



FLENCO FLUID SYSTEM S.r.l.

CODE OF ETHICS

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**Stakeholders = interested parties (owners, associates, etc.)*

o. Foreword

The Flenco Fluid System S.r.l. Code of Ethics represents the full expression of the values and principles of corporate ownership and should be considered primarily as a useful tool to preserve the value and integrity of Flenco Fluid System over time.

It is a set of positive principles and rules of conduct that the organisation has voluntarily chosen to adopt and make public as a concrete expression of its intentions towards its stakeholders.

It has no expiry date, without prejudice to any revision requirements that may emerge from the annual review.

1. Introduction

The primary objective of the Code of Ethics is to express and disseminate the values in which Flenco Fluid System believes at all levels, ensuring that everyone, whenever they need to make a decision, clearly remembers that this involves not only their own interests, rights and duties, but also those of the company.

Full compliance with the Code of Ethics is fundamental and Flenco Fluid System therefore requires all recipients to personally take the commitment to do so.

1.1 *Flenco Fluid System*

Flenco Fluid System, an Ilmed group company, operates both in Italy and abroad through subsidiaries in Slovenia and China. Founded in 1988 as an engineering company (FLuid ENgineering COmpany) it gradually extended its activities to include purchasing and production, finally becoming a true "System Integrator".

Flenco Fluid System's customers are world-renowned companies, major players in the "Oil&Gas" and "Power Generation" markets.

Over the last few years, Flenco Fluid System has embarked on a path of significant change in the way people and processes are managed, a change that the company is strongly motivated to continue in order to consolidate a modern and innovative operating model.

1.2. *Global Policy*

Through the excellent know-how acquired over the years and transferred to the development phase of each individual project, Flenco Fluid System is able to offer and guarantee the definition and achievement of customised, effective and high quality solutions.

Indeed, all the activities of Flenco Fluid System are permeated by an integrated, systematic and transparent corporate management system that deals with quality, environment and occupational safety.

2. Recipients of the Code of Ethics

This Code of Ethics must be considered an essential part of the contractual obligations of all those who, in various capacities and with different responsibilities, constitute the organisation of Flenco Fluid System and directly or indirectly implement its business purposes, be they senior managers or employees, collaborators, consultants and suppliers.

Flenco Fluid System also hopes that its stakeholders spontaneously share the principles on which this Code is based and that they adopt and apply it as the basis of a relationship of mutual trust.

3. Ethical vision of Flenco Fluid System

The fundamental principle on which the corporate governance of Flenco Fluid System is based is that of **Equilibrium**.

Equilibrium in the sense of seeking to satisfy the needs and expectations of all stakeholders, but also of being able to balance expected performance and the efforts to achieve it; equilibrium as consideration of the contribution of each individual person in the pursuit of common company objectives, but also as the "right" balance between the value created through its business and that received by its stakeholders.

As a corollary of this general principle, Flenco Fluid System considers a few but essential *values* that guide the daily actions of its people and characterise its "way of doing business":

- ***Sense of duty***: i.e. compliance with the commitments undertaken and with the rules vis-a-vis all stakeholders; a strategic element that builds the credibility of the Company.

The following concepts substantiate this value:

- ***Legality***: for Flenco Fluid System, compliance with the law is essential; under no circumstances is a violation of this principle justified, even if one acts in the interests or to the benefit of the Company. For this reason, all conduct that can directly or indirectly lead to crimes of any kind is prohibited.
- ***Service and product quality***: Flenco Fluid System carries out its business for the satisfaction and protection of its customers, paying attention to requests that can improve service and product quality. For this reason, in every activity, it undertakes to use the most advanced quality standards with the goal of efficiency and effectiveness of its actions as well as operating cost-effectiveness.

- *Conflict of interest*: in carrying out any activity, Flenco Fluid System seeks to avoid creating situations of conflict of interest, whether real or even only merely potential. "Conflict of interest", in addition to the cases defined by the law, also includes that in which a person strives to satisfy an interest other than that of the Company in order to derive a personal benefit or one for third persons. In order to ensure the pursuit of this principle, Flenco Fluid System has put in place the following obligations:
 - Comply with the law and internal Company regulations in all personal and business relationships outside the Company.
 - Avoid acts or relationships that could be or appear to be in conflict with the obligations deriving from each function of the company or with the interests of the same.
 - Evaluate the advantages and disadvantages to the Company when accepting any assignment in another company.
 - Inform the Company of any relationship or situation of significance for the Company's activities involving personal interests or persons connected to them.
- **Respect**: in the sense of development and protection of the people of Flenco Fluid System, but also fairness in relations with suppliers and customers. Respect for the value of the individual and strengthening of collaboration and team spirit.

The following concepts substantiate this value:

 - *Transparency and confidentiality*: Flenco Fluid System believes in the value of transparency both in operations as well as in internal and external communications. Therefore, it undertakes to provide all its interlocutors, in a clear, complete and timely manner, with information relating to the actions carried out: under no circumstances may false or biased news or information be disclosed. Information, data and knowledge acquired, processed and managed by the Company's employees in the course of their work must remain strictly confidential and appropriately protected and may not be used, communicated or disclosed, both within the Company and externally, other than in compliance with applicable laws and regulations, as well as with company procedures in force. Flenco Fluid System guarantees the protection of personal data acquired in the course of its business, and undertakes to process such personal data in compliance with the reference legislation and, in particular, with GDPR - EU Regulation 2016/679
 - The Company undertakes to combat all forms of trade fraud and to respect industrial property rights and copyright.
- **Responsibility**: in the sense of a commitment to consider the consequences of its actions, paying attention to the impact they have on its stakeholders, also in the medium-long term.

Examples of this commitment are the initiatives aimed at maximising the safety of its workers in compliance with production requirements and those aimed at protecting the environment. The following concepts substantiate this value:

- *Integrity in corporate management and in the use of company resources and assets:* Flenco Fluid System pursues its business purpose in compliance with the law, the Articles of Association and corporate regulations, guaranteeing the proper functioning of corporate bodies and protection of the equity and investment rights of shareholders, preserving the integrity of share capital and assets. Use of the Company's resources is based on maximum transparency with periodic reporting to the competent internal and external supervisory bodies.

The Company is required to operate with due care and diligence to protect its assets, through responsible conduct.

Every employee or collaborator is responsible for protecting the resources assigned to them and has the duty to inform the competent functions in the event of any threats or events that could damage the Company or its assets.

- *Safety:* Flenco Fluid System is fully aware of how fundamental it is to guarantee its workers a totally safe working environment, including plants and production facilities. All work processes are carried out in full compliance with the laws and regulations in force and are systematically monitored and improved through interventions that go beyond compliance with regulatory requirements and that meet the specific needs of the context. The Company undertakes to disseminate and consolidate a culture of safety among all its collaborators and subcontractors, developing awareness of risks and promoting responsible conduct on the part of everyone.
- *Environmental protection:* Flenco Fluid System believes that environmental protection is a fundamental value for the community, and is convinced of the full compatibility between the performance of business activities and respect for the environment. For this reason, without prejudice to compliance with applicable environmental legislation, it adopts further measures aimed at reducing the environmental impact deriving from the performance of its activities.

4. Conduct Criteria towards stakeholders

4.1. Staff relations

Flenco Fluid System undertakes to ensure that its staff adhere to conduct based on "rights and duties". In detail, in order to protect and enrich its human capital, Flenco Fluid System guarantees:

- Absence of any form of discrimination against its employees and collaborators, both in the recruitment phase and in staff management and development;
- Full utilisation and development of all the professional skills present in the structure, activating the available levers to encourage the development and growth of its employees based on objective merit criteria;
- Dissemination and consolidation of a safety culture through the development of risk awareness and by promoting responsible conduct by all staff, in line with international standards
- Protection of the moral integrity of collaborators, guaranteeing the right to working conditions that respect personal dignity: conduct or talk that may upset people in relation to their gender, political or religious affiliation are prohibited;
- Protection of the personal data of collaborators in compliance with the provisions on data protection and confidentiality, as per the GDPR - EU Regulation 2016/679.
- Continuous improvement of working conditions and company performance through the maintenance and development of an Integrated Quality, Environment and Safety Management System.

All Flenco Fluid System staff are required to know and comply with the content of this Code of Ethics, compliance with which constitutes a contractual obligation, and to:

- Act legally and in good faith, respecting contractually agreed obligations and ensuring the services requested.
- Avoid situations in which conflicts of interest may arise and refrain from personally taking advantage of business opportunities which have come to their knowledge in performing their functions (e.g. do not accept money, gifts, favours, do not initiate negotiations or contracts with family members, etc.).
- Observe utmost confidentiality with regard to information, documents, studies, initiatives, projects, contracts, plans, etc. acquired by virtue of the services performed, and in particular when they can compromise the image or interests of customers/users and of the Company.
- Work diligently to protect company assets in compliance with internal procedures, scrupulously and sparingly using the assets assigned to them and avoiding improper use of the

same. In particular, with regard to IT tools and applications, the specific IT Policy must be followed.

4.2 Relations with corporate bodies and related parties

The corporate structure must represent an essential point of reference for operations for the development and growth of corporate assets and for the remuneration of share capital.

Flenco Fluid System must maintain a profile of utmost integrity, transparency, impartiality and fairness in dealing with its Shareholders and Related Parties.

The Flenco Fluid System Board of Directors:

- guarantees that all staff involved in the preparation of the organisation's financial statements carry out their duties by carefully checking the data processed, collaborating to the utmost with all functions, reporting any situations of conflict of interest and providing clear and complete information;
- does not put in place any action that prevents or hinders the performance of control and/or auditing activities that pertain to shareholders or related parties;
- prevents any of its members from acting in such a way as to influence the conduct of the Shareholders' Meeting in order to gain a personal advantage;
- prevents directors, or their representatives, from purchasing or subscribing shares of the Company that damage the share capital or reserves that cannot be distributed by law;
- does not put in place any capital reduction, merger or demerger operations, which could damage the organisation's creditors.

Furthermore, it is reiterated that each director of Flenco Fluid System has the obligation to communicate, at the beginning of the Board of Directors' meeting and to the Independent Auditors, the existence of a conflict of interest situation specifying the transaction in question.

Indeed, Flenco Fluid System makes recourse to leading auditing companies to supervise and monitor the Company and the proper actions of its directors.

4.3 Relations with the Supervisory Authority, the Judicial Authority and other supervisory bodies

Relations with the Supervisory Authority, the Judicial Authority and other supervisory bodies are based on utmost collaboration, transparency and integrity.

Flenco Fluid System ensures that:

- no action is put in place to impede or hinder the control and/or inspection activities of public supervisory and control authorities (Supervisory Bodies, INAIL, LHA, fire brigade, finance police, etc.), and of the Supervisory Board;
- all information provided to such parties, as foreseen by the regulations in force or specifically requested by the aforementioned parties for the purpose of fulfilling legal obligations, is true, timely, transparent and complete;
- the roles and responsibilities of company staff participating in inspection and control visits are defined in specific internal organisational documents.

4.4 Administrative management and financial statements

Flenco Fluid System adopts organisational and management models to guarantee correctness and truthfulness in corporate communications and to prevent the commission of corporate crimes.

Flenco Fluid System is aware of the value of the accuracy and completeness of accounting information; for this reason, the accounting and financial statements faithfully represent operational events (income, equity and financial) and the administrative-accounting system makes it possible to reconstruct individual operational events as well as corporate transactions, allowing identification of the reasons for the transaction and the various levels of responsibility.

The resulting accounting records and documents must be based on timely, complete and verifiable information, respect external constraints (laws, accounting standards), as well as internal regulations and procedures; in addition, they must be accompanied by the related supporting documentation necessary to allow objective analysis and verification.

It is therefore forbidden for all employees to adopt conduct or give rise to omissions that may lead to:

- the recording of fictitious transactions;
- the recording of transactions in a misleading or insufficiently documented manner;
- failure to record asset or account management operations of the Company;
- failure to record commitments, even only of the guarantee kind, which may give rise to liabilities or obligations for the Company.

Flenco Fluid System and its subsidiaries adopt an internal control system aimed at ensuring compliance with laws and internal procedures, protecting corporate assets, efficiently managing activities and providing truthful and complete accounting and financial data.

It is forbidden to infringe administrative and accounting procedures in force.

4.5 Customer relations

Flenco Fluid System undertakes not to arbitrarily discriminate its customers and to guarantee adequate standards of quality of the services provided.

Flenco Fluid System has Customer Satisfaction at the centre of its strategy, also offering excellent and innovative after-sales services, repairs and maintenance.

The style of conduct to be followed is based on full transparency and integrity, as well as respect and courtesy, within a relationship based on the high professionalism and competence expressed by the company's staff.

Flenco Fluid System has no preclusion towards any customer or category of customers, but does not intend to entertain relations with persons who are known to belong or suspected of belonging, whether directly or indirectly, to criminal organisations or those otherwise operating outside the law; for example, relations with persons or organisations with a known link with money laundering, drug trafficking, usury, child exploitation, failure to protect the fundamental rights of the individual and terrorism are excluded.

The Company is willing to seek amicable solutions to problems that may arise with customers, with a view to overcoming the divergent positions and reaching an agreement.

Contracts with Flenco Fluid System customers and generally all communications to them must be:

- clear and simple, formulated in a language as close as possible to that spoken;
- compliant with current legislation, without resorting to elusive or improper practices;
- complete, so as not to overlook any element of significance for the customer's decision.

Information requested from the customer is processed by Flenco Fluid System in full compliance with the confidentiality and privacy of data subjects in accordance with the IT Policy adopted by the Company and with the GDPR - EU Regulation 2016/679. To this end, specific policies and procedures for the protection of information are applied and constantly updated.

Flenco Fluid System undertakes to guarantee adequate quality standards of the services provided, to monitor perceived quality and to accept customer comments for improvement.

It also guarantees that the services provided are fully respectful of the environment and of occupational health and safety conditions.

4.6 Relations with suppliers and consultants

Flenco Fluid System bases relations with its suppliers, including financial and consulting contracts, on the principles of transparency, equal treatment, loyalty and professionalism.

Each supplier and consultant is carefully selected by the staff responsible, according to specific qualification criteria and parameters indicated in company procedures and in public procurement legislation.

It is also forbidden to pay consultants remuneration that is not justified in relation to the type of assignment to be performed.

It is also forbidden to entertain commercial relations with suppliers or consultants that adopt conduct not in line with the principles of this Code of Ethics; to this end, specific notes have been included in contracts which, if not complied with, may lead to termination of the contract or exclusion from further collaboration with the Company.

4.7. Market relations

Flenco Fluid System undertakes to guarantee the market communications that respect the right to information: they must be truthful, clear, transparent, non-instrumental and consistent with company policies and programmes.

Institutional corporate communications (and relations with the mass media) can be exercised only by certain expressly indicated and authorised persons, and respect the obligations of personal data protection and legislation on copyright infringement.

Anyone participating in or attending public meetings or events is required to do so exclusively on a personal basis, unless specifically authorised.

Flenco Fluid System, moreover, complies with current competition legislation in the countries in which it operates, and intends to protect the value of fair competition by refraining from collusive and predatory conduct, which may constitute forms of unfair competition.

Flenco Fluid System prohibits the dissemination of false information, the implementation of simulated transactions or any artifice likely to cause a significant alteration of the price of listed or unlisted financial instruments.

4.8 Relations with Public Administration

In relations with Public Administration, public officials or public service providers, Flenco Fluid System promotes conduct that respects the provisions of the law and that does not compromise in any way the company's integrity and reputation.

Only the competent company functions and authorised staff can take commitments and manage relations with Public Administration, even of a non-strictly commercial nature, such as, for example, in the case of applications for authorisations or licenses. It is expressly forbidden for these persons to:

- Offer, also through a third party, money or other benefits (e.g. job or commercial opportunities) to the official involved, his/her family members or persons connected to him/her in any way.
- Illicitly seek or establish personal relationships of favour, influence or interference which might directly or indirectly affect the outcome of the relationship.
- Unduly obtain grants, loans, soft loans or other disbursements of the same type granted or disbursed by the PA through the submission of false or mendacious documents or by omitting the required information.
- Use grants, subsidies or loans intended for Flenco Fluid System for purposes other than those for which they were granted.
- Unduly obtain, with artifice or deception (e.g. by sending false documents or attesting things that are not true) to the detriment of the PA, any other type of profit, such as, for example, obtaining licenses, authorisations, reductions in charges including social security contributions, tax relief or missing payment of social security contributions, for oneself, for Flenco Fluid System or for others.

It is also forbidden to accept, promise and give money, gifts, presents or any other advantages for any other reason in order to gain a personal advantage or one for Flenco Fluid System. Exceptions are those gifts and presents which, according to objective criteria, are part of normal business practices or courtesy.

4.9 Correct use of IT systems and the Internet

The systems through which e-mail, Internet and corporate Intranet are accessed belong to Flenco Fluid System. The purpose of these systems is to improve work efficiency.

It is therefore necessary to bear in mind that:

- all information entered in the IT system is the property of the Company;
- all passwords and identification codes must be protected in order to prevent unauthorised access to company data and information;
- the use of e-mail and the Internet in the Company is not private and must take place exclusively for legitimate professional purposes;
- for company computers, only software programs that have been purchased by the Company for the purpose of conducting its business must be used;
- the reproduction or duplication of software programs protected by copyright is absolutely forbidden: any employee who knowingly or unknowingly duplicates software exposes the Company and themselves to the risk of serious administrative penalties.

The following are considered as improper or incorrect use of IT systems:

- forwarding or posting of messages whose content is injurious, defamatory, disparaging, offensive, vexatious, vulgar, obscene or threatening;
- access, creation, posting, viewing, transmission or any other use of pornographic material or material with explicit sexual content;
- transmission of confidential company information, without due authorisation;
- any other action that does not comply with company policies, the specific IT Policy and the GDPR - EU Regulation 2016/679.

5. Implementation of the Code of Ethics

Flenco Fluid System would like its Code of Ethics to be fully effective and compliance with its contents to become established practice by employees and all its stakeholders.

For this reason, it ensures the understanding of the contents of this Code through appropriate training and information and is committed to giving maximum visibility disseminating it through different channels, depending on the recipients.

Furthermore, any additions or changes to the Code of Ethics must be made known to all recipients through appropriate training and communication campaigns.

Anyone who becomes aware of violations of one of the principles of this Code of Ethics is required to report it to their manager.

Flenco Fluid System guarantees the absence of repercussions for the whistleblower and adopts proportionate disciplinary sanctions on the infringer.

6. A stimulus for individual reflection

In case of doubt about the most correct way to act on an individual level, it may be useful to pose yourself some questions:

- How much did I consult with colleagues before making a decision?
- Could my actions compromise the reputation of Flenco Fluid System?
- Am I supporting the values of Flenco Fluid System?
- Is course of action I have chosen the most ethical among the possible alternatives? Do I feel sure about my choice?