



**EBARA**

*Ebara Pumps Europe S.p.A.*

# **ORGANIZATION MANAGEMENT AND CONTROL MODEL**

(pursuant to Italian Legislative Decree 231/2001 and subsequent amendments and additions)

## **Annex 5 Code of Conduct**

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# 1 INTRODUCTION

## 1.1 INTERNAL FRAME OF REFERENCE

Ebara Pumps Europe S.p.A. ("the Company" or "EBARA" or "EPE") has formulated the following documents, including to implement the instructions of the Ebara Corporation ("the Parent Company") regarding the issue of compliance:

- an Organization, Management and Control Model pursuant to Italian Legislative Decree 231/2001 (the "Model") which reflects specific recommendations set out in this decree ("the Decree" or "Decree 231/2001"), aimed at preventing the commission of particular types of offences, and intended to allow the Company to benefit from the exemption under Art. 6 and Art. 7 of the Decree
- the present Code of Conduct (the "Code"), which identifies specific conduct liable to disciplinary action since considered to weaken the Model, even potentially.

The Code has a preventive function: the codification of rules of conduct with which all addressees must comply constitutes the Company's express declaration of its serious and active commitment to guarantee the legality of its business, with particular reference to the prevention of unlawful behaviour.

The Company requires everyone who has a relationship with it to abide by the laws and regulations in force in the countries in which the Company operates and with the directions the Model and the present Code of Conduct.

## 1.2 ADDRESSEES

The contents of the Code apply, without exception, to the following parties (the "Addressees"):

- Internal parties ("Officers" or "Personnel" ), who have an ongoing finite or indefinite relationship with the Company; by way of example, board members, employees, collaborators (including freelance workers), interns and trainees;
- Third parties, ("Third Parties"): external professionals, business partners, suppliers and consultants, temporary employment agencies, and in general those who, by engaging with the Company, in carrying out activities in its name and/or on its behalf, or in any case, in the conduct of their activities for the Company, are exposed to the risk of committing offences under Decree 231/2001 in the interest of or for the benefit of the Company and/or the Group.

With regard to Third Parties, the Company's Personnel, according to their level of responsibility, will:

- provide adequate information on the undertakings and obligations imposed by the Code;
- require the obligations directly affecting their activity to be observed;

- take appropriate internal action and, if their responsibility, external action should Third Parties fail to comply with the Code's rules.

In any case, if a Supplier, External Professional or Business Partner violates the Code in the course of conducting their activity in the name and/or on behalf of the Company (or nonetheless in carrying out activities for the Company), the Company is entitled to take every action allowed by prevailing law, including termination of the contract. To this end, the Company will adopt in its contracts with such persons the explicit termination clause provided for in Art. 1456 of the Italian Civil Code (the so-called "Safeguard Clause").

### **1.3 RESPONSIBILITY OF EBARA**

The Company undertakes to:

- ensure the Code's dissemination to Employees and Freelance workers;
- divulge (in the manner envisaged by a specific communication plan) the Code to Third Parties who engage in relations with the Company;
- ensure that the Code is kept continuously updated for changing business needs and applicable legislation;
- provide every possible means to understand and clarify how to interpret and implement the Code's rules;
- investigate every reported violation of the Code's rules, evaluating the facts and taking appropriate disciplinary measures in the event of a verified violation.

### **1.4 CONTRACTUAL SIGNIFICANCE OF THE CODE**

The rules of the Code form an essential part of the contractual obligations of all personnel and staff under the Italian Civil Code's Art. 2104 (Worker diligence) and Art. 2105 (Duty of loyalty)<sup>1</sup>.

The Company will evaluate conduct in breach of the Code's rules in accordance with applicable regulations concerning disciplinary matters, and punish such breach according to its severity.

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<sup>1</sup> Art. 2104 "Workers must apply the diligence required by the nature of the work, by the corporate interest or by the higher interest of national production. They must also observe the instructions for execution and regulation of the work given by the employer and by the latter's staff members to whom such workers report hierarchically".

Art. 2105 "Workers must not do business, on their own account or that of third parties, in competition with the employer, nor must they divulge information concerning the firm's organization and production methods, or make use of the same in such a way as to harm the firm".

## 2 RULES OF CONDUCT UNDER DECREE 231/2001

### 2.1 GENERAL PRINCIPLES

Every Employee/Freelance worker is required to know the Code's rules and the relevant internal and external regulations governing the activity performed within their specific sphere of operation. In the event of any uncertainties as to how to conduct themselves when performing their activities, the Company will provide its personnel with adequate information.

Employees/Freelance workers also have the duty to:

- diligently observe the rules of the Code and the Model, refraining from conduct contrary to such rules;
- ask their superiors if they need clarification about how to interpret and implement the rules contained in the Code and the Model;
- report any violations or suspected violations to their direct superior or to the Supervisory Board;
- offer the utmost collaboration in verifying possible violations.

Every head of business function has the duty to:

- set an example to their staff through their own conduct;
- provide guidance to employees and freelance workers on compliance with the Code and the Model;
- make sure that employees and freelance workers understand that compliance with the rules of the Code and the Model is an essential part of the quality of their work;
- inform the Supervisory Board promptly, of reports obtained or received directly from employees regarding possible violations of the rules;
- promptly implement appropriate corrective measures when the situation requires;
- prevent any kind of reprisal.

Every Employee/Freelance worker must act in good faith in order to comply with the duties under their employment contracts, by performing the job required; Employees/Freelance workers are forbidden to communicate, to divulge to third parties, to use or exploit, or to allow third parties to use, for any reason not related to their work, any information, fact, news which they have learned during or as a result of their employment with the Company. Accordingly, Employees/Freelance workers are required to comply with the Company's specific information security policies designed to ensure the reliability, confidentiality and availability of such information.

Such persons are also prohibited from receiving the gift or promise, for themselves or for others, of money, largesse or other advantages, including, but not limited to, forms of entertainment, gifts, travel and other valuable consideration in return for performing or omitting acts, in breach of their duties of office or duties of loyalty to EPE, causing it actual or potential harm.

In order to safeguard company assets, every Employee/Freelance worker is required to act diligently and in a responsible manner.

In particular, every Employee/Freelance worker shall:

- 1) use the assets entrusted to them scrupulously and parsimoniously;
- 2) avoid improper use of company assets, which could damage them or reduce their efficiency, or nonetheless be against the business interest;
- 3) avoid improper use of company assets for purposes and ends unrelated to their work or job, especially if prejudicial to the image and prestige of the Company.

Every Employee/Freelance worker is responsible for protecting the resources entrusted to them and has the duty to inform their superior promptly of any harmful events for the Company.

Management and those performing managerial functions are responsible for supervising the activities of personnel under their direction and control.

An adequate documentary record must be retained for every transaction at risk, allowing the transaction's characteristics, related decision-making process, authorizations and checking process to be controlled at any time.

The Company means to avoid in its business activities any contact with people at risk of relations with criminal organizations and is committed to knowing its commercial partners and suppliers, by verifying their commercial and professional integrity.

## **2.2 RELATIONS WITH INSTITUTIONS, PUBLIC ADMINISTRATION AND ASSOCIATED ENTITIES**

### **Preamble**

The rules of conduct contained in this section are intended to encourage the Company's business to develop in the right way by ensuring that its Officers act to prevent business-related corruption in compliance with the "Corruption Prevention Policy".

Relations with institutions, the Public Administration and related entities of any nature must be transparent and consistent with the Company's policy and must be managed by the corporate functions formally empowered to do so.

In particular, Officers must comply not only with Italian and foreign legislation governing predicate offences triggering corporate liability under Decree 231/2001 but also with anti-corruption legislation in Italy (Articles 318 to 322 of the Italian Penal Code and Law 190/2012), and in Japan, considering the fact that the Foreign Corrupt Practices Act in the United States, the Bribery Act in the United Kingdom and anti-corruption legislation in other foreign countries apply severe penalties to a wide range of acts involving the corruption of foreign public officials in a foreign country by parties operating in a foreign country, including companies operationally based in Europe.

The Company will do its utmost to gather information about anti-corruption legislation in the countries concerned and, if necessary, to harmonize its internal policies with such rules and regulations.

The present rules of conduct shall apply to any and all company activities of the Company's Officers.

For the sake of clearer understanding, a number of definitions are provided below:

- a "*Bribe to corrupt*" means a Benefit given by way of illicit consideration for the performance of an official duty by a public official, etc.;
- "*Benefit*" means any and all tangible or intangible benefits, not just property, that satisfy a person's request or wish, including, but not limited to, money, property and financial benefits, loan of homes and buildings, forms of entertainment, gifts, travel, debt repayments, the provision of security deposits, guarantees, job grade and other valuable consideration;
- "*Public Official*" means a member of a legislative body or a committee, or another official exercising public functions under any law and regulation, including, but not limited to, government and local government officials; the term also includes a person responsible for a public service;
- "*Foreign Public Official*" means not only persons exercising public functions for a foreign government or local foreign public entity, persons exercising functions for any ministry, agency or related semi-public entity, persons fulfilling the functions of public entities and to whom appropriate powers have been assigned, persons exercising public functions for international organizations and persons delegated powers by a foreign government, but also staff of political parties, candidates in public elections as well as any other person classified as a foreign public official by the anti-corruption legislation of the country concerned. Given that in some instances, like that of employees of state-owned companies, it is difficult to determine whether a person qualifies as a "Foreign Public Official", the scope of application of the term "Foreign Public Official" must be scrupulously determined in accordance with the anti-corruption legislation of the country concerned;
- "*Public Official, etc.*" means Public Official and Foreign Public Official.

The Company also treats as acts of corruption illicit payments made directly by Italian persons and/or entities or by their employees, and those by persons acting on their behalf in Italy or abroad (for example, subsidiary and associated companies, subcontractors, contractors, consultants, commercial partners or other third parties).

### **Tangible forms of corruption**

It is expressly forbidden to:

- make (including authorize, offer, promise or give, the same applies in the rest of this section) cash payments to public officials or public service agents;
- offer money or gifts, unless gifts or advantages of modest value, and in any case such as not to harm the integrity or the reputation of one of the parties and that cannot be understood as intended to obtain improper advantages;

- grant any kind of other advantage (such as promises of direct employment or employment of close relatives, assignment of appointments to specified persons, etc.) to representatives of the Public Administration, which will have the same consequences foreseen in the point above.

It is also expressly forbidden to exploit or claim relationships with a Public Official or a Public Service Agent in order:

- to be given or promised money or other advantages as the price for the illicit mediation;
- to remunerate the same Public Official or Public Service Agent for the performance of an act forming part of their official duties.

It is also forbidden to pay or promise money or other advantages (e.g. employment, appointments, consulting jobs, etc.) to persons who claim alleged or actual relationships with public officials or public service agents in order, by exploiting such relationships, to influence the public official or public service agent for the benefit of the Company.

The abovementioned types of conduct are forbidden even if they are the result of coercion or inducement by the Public Official or Public Service Agent; in such cases, the Employee has the duty to report such a circumstance to their superior, who in turn will report it to the Supervisory Board.

When a business deal, application to and/or relationship with the Public Administration is in progress, the Personnel responsible (at any level) should not try to influence the other party's decisions, and this includes officials who act or make decisions on behalf of the Public Administration.

In the specific case of invitations to tender by the Public Administration, the law and fair business practice must be observed.

### **Exception: corporate gifts**

If an Officer of the Company grants any benefit, including, but not limited to, forms of entertainment, gifts, travel and other valuable consideration, this shall (i) not be for an illicit purpose and (ii) not violate anti-corruption legislation or other applicable laws and regulations.

In addition, if a Benefit is granted, the Officer must submit an application in accordance with internal procedures for travel expenses.

An Officer of the Company may not grant, as a corporate gift, any voucher that does not specify the product to which it gives entitlement.

The amount of entertaining expenditure for a Public Official, etc. **shall not exceed** the equivalent of **one hundred US dollars** (US\$100) per entertainment event per Public Official, etc. and the number of entertainment events **shall not exceed four (4)** in any one financial year.

The amount of the gift to a Public Official, etc. shall not exceed the equivalent of one hundred US dollars (US\$100) per gift per Public Official, etc. and the number of gifts shall not exceed two (2) in any one financial year.

If the amount of entertaining expenditure or the number of gifts given to a Public Official, etc., exceeds the limits stated above, the Officer in question must obtain prior approval,



for which this Officer must declare, in the relevant application form, the reason for exceeding the limit.

### **Rules governing other processes related to corruption**

In order to avoid conduct that may constitute a crime of corruption through remuneration in the form of "other advantage", which is also illegal, the following rules must be observed:

- when selecting Suppliers and making professional engagements, objective and transparent selection mechanisms should be adopted, based on principles of expertise, cost-effectiveness, transparency and fairness, and appropriate steps must be taken to document the establishment, management and the cessation of such relationships;
- all remuneration and/or sums paid to professional advisors must be adequately documented and in any case proportionate to the work performed, also taking into account market conditions;
- it is forbidden to remunerate External Professionals for services not adequately justified by the type of service to be performed and prevailing local practices;
- job applicants must be evaluated by matching candidate profiles against business needs, ensuring equal opportunities for all those concerned.

The Company refrains from putting any direct or indirect pressure on political representatives.

The Company does not make contributions to political parties or organizations, either in Italy or abroad, nor to their representatives or candidates, and it does not sponsor congresses or events whose exclusive purpose is political propaganda.

### **Relations with Third Parties**

If the Company uses an entity and/or Third Party to represent it in relations with the Public Administration, the Officer of the Company must take appropriate steps with regard to such public entity and its employees and/or collaborators, concerning the prohibition of Bribes to corrupt, including, but not limited to, the Officer's request to the Third Party's company for a letter of undertaking in which it declares that it will not violate anti-corruption legislation, or the inclusion in contracts with such Third Parties of a specific termination clause under Art. 1456 of the Italian Civil Code (namely, a Safeguard Clause) or - if the legal relationship is not governed by Italian law - an equivalent clause.

In addition, the Company may not be represented by Third Parties whose collaboration could give rise to a conflict of interest.

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### **Government grants, subsidies and funding**

Declarations made to public entities to obtain government grants, contributions or funding, as well as any documentation used to report on the use of such funds, must contain only true information.

It is forbidden to:

- produce false or misleading documents and/or data or to omit required information, also in order to obtain grants/subsidies/funding or other payments from the State or public bodies or the European Community; this prohibition also applies if the

grants/subsidies/funding/payments are received by customers in relation to products supplied by EPE;

- allocate grants/subsidies/funding to purposes other than those for which they were obtained;
- gain unauthorized access to the Public Administration's information systems to obtain and/or modify information for the Company's benefit.

Persons who check and oversee requirements involved in discharging these activities (payment of invoices, allocation of funding obtained from the State or Community bodies, etc.) must pay particular attention to the implementation of these requirements by those directly responsible.

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### **Computer fraud**

The sending of digital or electronic communications to the Public Administration and the receipt of digital or electronic communications from the Public Administration are the exclusive preserve of identified members of staff, in accordance with the authorization system in place at EPE. Such members of staff are authorized to use the company computer and data transmission systems according to the access profiles assigned to them.

It is forbidden for anyone acting in the name of EPE to use for the processing of relevant data and information serving relations with the Public Administration, and/or for sending digital or electronic communications to the Public Administration or for receiving notifications therefrom, devices other than the company ones assigned above by EPE or made specially available, on a one-time basis or from time to time, by the Public Administration itself (e.g. Entratel channel).

It is nonetheless forbidden to send electronic documents to the Public Administration using channels other than certified email, or to send the Public Administration communications via certified email with an attached electronic document not containing the digital signature of the signing party.

It is expressly forbidden for anyone i) to engage in relations with the Public Administration involving digital or electronic communication in the name of EPE, or from the Public Administration to EPE, or ii) to operate in any capacity on data, information or programs contained in an information or data transmission system (owned by or otherwise available to EPE, or the Public Administration itself), to alter in any way the operation of an information or data transmission system or to intervene without authorization, by any means, on data, information or programs contained in an information or data transmission or related system, in order to obtain for themselves or others an unfair gain at the expense of others.

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### **Relations with public inspection bodies and judicial authorities**

The Company fully and scrupulously complies with the requirements of the supervisory authorities and actively collaborates during inspection activities.

It is forbidden to exercise undue direct or indirect pressure (exercised or attempted in any form whatsoever) to induce the judicial authorities to favour the Company when deciding a case.

In the event of an investigation by the judicial authorities (or delegated judicial police), the maximum cooperation and transparency shall be provided, without any reserve, omission or untrue statements. Anyone who requests their subordinates not to provide the information requested or to provide untrue information will be punished.

In relations with judicial authorities, the Addressees and, in particular, those who might be investigated or accused in a criminal proceeding connected to their work in EPE, are required to give their testimony freely or to exercise the legal right to remain silent. The Company expressly prohibits anyone from coercing or inducing, in any form or by any means, in the misconstrued interest of EPE, the Addressees to respond to the judicial authorities or to avail themselves of the right to remain silent.

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### **Safeguarding public trust**

The Company condemns any conduct whereby a public document (or equivalent, such as an affidavit or other self-certification etc.) presented to a public official contains false testimony of facts whose truth the document is intended to prove.

By way of example but not limited thereto, it is expressly forbidden to:

- present to a public official false statements and/or communications required by law in which it is stated that the relevant legal requirements have been satisfied;
- give false declarations to a customs agent responsible for completing a customs bill (e.g., submission to the Customs Office of documents certifying that the company has "Authorized Exporter" status to a country other than those listed in the actual authorization);
- falsely declare in an affidavit to have no criminal record;
- make a false declaration to be in possession of the requirements for participation in a tendering procedure (e.g., having no overdue payments of social contributions);
- falsely report to the police authorities the loss of documents such as a driving licence, insurance documents, bank cheques, credit cards etc.

In addition, the Company condemns any conduct which involves:

- the formation, in whole or in part, of false public documents or the alteration of public documents;
- the counterfeiting or alteration of public administrative certificates or permits or, through counterfeiting or alteration, making it appear that conditions required for their validity have been met;
- the simulation of a copy of the documents themselves and their issue in legal form;
- the issue of a copy of a public or private document other than the original.

By way of example but not limited thereto, it is therefore expressly forbidden to:

- falsify a document (driving licence, vehicle registration certificate, etc.) by making it appear to have been issued by an automobile documentary services agency;
- make a false vehicle number plate;
- falsify company deeds of incorporation by manipulating a notary seal;

- falsify bank receipts attesting tax payments and postal payment receipts (e.g. alteration of receipts attesting the payment of vehicle taxes and customs bills);
- materially falsify tax payment forms;
- falsify notarized documents;
- destroy notifications of complaints after their presentation by the claimant;
- alter the expiry time on a parking ticket issued by a parking meter in designated parking areas.

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In general, anyone who becomes directly or indirectly aware of conduct at risk of offence under Decree 231/2001, must report it to their direct superior and/or to the Supervisory Board (also in the event of attempted extortion by a public official from an employee or other collaborators).

### **2.3 CONDUCT INVOLVING PRIVATE-TO-PRIVATE CORRUPTION**

Private-to-private corruption (under Art. 2635 of the Italian Civil Code) occurs when money or other advantage is given or promised to a person belonging to a private entity so that, in breach of their loyalty to that entity, they omit or perform an act forming part of their relevant activity or function within such entity.

It is expressly forbidden:

- to offer, deliver or promise, including through a third party, anyone, for themselves or for others, unwarranted money for the recipients to perform or omit acts in breach of their duties of office or duty of loyalty to the entity for which they work;
- to grant or promise anyone other unwarranted advantages, including, but not limited to, forms of entertainment, gifts, travel and other valuable consideration, for the above purpose;
- for EPE to solicit or receive, unwarranted money or accept the promise thereof, for itself or for others, including through a third party, to perform or omit acts in breaches of its duties of office or of loyalty;
- to solicit or receive other unwarranted advantages or accept the promise thereof for the above purpose.

EPE treats as acts of corruption illicit payments made not only directly by Italian natural persons and/or entities or their employees, but also by persons acting on their behalf in Italy or abroad.

For a better understanding of the above, reproduced below is the Civil Code definition (Art. 2105) of the duty of loyalty, breach of which is the constituent element of the criminal offence contemplated by Art. 2365 of the Italian Civil Code, known as private-to-private corruption: "Workers must not do business, on their own account or that of third parties, in competition with the employer, nor must they divulge information concerning the firm's organization and production methods, or make use of the same in such a way as to harm the firm".

Breach of the duty of office also forms a constituent element of the criminal offence of private-to-private corruption. Such duties mean all the bribee's obligations envisaged by law or any other regulation or code of professional practice.

In general, anyone who becomes directly or indirectly aware of conduct at risk of offence under Decree 231/2001, must report it to their direct superior and/or to the Supervisory Board (including in the event of attempted corruption by a private individual of an employee or other collaborator).

## **2.4 CONDUCT INVOLVING HEALTH AND SAFETY**

To prevent offences involving occupational health and safety (Art. 25-septies of Decree 231/2001), there is an express obligation to:

- implement health and safety legislation in the workplace (Italian Legislative Decree 81/2008);
- respect and implement the regulatory provisions laid down in the Consolidated Law on Occupational Health and Safety in order to guarantee the reliability and legality of the work environment and, consequently, the physical safety and protection of employees, by respecting the organizational procedures established by the company;
- avoid conduct that, although not such as to constitute in itself a 231 offence, potentially increases the risk of a 231 offence being committed.

Decisions, of all kinds and at every level, involving occupational health and safety, are based on the following principles and criteria, also reflecting Art. 15 of Decree 81/2008:

- a) elimination of risks and, where this is not possible, their minimization in view of knowledge gained through technological progress;
- b) assessment of all risks that cannot be eliminated;
- c) reduction of risks at source;
- d) respect for principles of workplace ergonomics and health in organizing work, in the design of workplaces and the choice of equipment, and in defining methods of work and production, in particular to reduce the effects on health of monotonous and repetitive work;
- e) replacement of what is dangerous with that which is not dangerous or less dangerous;
- f) planning of appropriate measures to ensure improvements in safety standards over time, including through the adoption of codes of conduct and good practices;
- g) prioritization of collective protection measures over individual protection measures;
- h) imparting of appropriate instructions to workers.

In general, anyone who becomes directly or indirectly aware of conduct at risk of offence under Decree 231/2001, must report it to their direct superior and/or to the Supervisory Board.

## **2.5 CONDUCT INVOLVING THE ENVIRONMENT**

EPE is committed to respecting environmental legislation and to implementing preventive measures to avoid or at least minimize environmental impact.

In particular, EPE undertakes to:

- a. adopt measures to limit and - if possible - nullify the negative impact of economic activity on the environment not only in the case of proven risk of harmful or dangerous events (preventive action principle) but also when it is not certain and to what extent the business activity exposes the environment to risks (precautionary principle);
- b. prioritize the adoption of measures to prevent any environmental damage, rather than waiting to remediate damage already done;
- c. plan diligent and constant monitoring of scientific progress and regulatory developments where the environment is concerned;
- d. promote the importance of education and sharing of the code's principles among all those working within the business, whether top managers or subordinates, so that they stick to the established ethical principles, especially when taking and subsequently implementing decisions.

Where waste management is concerned, the Company requires the following rules of conduct to be followed:

- it is forbidden to abandon or deposit waste in an uncontrolled manner or to discharge it into surface or ground water;
- it is forbidden to keep waste in "temporary storage" not complying with legal requirements and for longer than legally permitted;
- it is forbidden to mix of waste (in the absence of any appropriate authorization);
- it is forbidden to make false declarations concerning the nature, composition and chemical-physical properties of the waste when preparing a waste analysis certificate or it is forbidden to use false certificates for waste transportation;
- it is forbidden to dispose of waste in an unlicensed treatment plant;
- it is forbidden to dump any kind of waste, whether solid or liquid, in surface or ground water;
- it is forbidden to set fire to waste produced by the company, whether inside or outside the business premises, and to set fire to third-party waste that is found abandoned or in storage;
- it is forbidden to abandon and/or deposit waste to which third parties subsequently set fire;
- third-party waste found within the Company's premises must be treated like internally produced waste and disposed of according to the rules governing the relevant procedure.

If an event occurs than can potentially contaminate a site, this circumstance must be communicated to the relevant public authorities.

Every Employee/Collaborator must ensure full cooperation with the competent authorities during inspections and/or audits of the Company.

Finally, it is expressly forbidden to act in any way that directly or indirectly can potentially lead to the commission of eco-crime.

Every Employee/Collaborator must contribute to good environmental management, by always acting in compliance with current legislation, and must not expose other Employees/Collaborators to risks that could cause harm to their health or physical safety.

## **2.6 CONDUCT INVOLVING ACCOUNTING RECORDS**

All legal provisions must be strictly observed, including the instructions issued by the competent public authorities and the policies/procedures adopted by the Company to prepare tax returns and calculate and pay taxes.

All the Company's actions and accounting transactions must be properly recorded and it must be possible to verify *ex post* the decision-making, authorization and execution process.

Every transaction must have adequate documentary support allowing controls to be conducted at any time; such documentation must show the transaction's characteristics and purpose and identify the persons who have authorized, performed, recorded and verified the transaction.

The accounting records - meaning all documents that numerically represent the results of operating activities, including expense claims - must be kept on an accurate, complete and timely basis, in accordance with the Company's accounting procedures, in order to provide a true and fair view of its balance sheet, financial position and results of operations.

Information and in-house training in tax law and regulations must be provided and the Company's policy/procedures to prepare tax returns and calculate and pay taxes and knowledge thereof must be widely disseminated within the relevant business functions.

All Employees and Collaborators are required to provide the maximum cooperation by supplying, within their area of responsibility, clear, complete and true data and information; all Employees and Collaborators are also required to communicate - in accordance with company procedures - any information they possess of relevance for accounting purposes.

The financial statements and company reports required by law and applicable special regulations must be prepared with clarity and provide a true and fair view of the Company's balance sheet and financial position.

Employees are required to promptly inform their superiors and/or the Supervisory Board of any omission, serious negligence or falsification in the accounts and/or documentation on which the accounting records are based.

## **2.7 CONDUCT INVOLVING CORPORATE MANAGEMENT**

Complaints, notices and filings that the Company has to lodge mandatorily with the Company Register must be presented by legally identified persons in a timely and truthful manner and in compliance with prevailing regulatory provisions.

It is expressly forbidden to prevent or obstruct, by concealing documents or using other means of deceit, the performance of control and/or audit activities, assigned by law to the shareholders, other corporate bodies or an independent firm of auditors.

It is forbidden to deploy simulated or otherwise fraudulent actions aimed at achieving a majority in shareholders' meetings.

It is forbidden, including through dissimulated conduct, to return shareholder capital contributions or to release shareholders from an obligation to fulfil them, except in the case legally permitted capital reductions.

It is forbidden to distribute profits or advances on profits which have not been actually earned or allocated to reserves or to distribute unavailable reserves.

It is forbidden to form or to artificially increase the Company's capital through the allocation of shares for amounts less than their nominal value, through the reciprocal underwriting of shares, the significant overvaluation of contributions in kind or of receivables or the significant overvaluation of the Company's assets in the event of a corporate transformation.

Any kind of transaction that may cause damage to shareholders or creditors is prohibited.

It is forbidden to carry out not only real or simulated transactions that can distort the due process of demand and supply of financial instruments but also transactions that can unduly benefit from the dissemination of incorrect information.

## **2.8 CONDUCT INVOLVING MONEY-LAUNDERING**

The Company condemns any activity that involves laundering (i.e. acceptance or handling) of the proceeds of crime in any shape or form.

Accordingly, Management, Employees, Freelance workers and Third Parties who perform activities in the name and/or on behalf of the Company have a duty to comply with and apply Italian and EU anti-money laundering laws, and must report to the relevant authorities any transaction that might constitute an offence of this nature.

In particular, top managers and those who perform activities in areas at risk must undertake to ensure compliance with the laws and regulations applying in every geographical context and operating environment that restrict the use of cash and bearer securities in transactions.



It is forbidden to transfer cash or bearer securities when the value of the transaction, even when it is split, is equal to or greater than the legal limit. It should be noted that any other conduct designed to accomplish such a transfer (e.g. transfer promise or transfer agreement, etc.) is also prohibited.

Customer knowledge is essential for preventing the Company's financial and production system from being used for money laundering, as well as for evaluating any suspicious transactions.

In any case, it is strictly forbidden to engage in business relations with parties (natural persons and legal persons) known or suspected to belong to a criminal organization or one which nonetheless operates outside the law, such as, but not limited to, persons linked or otherwise related to the world of organized crime, money laundering, drug trafficking, usury, receipt of stolen goods and exploitation of labour.

The Company seeks to protect itself from the risk of purchasing material originating from unlawful activity.

It is forbidden to issue a certificate of acceptance when receiving goods/services unless the quality and quantity of the goods/services received have been carefully assessed and to authorize the payment of the goods/services unless the goods/services supplied have been verified against the terms of contract.

Business must be conducted and suppliers selected using transparent criteria, with close attention paid to information about third parties with whom the Company has financial or commercial dealings that might raise merely the suspicion of commission a predicate offence to the crime of money-laundering.

In any case, it is not permitted to pay external consultants fees for services that are not adequately justified in relation to the type of service to be performed or already performed.

## **2.9 CONDUCT INVOLVING IT SYSTEM MANAGEMENT**

Users of the company information systems are forbidden to:

- intercept third-party communications or information using the company information systems;
- damage in any way information, data and computer programs and information or data transmission systems, including those used by the State, other public bodies or nonetheless in public use;
- to access abusively an information or data transmission system;
- to disseminate abusively access codes to information or data transmission systems.

The Company prohibits the holding, reproduction, marketing, distribution or sale of copies of software protected by intellectual property law without the authorization of the owner of such rights.

## **2.10 CONDUCT CONCERNING COPYRIGHT, INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS AND FAIR TRADING**

The Company condemns and prohibits:

- the communication of untruthful product information to customers;
- the delivery of goods of different origin, production history, quality or quantity to that declared or agreed.

The Company complies with legislation on the protection of trademarks, patents and other identification marks and on copyright.

EPE prohibits the use of intellectual property without the SIAE mark or with a forged or counterfeit mark, the reproduction of computer programs and database contents, as well as the appropriation and distribution, in any form, of protected intellectual property, including by revealing its contents before being made public. In the case of copyright-protected materials provided by third-party instructors, EPE authorizes its use after obtaining written agreement from the author and within the limits of such agreement. The Company does not allow the use, for any reason and for any purpose, of products with counterfeit trademarks or markings.

Similarly, the Company prohibits - apart from the cases envisaged by the law or any agreements with patent holders - production or marketing or any activity in violation of third-party patents.

EPE does not allow the use, for any reason and for any purpose, of products with counterfeit trademarks or markings.

The Company condemns and prohibits:

- the publication of another's intellectual property, or part thereof, without having the right or usurping its authorship, or modifying the work, thereby offending the author's honour or reputation;
- the duplication, import, distribution, sale, possession for commercial and/or business purposes or for rental, of copyright protected programs;
- the reproduction, broadcast or illegal public dissemination of literary, theatrical, scientific or educational, musical or operatic works, or multimedia works, or part thereof;
- the manufacture or industrial use of objects or goods made by usurping patents, trademarks, designs, models, know-how of others (if their existence is known) and the use of information or data owned by the customer or third parties, protected by an industrial property right, unless specifically authorized by the customer or third party;
- the sale of goods in place of others or products of different origin, production history, quality or quantity to that declared or agreed;
- the offering for sale, or putting in circulation, of intellectual property or industrial products with national or foreign names, brands or identification marks intended to mislead the purchaser with regard to the origin, production history or quality of the intellectual property or product;

- the manufacture or use for industrial purposes of objects or other goods produced by usurping or infringing an industrial property right (knowing that an industrial property right exists);
- the production or introduction into the territory of the State for the purpose of trade (in breach of the legal owner's rights) of intellectual property or industrial products with counterfeit national or foreign trademarks or identification marks;
- the production or introduction into the territory of the State for the purpose of trade of intellectual property or industrial products by usurping national or foreign designs or models, or by counterfeiting or forging such designs or models.

The Company means to avoid in its business activities any contact with people at risk of relations with criminal organizations and is committed to knowing its commercial partners and suppliers, by verifying their commercial and professional integrity.

## **2.11 CONDUCT CONCERNING CURRENCY COUNTERFEITING**

The Company condemns any activity that involves falsification, counterfeiting, forgery and/or spending of money, government bonds and tax stamps.

Accordingly, Management, Employees and Freelance workers have a duty to comply with and apply Italian and EU legislation and to be on the watch to prevent the possession and use or spending in good faith of the above, and must report to the relevant authorities any situation that might constitute an offence of this nature.

## **2.12 CONDUCT TOWARDS WORKERS AND IN DEFENCE OF THE INDIVIDUAL**

It is not permitted to hire or otherwise use - including through a temporary agency - foreign workers without a residence permit as required by prevailing law, or whose permit has expired and has not been submitted for renewal within the legal term, or has been withdrawn or cancelled.

Every foreign worker, required to have a residence permit or other documentation as envisaged by prevailing law, undertakes to provide a copy of such document at the time of being hired, to apply for renewal of such permit to the relevant offices in good time and to inform the company of the renewal, and the new expiry date, as well as of any non-renewal, withdrawal or cancellation that may have occurred.

The Company monitors the residence permits of foreign workers employed by the company, along with the related expiry dates and any changes (withdrawal, cancellation or non-renewal).

It is expressly forbidden to:

- 1) recruit workers for the purpose of putting them to work for third parties under exploitative conditions, taking advantage of their state of need;
- 2) use, hire or employ workers, including through the brokering activity in 1) above, subjecting the workers to exploitative conditions and taking advantage of their state of need.

The offence is committed through the promotion, management, organization, financing or transport of foreigners into the territory of the State, or the performance of other actions aimed at illegally obtaining their entry or favouring their stay in the territory of the State, or of another State of which the person is not a citizen or in which they are not entitled to permanent residence, if:

- a) it involves the illegal entry or stay in the territory of the State of five or more people;
- b) the person transported has had their life or safety put in danger to obtain their illegal entry or stay;
- c) the person transported has been subjected to inhuman or degrading treatment to obtain their illegal entry or stay;
- d) it is committed by three or more people acting together or by using international transport services or forged or counterfeit or otherwise illegally obtained documents;
- e) the perpetrators of the offence have access to weapons or explosive materials.

The punishment increases if the above actions:

- a) are committed for the purpose of recruiting people destined for prostitution or in any case for sexual or labour exploitation, or if they involve the entry of minors for exploitation in illicit activities.
- b) are committed for the purposes of making a profit, including indirectly.

Accordingly, the Company means to strictly avoid in its business activities any contact with people at risk of relations with criminal organizations and is committed to knowing its commercial partners and suppliers, by verifying their commercial and professional integrity.

Lastly, it is absolutely forbidden to keep on the Company's premises or to divulge through the Company's website or the publications edited or promoted by the same, pornographic material or virtual images, in electronic or paper format, created using images of those under the age of eighteen.

Virtual images mean those created through graphic manipulation involving entirely or partially real situations, the visual quality of which makes unreal situations look real.

## **2.13 CONDUCT AGAINST ORGANIZED CRIME (INCLUDING TRANSNATIONAL CRIME)**

All activities and operations carried out within EPE, or on its behalf, must be designed to comply with current laws, as well as the principles of fairness and transparency, in order to prevent the Addressees of the Model from committing offences involving organized crime (including transnational ones).

It is forbidden to use, including through the mediation of third parties, the labour of persons illegally present in the national territory and/or in possession of identity documents that are counterfeit or forged or otherwise illegally obtained.

It is also forbidden to use the Company or one of its organizational units, even occasionally, for the purpose of allowing or facilitating the commission of the offences in Art. 24-ter of the Decree and in Art. 10 of Law 146/2006, meaning by way of example but not limited to:

- criminal conspiracy;
- mafia-like organizations, including foreign ones;
- political collusion with mafia in exchange for votes;
- other crimes committed in the circumstances envisaged by Art. 416-bis (mafia-like organization) or facilitation of the activities of mafia-like organizations;
- criminal conspiracy aimed at smuggling foreign manufactured tobacco or aimed at illicit trafficking in narcotic drugs or psychotropic substances;
- provisions against illegal immigration;
- aiding and abetting (for transnational offences only);
- assistance to members of organizations whose purpose is domestic or international terrorism or subversion of democracy.

Furthermore, it is forbidden to provide, directly or indirectly, funds to persons who intend to commit the above offences.

It is forbidden to accept or award contracts to or carry out any commercial and/or financial transaction, either directly, or through a third party, with natural or legal persons whose names are contained in the Lists (e.g. antimafia white list, list of companies adhering to the legality protocol between Italy's employers' association and the Ministry of the Interior, legality ratings, etc.) or by parties controlled by the latter when such control is known.

It is forbidden to accept or award contracts or carry out any operation of an anomalous nature in terms of type or object or which may lead to the establishment or maintenance of relationships with anomalous characteristics in terms of the reliability and/or reputation of the counterparty.

The Company means to avoid in its activities any contact with people at risk of relations with criminal organizations and is committed to knowing its commercial partners and suppliers, by verifying their commercial and professional integrity.

## **2.14 CONDUCT REGARDING RACISM AND XENOPHOBIA**

This offence involves the participation in organizations, associations, movements or groups which incite discrimination or violence on racial, ethnic, national or religious grounds, or which spread propaganda, incite or instigate the full or partial denial, minimization or condoning of the Holocaust or crimes of genocide, crimes against humanity and war crimes.

Accordingly, the Company means to avoid in its business activities any contact with people at risk of relations with similar organizations and is committed to knowing its commercial partners and suppliers, by verifying their commercial and professional integrity.

Also prohibited is the dissemination and use - via means of communication referable to EBARA (e.g. social networks, social media, corporate blogs, flyers or other internal paper communication methods, etc.) - of expressions that could incite discrimination or violence

on racial, ethnic, national or religious grounds as well as, more generally, that could be seen as racist and xenophobic propaganda.

## **3 ENFORCEMENT OF THE CODE AND CONSEQUENCES OF VIOLATION**

### **3.1 COMPLIANCE WITH THE CODE AND REPORTING VIOLATIONS**

The task of assessing the actual suitability of the Code, overseeing its implementation and observance is entrusted to the Supervisory Board.

Every Addressee of the Model has a duty to report:

- relevant illicit conduct under Decree 231/2001;
- behaviour or events that may constitute a violation of the Model or the Code or which are generally relevant for the purposes of Decree 231/2001.

All Addressees of the Model are required to report conduct at risk of offences under Decree 231/2001, relating to processes under their charge, of which they become aware, due to the functions performed, directly or through their staff, that may involve:

- the commission, or the reasonable danger of commission, of offences envisaged by Decree 231/2001;
- the substantial breach of the rules of conduct/procedures/protocols issued by the Company and/or in any case a violation of the Model.

Reports should be addressed:

- to the direct superior;
- directly to the Supervisory Board in the following cases: i) lack of action by the direct superior; ii) if the employee feels unable to contact the superior himself, due to the fact that is being reported; iii) if there is no or no identifiable direct superior.

Addressees of the Model shall also be required to provide the Supervisory Board with all the information or documents requested in the performance of its duties.

If function managers officially learn information, including from police authorities, about crimes or offences impacting the business, they must report this to the Supervisory Board.

The Supervisory Board is required to promptly and carefully check the information received and ascertain the validity of the report, to present the case to the relevant company function for the application of any disciplinary measures or for the activation of contractual termination clauses. The Supervisory Board can summon and hear the author of the report and anyone else involved, possibly consulting the Company's top management (Chairman of the Board of Directors).

Reports to the Supervisory Board must be made in writing to one of the following communication channels established by the Company to keep the informant's identity private:

- **Supervisory Board, c/o EBARA Pumps Europe S.p.A., Via Torri di Confine 2/1 int. C 36053 Gambellara (VI), Italy**
- **odv.ebara@gmail.com**

Reports to the Supervisory Board, which may also be made anonymously, must be detailed and based on precise, concordant facts that allow the Board to investigate. If insufficiently detailed, the Board will evaluate whether to take notice of the report.

The Company protects those who make reports in good faith from any form of reprisal, penalization or discrimination. In fact, with reference to the news of a reported actual or attempted violation of the rules contained in the Model or the Code, EPE will ensure that nobody in the workplace will suffer direct or indirect reprisal, unfair pressure, discomfort or discrimination for reasons linked, directly or indirectly, to the report.

The adoption of discriminatory measures against informants may be reported to the National Labour Inspectorate, for the actions falling under its remit, not only by the informant but also by a trade union organization named by the informant.

All company personnel involved in receiving and handling reports are required to ensure that their contents and the informant's identity are kept absolutely confidential; in particular, it is expressly forbidden to communicate or provide any information about the informant's identity.

The Company adopts appropriate measures to guarantee that the confidentiality of the informant's identity is always guaranteed, including when dealing with the report, also in compliance with privacy law.

### **3.2 DISCIPLINARY MEASURES**

Violation of the rules of the Code and of company procedures compromises the relationship of trust between the Company and whoever commits the violation (Addressees).

It should be noted that the following also constitute a violation of the Model:

- any form of reprisal against those who have reported in good faith possible violations of the Model;
- any accusation, with malice and gross negligence, against other employees of violation of the Model and/or of illicit conduct, knowing that such violation and/or conduct does not exist;
- violation of the measures to protect the informant's privacy.

Once verified, violations will be pursued incisively, promptly and immediately, through the adoption of appropriate and commensurate disciplinary measures, in accordance with the provisions of the current legal framework, irrespective of any criminal relevance of such conduct and the initiation of criminal proceedings in cases where they constitute a criminal offence.

Disciplinary measures for violations of the Code are adopted by the Company in accordance with applicable laws and with relevant national or company-specific

employment contracts. Such measures may also include the departure from the Company of those responsible.

In the case of persons not tied to the Company by an employee relationship, violations of the Code will be punished by application of the remedies provided for in law.

### **3.3 DISSEMINATION OF THE CODE**

In order to make sure the Code is correctly understood, EPE has developed a program that ensures it is fully disseminated and explained.

In particular, Company Officers, any employee shareholders, Employees, Freelance workers, Commercial partners, and consortia of which the Company is a member must all be informed about the Code.

The Company must also evaluate whether to divulge the Code to Suppliers/consultants and any other third party who has a relationship with the Company or who may act on its behalf, without prejudice to the provisions of paragraph 1.2 regarding activities at risk of commission of offences under Decree 231/2001.

The Code is published with suitable prominence on the company website.

Updates and revisions of the Code are defined and approved by the Company's Board of Directors, after consultation with the Supervisory Board.

## **4 REFERENCES**

- Italian Legislative Decree 231 dated 8 June 2001 and subsequent revisions
- Confindustria Guidelines for constructing the Organization, Management and Control Model under Italian Legislative Decree 231/2001 - edition March 2014
- Consolidated Law on Occupational Health and Safety (Italian Legislative Decree 81/2008)