possibly enforced, directly or through third parties or subordinates, to get personal advantages or benefits for the others and the Company as well.

2.2. IMPARTIALITY

When carrying out any activity, VELAN avoids any discrimination whatsoever based on age, sex, sexual habits, health conditions, race, nationality, political views, or religion.

2.3. RESPECT OF FUNDAMENTAL WORKER RIGHTS

VELAN respects human rights and supports their compliance, acting according to the Labor international organization principles.

Any Employee is entitled to form or take part in trade unions and to appoint worker representatives. The Company entirely forbids any hard or compulsory labor and pays attention to the minimum age

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requirements for any employment in compliance with government obligations. Child labor is entirely forbidden.

Relationships with workers are governed by compliance with the National labor contract.

2.4. COMPLIANCE WITH THE REGULATIONS IN FORCE

VELAN supports compliance with the laws and regulations in force when carrying out any Company activity. Each receiver should carry out his/her duties in compliance with the reference regulation framework.

The company will never start or continue any relationship with whoever will not comply with such principles. The same applies in case of willful misconducts or behaviors contrary to the law leading to benefits, interests or advantages to the Company.

Any behavior leading to any possible offence is entirely forbidden, mainly in compliance with Legislative Decree no. 231/01 and following any changes or amendments.

2.5. COMPLIANCE WITH COMPANY PRINCIPLES

VELAN supplies and provides within its organization company rules in compliance with the worker rights, with the regulations in force and with the reference labor contract. Each Employee should get information and comply with the company principles according to the activity he/she is responsible for.

2.6. CORRECTNESS IN ANY ACCOUNTING RECORDING AND EXTRAORDINARY OPERATION

Any transaction is to be correctly recorded, authorized, controllable, legitimate, coherent and compliant. Receivers whenever informed about omissions, counterfeiting or incorrectness in the accounting or in the related recording should promptly inform the Supervisory Board.

The financial statements and any other company communication should inform shareholders and third parties about the Company's complete and correct economic, financial and asset situation in general.

Each receiver taking part to the recording of information should:

- a) do his/her best as to allow management information and facts to be correctly and promptly recorded in the accounting records;
- b) guarantee:
 - the availability of any supporting document for a single operation, as to allow its easy accounting recording, the identification of the different levels of responsibility and an accurate history definition;
 - the highest possible co-operation;
 - the accuracy of information and processing;
 - the correctness of provided information.

When defining and managing any extraordinary operation and processing any economic, asset and financial extraordinary information, the Company will entirely comply with the main principles aiming at protecting its wealth and integrity.

2.7. PROTECTION OF THE WORKING ENVIRONMENT, SAFETY AND HEALTH

The Company will respect and ask for compliance by its suppliers and business partners to the regulations in force as it applies to working environment protection, mainly paying attention to what is imposed by regulations on health and safety in the workplace. VELAN supports responsible behaviors by its Employees and supplies suitable tools as to prevent accidents to protect its people's safety.

The Company when managing health and safety is inspired by the following principles and criteria:

- a) it avoids risks;

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- b) it removes avoidable risks;
- c) it addresses risks at their origin;
- d) it allows any person to carry out a suitable activity, mainly as for the workstations, equipment and working method as to avoid repetitions and monotony thus reducing any side effect on health;
- e) it duly takes into account any technical progress;
- f) it replaces any unsafe tool with something which is less or not unsafe at all;
- g) it enforces consistent prevention, aiming at a model integrating technology, labor organization, working conditions, social relationships and influence of environmental operating factors;
- h) it defines priorities to the collective protection measure as for any individual protection;
- i) it provides for suitable instructions to workers.

2.8. PROTECTION OF THE ENVIRONMENT

The Company decided to reduce the impacts of its activity through:

- a) the best use and/or reduction of used resources and raw materials;
- b) the enforcement of technical and management suitable procedures;
- c) the search for higher energy efficiency;
- d) the improvement of the waste disposal cycle.

It also promotes better behaviors by the Customer, Supplier and Employees to achieve better environmental protection and economic improvement.

2.9. QUALITY POLICY

VELAN is strongly convinced that the Quality certification is required as to reach the company goals. Any Employee should work and do his/her best as to constantly comply with the Quality policy and each of them plays his/her role to reach a similar ambitious goal.

2.10. PRIVACY AND DATA PROTECTION

VELAN provides for the private and confidential treatment of information relating to its Employees, business partners, customers and suppliers in compliance with the regulations in force. Thus any suitable measure is enforced as to protect this information and to provide for its correct processing and treatment. The Company provides for the protection of information, while committing to its use within the limits imposed by the regulations in force.

3. BEHAVIOUR AND CONDUCT PRINCIPLES

3.1. CUSTOMERS

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VELAN's main goal is the Customer's satisfaction and protection. As to provide for a suitable service to its customers' requirements and requests, it is necessary that everybody does their best, in an honest, co-operating and respectful relationship, the only way to increase Customer satisfaction.

Each employee should therefore model his/her behavior to comply with some specific but fundamental rules such as:

- be always polite, available and kind;
- enforce defined procedures and behaviors aimed at offering suitable information and support services to the customers, reducing the response times to the bare minimum and through all the available communication means (telephone, regular mail, e-mails, fax);
- be always reachable;
- be always problem-solving;
- in case of doubt comply with the general principles, values and company guidelines.

3.2. SUPPLIERS AND PARTNERS

VELAN selects its own Suppliers and partners (brokers, consultants, agents, providers, subcontractors and business partners), according to objectives and documented criteria in terms of competitiveness and quality and in line with the principles reported in the Code of Conduct, committed to professionally and correctly treat them and in general offering free competition with no distortion.

Affected Employees should loyally, transparently and honestly behave when dealing with suppliers and business partners and while complying with Velan group principles. What is more they are responsible for complying with any legal provision on competition and antitrust. The company expects its suppliers and partners to behave fairly in terms of competition.

3.3. EMPLOYEES

VELAN recognizes the importance and value of its Employees which includes Employees, temporary staff, and apprentices. They are extremely valuable to the company. The company is aware that only through its staff it is possible to reach and to improve the very good results reported on the reference market. Thus the company will do its best to:

- provide inside its organization a suitable climate for the human and professional growth of its staff;
- respect the dignity, professional qualifications, health and safety of its Employees;
- act in compliance with the regulations in force and principles put forward in the National labor contract and by the additional company contract, if signed;
- support the staff and their professional training and growth;
- provide for a general working environment where dialogue and mutual cooperation are a must.

3.3.1. EQUAL OPPORTUNITIES

VELAN will not condone any discriminatory behavior as for the selection and hiring of people, task assignment, training, and wage and career development.

3.3.2. RESPECT AND CO-OPERATION

VELAN strongly believes in the quality of its relationships with Employees. Any employee should work in an environment where they can profit from her/his potential. Thus it is requested that anybody working inside the company should comply with the general principles put forward by the previous Chapter, and more precisely:

- respect other people's activities and co-operate with other professionals inside the organization;
- co-operate with all colleagues as to easily achieve the company goals;
- develop a calm and peaceful ambience within the working environment;
- avoid any discrimination or retaliation whatsoever.

VELAN strongly believes that Company departments should co-operate as to reach the planned company goals.

Thus anybody working inside the company should do his/her best to be professional and co-operate with others. Communication between the different business units is a must, aiming all at the same company goal, according to the specific tasks assigned and goals to reach.

3.3.3. IMPORTANCE AND TRAINING OF HUMAN RESOURCES

VELAN intends to increase its staff professional competence through training, updates and development of their careers.

3.3.4. MANAGEMENT

Each manager should stand out as a role model and he/she should act in compliance with the Code of Conduct. He/she should promote the principles and values put forward by the Code of Conduct to his/her subordinates.

Each manager is responsible for his/her subordinates. Their relationship is to be based on mutual respect. Managers should provide for adequate support and a constant information flow. They should agree on clear, ambitious and realistic goals while promoting Employees' professional development.

3.3.5. CONFIDENTIALITY AND CONFIDENTIAL INFORMATION TREATMENT

Data, information, communication and knowledge will remain strictly confidential in compliance with the regulations in force. The Company staff and external consultants are entirely forbidden to disclose confidential information they were informed of during their professional activities, relating to VELAN or its partners.

3.3.6. CONFLICTS OF INTEREST

VELAN commits to avoid, as much as possible, any conflict of interest in compliance with the related legal provisions. Any Employee should avoid any personal benefit when working for the company. Potential conflicts of interest should be disclosed to the company according to the reporting modes.

Hereinafter enclosed, with no limit, a list of possible conflicts of interest:

- professional activity outside the company without being duly authorized;
- personal activity during company working time;
- use of any company asset to his/her own benefit;
- shareholding in companies professionally working with VELAN without informing the Company managers;
- carrying out activities or services for companies professionally working with VELAN without informing the Company managers.

3.3.7. BEHAVIOURAL DUTIES OF EMPLOYEES

Each Employee should respect the dignity, professional qualifications, and health and safety of his/her colleagues. What is more he/she should pay attention to his/her personal attitude and clothing, inside and outside the company, as to be in line with his/her role and the forecast business activity. Each Employee is entirely forbidden to incorrectly behave thus affecting the VELAN image and reputation. As for what is not precisely reported in the Code, Employees should rigorously comply with duties forecast in the National labour contract.

3.3.8. USE OF THE COMPANY ASSETS

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Each Employee, when receiving a company asset, commits to profit from it with good diligence and to promptly comply with regulations governing its use, according to the asset's specific features.

Any company asset is to be considered a working tool and thus it should only be correctly used. It is always forbidden to use the company assets and mainly IT and network equipment contrary to the regulations in force, public safety and good practices, or to commit an offence, such as pedo-pornography or to lead others to commit an offence or to support hate, violence or violation of human rights.

3.3.9. GIFTS AND PRESENTS

During his/her activity, an Employee may receive or offer "small gifts", with no value or simple courtesy presents. Such gifts can only be received within the VELAN registered office. As the meaning of "small gifts" or entertainments can be varied, the supervisor should guarantee a fair behavior, correct value, frequency and correctness of such courtesies. They should be in line with the normal business practices where offered or accepted, on condition that such habits and practices do not violate the company's principles or the rules and regulations in force.

3.4. INSTITUTIONS AND PUBLIC ADMINISTRATION

VELAN works with institutions and public authorities and administration, including public and private employees (public officers or public service providers), private commercial subjects in the case of providers of public services according to correctness and transparency principles as to guarantee clear behaviors, never to be interpreted by the involved subjects as ambiguous or contrary to the regulations in force.

Any relationship with these parties is directly managed by the company officers and by the delegated employees.

More precisely:

- a) it is entirely forbidden to offer money or gifts to executives, officers or employees of the Public administration, their relatives, in Italy and in Foreign Countries as well, with the exception of gifts of little or no value;
- b) an illegal payment to Italian institutions or their employees and illegal payments through people acting on behalf of such institutions both in Italy and abroad is considered bribery;
- c) it is entirely forbidden to offer or accept any valuable object, service, performance or favor, as to get a favorable treatment in any relationship with the Public administration;
- d) during any business negotiation, request or activity with the Public administration, employees should refrain from unduly affecting any decision by the opposing party, including executives taking decisions on behalf of the Public administration;
- e) in the case of a tender or bid with the Public administration, always comply with the regulations in force and with the correct business practices;
- f) if the company profits from the consulting of a consultant or a subordinate to be represented in front of the Public administration, in the contract governing the relationships between the parties, it is necessary for the consultant and its staff or the subordinate to abide by the same provisions applicable to the Company's employees;
- g) the Company cannot be represented in any relationship with the Public administration by a consultant or a subordinate who may be in any conflict of interest;
- h) during a business negotiation, request or business relationship with the Public administration the following actions are forbidden: assess or suggest a job and/or commercial opportunity to the benefit of the Public administration staff, ask or get confidential information compromising the integrity or reputation of both parties.

3.5. POLITICAL PARTIES AND TRADE UNIONS

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VELAN will constantly co-operate with the Trade Unions according to correctness and transparency principles, in line with legislative provisions and principles reported in the National labor contract. Thus the Company will never directly or indirectly finance people, organizations, events or initiatives aimed at political or trade union propaganda.

3.6. MASS MEDIA AND INFORMATION MEANS

VELAN accepts, complies and respects the freedom of expression and the right to information and it recognizes the importance of “mass media” as a means of spreading information to the civil society. Thus it actively co-operates, with no discrimination whatsoever, with the certified information means in compliance with the Company rules and confidentiality duties.

Thus any relationship is to be oriented to the full respect of the right to information according to the confidentiality, clarity, correctness and transparency principles.

Any Employee, in compliance with the procedures in force and with his/her role within the company, is responsible for any information disclosed outside the Company.

3.7. NON-PROFIT ASSOCIATIONS, SCHOOLS AND UNIVERSITIES

VELAN, duly aware of the social importance of its activity, voluntarily provides for legacies and donations with no request of any mutual benefit whatsoever.

The Company supports qualified non-profit organizations and promotes voluntary social sector initiatives.

The Company pays due attention to reinforce the connection between training and the educational system.

The Company actively co-operates with young people’s training and educational institutions.

4. IMPLEMENTATION

4.1. SUPERVISORY BOARD

According to the organization and control system presently in force, it will be up to the Supervisory Board to govern, monitor, interpret, and control the main principles reported in the present Code as well as their correct application, implementation and compliance.

4.2. AVAILABILITY OF THE CODE OF CONDUCT

The Code of Conduct and possible changes and amendments are available on the Company internet site and hard paper copies of the Code of Conduct are available at the Company’s registered office.

The Company enforces a dedicated training and communication activity using special tools to the Code receivers and to anyone potentially involved in the Code control or whom the Company deems should be informed of the Code’s contents.

4.3. COMMUNICATION OF ANY VIOLATION

Whoever is aware of behaviors that may be considered violations to the rules in the present Code of Conduct should promptly inform the Supervisory Board. Such reporting will be considered confidential and it can be forwarded by mail addressed to:

Supervisory Board

Velan ABV S.r.l.

Via di Coselli, n.13/15, 55012 Capannori, Lucca

Or by e-mail to the following address:

velanabv.odv@legalmail.it.

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Retaliation is forbidden against anyone reporting any violation to the Code of Conduct in good faith.

4.4. SANCTIONS

In case of reported violations to the principles and values put forward in the Code, VELAN will enforce any sanction defined according to the severity of the facts, relapses of the violation, negligence, willful deception, deliberate transgression and serious misconduct. The Company or the Supervisory Board could provide for their opinion or seek the adoption of sanctions according to guidelines set by the regulations in force, by reference to the National Labor contract, or guidelines contained in chapter 5 of the General Part of the Organization Model titled "SANCTIONS APPLIED IN CASE OF NON COMPLIANCE WITH THE PRESENT MODEL AND WITH RECALLED PROVISIONS AND RULES".

The violation of rules specified in the Code can lead to different types of sanctions depending on the subject involved: different measures are considered, from the simple recall to the mandate cancellation for justified reason against directors, attorneys and auditors as well as sanctions considered in reference to Labor contracts against employees. As for the Code receivers, any violation to the reported provisions may lead to disciplinary measures up to the termination of any existing contract for justified reasons.

4.5. CHANGES AND AMENDMENTS

The VELAN Board of Directors reserves the right to change or amend the present Code of Conduct and promptly inform the affected people.

Approved by the Board of Directors during its meeting on September 18, 2013.