



LB OFFICINE MECCANICHE S.p.A.

CODE OF ETHICS



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1. CODE OF ETHICS

1.1. Introduction

LB OFFICINE MECCANICHE S.p.A. (hereinafter LB OFFICINE MECCANICHE) has decided to adopt a Code of Ethics that expresses the principles of propriety which have always distinguished the Company in the pursuit of its mission. LB OFFICINE MECCANICHE requests all those who collaborate with the Company to respect the ethical principles embodied in this document, in order to create together a common culture that strives to achieve the best economic results consistent with the established ethical and moral principles, current regulations and the provisions of Decree 231/01 on the administrative responsibility of legal entities.

Our objective is to ensure that LB OFFICINE MECCANICHE, including its branches, is recognised, appreciated and respected as one of the best businesses in the world, while recognising that this requires not only major economic effort, but also an ethical commitment to respect the fundamental values of a virtuous business that agrees to compete fairly in the marketplace.

We must all work in a responsible manner and ensure that our personal and professional conduct maintains the highest possible standards. Each of us must recognise that it is better to forego advantageous deals of all kinds, rather than expose the Company to the risk of infringing a law or fundamental ethical principle that might undermine both the high standards attained and the corporate mission. Everything in the apparent interests of the Company must be done, solely and exclusively, in compliance with current legislation. Nothing less is expected by our shareholders, customers, suppliers and colleagues, as well as by the communities in which we work.

Ethical conduct has no boundaries – it applies to all employees of LB OFFICINE MECCANICHE and its branches around the world. Accordingly, we are all responsible for reporting any infringements of the principles embodied in the Code of Ethics that come to our attention, in the manner indicated at the end of this document. Together, we must keep high the reputation for quality, excellence and integrity earned over time by LB OFFICINE MECCANICHE.

1.2. Recipients and scope of application

The Code of Ethics applies in Italy and in all countries in which the Company operates, albeit with appropriate local variations.

The Code of Ethics is accepted by all those who maintain functional relations with LB OFFICINE MECCANICHE (administrative and control bodies, employees, collaborators) and by those who establish stable, or even temporary, relations with the Company or, in any case, who contribute to the pursuit of our corporate objectives (customers, suppliers and commercial partners). Hereinafter, they are referred to together as “recipients”. Persons who infringe the principles and rules contained in this Code of Ethics erode the relationship of trust established with the Company.



1.3. Dissemination and implementation

LB OFFICINE MECCANICHE strives to disseminate this Code of Ethics to all personnel, whether senior or supervised, via internal communications, circulars and specialist training that recognises the different roles and responsibilities of each recipient, as well as by publishing this document on the institutional website.

In addition, the Code of Ethics is expressly mentioned in the contracts signed with suppliers and commercial partners.

All recipients are required to know the Code of Ethics and contribute to its implementation, improvement and dissemination.

1.4. Implementation of the Code of Ethics and compliance

Pursuant to art. 6, para. 1.b) of Decree 231/2001, LB OFFICINE MECCANICHE has appointed a Supervisory Body tasked with checking and monitoring the Code of Ethics, as well as with recommending improvements and updates. The Supervisory Body is also responsible for ensuring compliance with the principles embodied in the Code of Ethics. All directors and employees of the Company are also responsible for monitoring implementation of the Code of Ethics, reporting any infringements of or non-compliance with its provisions to the Supervisory Body.



2. REFERENCE ETHICAL PRINCIPLES

2.1. Precept

The ethical principles and rules of conduct established in this document are of overriding and absolute importance. Accordingly, mere belief that action was in the interests of or beneficial to LB OFFICINE MECCANICHE cannot justify any conduct of a contrary nature.

2.2. Compliance with current laws and regulations

LB OFFICINE MECCANICHE complies with all laws and, in general, all local, national or international regulations that are applicable in Italy and in all other countries in which we operate. The Company requires all personnel to know the laws, regulations and internal rules that apply to LB OFFICINE MECCANICHE and to their duties, reporting promptly to the Supervisory Body any situations in which they are forced or induced to infringe the law.

2.3. Competition and antitrust regulations

LB OFFICINE MECCANICHE recognises that proper and fair competition is fundamental to the growth of the business. Accordingly, LB OFFICINE MECCANICHE complies with all applicable antitrust regulations in force and with the rules of fair competition, never taking action or supporting conduct that impedes free and fair competition.

2.4. Fairness and Loyalty

LB OFFICINE MECCANICHE and its employees collaborate in a reciprocal spirit of fairness, trust and loyalty. Accordingly, all employees are expressly forbidden to do anything contrary to the interests of the Company or incompatible with the duties assigned to them.

2.5. Conflicts of interest

The entrepreneurial decisions and choices made on behalf of LB OFFICINE MECCANICHE must strive to be in its best interests. Accordingly, recipients of the Code of Ethics must ensure that personal or family interests do not condition the independence of their judgement when deciding what is best for the Company and how best to achieve it.

In all cases, should conflicts or potential conflicts of interest arise, these must be communicated fully with maximum transparency to the level of management or function concerned, so that any necessary measures can be adopted.

2.6. Confidentiality

Improper disclosure of the knowledge and expertise of LB OFFICINE MECCANICHE might damage very seriously the net assets and reputation of the Company.

In order to avoid this outcome, all directors, employees, collaborators and those who, for whatever reason, work on behalf of LB OFFICINE MECCANICHE, are required not to disclose information to third parties about the technical, technological and commercial knowledge of the Company, or any other related non-public information, unless that disclosure



is required by law or other regulatory instructions, or is expressly envisaged in specific contractual agreements.

Similarly, all personnel are also required not to disclose the confidential information of other companies, unless authorised by them in written confidentiality agreements.

2.7. Protection of privacy

LB OFFICINE MECCANICHE protects the personal data and confidential information collected while carrying out its activities, in order to avoid any improper use and comply with current laws on the protection of privacy. The Company only processes personal data for specific, explicit and legitimate purposes, retaining it for the period strictly necessary for the purposes for which it was collected.

In order to avoid the erasure or loss of data, unauthorised access and unlawful processing, the Company adopts strong security measures when selecting and using IT systems to process personal data and confidential information.

2.8. Protection of intellectual property

LB OFFICINE MECCANICHE is very aware of the importance of intellectual property and, therefore, respects and protects the content of all intellectual property, both its own and that of third parties, whether in the form of copyrights, patents, trademarks, trade secrets or other intangible assets.

All recipients are required to:

- take the measures needed to protect and safeguard the intellectual property rights of the Company (patents, trademarks, trade names, copyrights etc.), as they represent an important part of the net assets of the Company;
- respect the intellectual property rights of others when developing new products and technologies, using legally-obtained licences and complying at all times with any specified restrictions on such use.

2.9. Transparent and complete information

The employees and collaborators of LB OFFICINE MECCANICHE must always provide complete, transparent, understandable and accurate information, so that - in their relations with the Company - stakeholders are able to make independent and informed decisions based on the interests involved, the alternatives and any significant consequences.

2.10. Transparent accounting records and compliance with procedures

LB OFFICINE MECCANICHE carries out its activities with maximum administrative-accounting transparency, guaranteeing the truth, accuracy and completeness of the information about each accounting entry.

All those who help to prepare the accounting records are required to ensure the completeness and clarity of the information provided, as well as the accuracy of the data and the processing carried out. The accounting records must be kept in a careful, complete and timely manner, in compliance with the corporate accounting policies and procedures, in



order to provide a true and fair view of the financial position and results of operations. All operations and transactions must be properly authorised, verifiable, legitimate, consistent and reasonable.

2.11. Instructions against receiving, laundering and use of money, assets or benefits deriving from illegal sources, as well as self-laundering.

LB OFFICINE MECCANICHE condemns all conduct that may facilitate, even indirectly, the commitment of such crimes as receiving, laundering and the use of money, assets or other benefits from illegal sources, including self-laundering. For this purpose, the Company strives to implement all necessary preventive and subsequent controls and checks.

2.12. Business relations and prevention of corruption

LB OFFICINE MECCANICHE rejects corruption as a tool in the conduct of its business. It is forbidden, in every case, to corrupt or even merely attempt to corrupt persons elected to public office, public officials or providers of public services, or indeed private persons or entities. In particular, employees must not offer, promise or give money or other benefits in order to obtain undue services for the Company or themselves. In addition, employees must not receive or request money or other benefits in order to provide undue services. Accordingly, recipients of this Code of Ethics must manage the business interests of the Company in a transparent and fair manner, especially in their relations with P.A. officials, suppliers and commercial partners, regardless of the competitive conditions in the marketplace or the importance of the business concerned.

Given the above, employees are not allowed to accept gifts or presents of any kind from third parties. For these reasons, LB OFFICINE MECCANICHE invites suppliers and commercial partners wishing to give Christmas gifts to Company employees, to donate them to charity instead.

2.13. Protection and safeguarding of the environment

In carrying out its activities, LB OFFICINE MECCANICHE strives to protect and safeguard the environment via rigorous compliance with current environmental regulations.

The Company disseminates a culture of environmental protection and public safety among all personnel, promoting knowledge and awareness of the risks faced by each person in the performance of their duties. All those who collaborate with the Company are requested to adopt responsible conduct and compliance with the related laws and corporate procedures is checked and monitored.

In the performance of their duties, recipients of the Code of Ethics are required to comply with the provisions of the Consolidated law on environmental matters (Decree 152/2006) and the other sector regulations. Recipients are also required to comply with the instructions and indications given by the Company on environmental matters, avoid taking hazardous action on their own initiative when not envisaged in their job descriptions, and participate in Company training programmes.



Third parties contracted to carry out work for or provide services to the Company are also required to demand compliance with the current regulations on environmental protection and public safety.



3. INTERNAL RULES OF CONDUCT

3.1. Safeguarding of human resources

The Company promotes and defends human rights in all circumstances and repudiates all discrimination based on gender, ethnicity, language, religious or political belief, or social or personal condition. LB OFFICINE MECCANICHE encourages the professional growth and development of all personnel by respecting their physical and moral integrity, forbidding all belittling, aggressive or unfair conduct and offering equal opportunities for work, training and professional development. LB OFFICINE MECCANICHE dedicates great attention to the management of personnel, who are requested to demonstrate professionalism, loyalty, honesty and a spirit of collaboration.

When searching for and selecting personnel, the Company adopts appraisal criteria that reference the true abilities and expertise of each person, respecting the principle of equal opportunities without favouritism of any kind. When hiring, LB OFFICINE MECCANICHE signs proper employment contracts and informs personnel about all aspects of the working relationship. The Company rejects all forms of informal labour and undocumented immigration and does not employ the citizens of third countries without residence permits or holding expired, revoked or cancelled permits.

3.2. Safeguarding of occupational health and safety

LB OFFICINE MECCANICHE carries out its activities in full compliance with the provisions of art. 2087 of the Italian Civil Code and Decree 81/08, being the Consolidated law on the protection of occupational health and safety, as well as with all other applicable laws and regulations.

The Company strives to disseminate an internal culture of occupational health and safety, promoting knowledge and awareness of the risks faced by each person and role in the performance of their duties. All personnel are requested to behave responsibly, as compliance with the related laws and corporate procedures is checked and monitored.

The "Safety Policy" defined by the Company seeks to achieve the following objectives via effective implementation of the Safety Management System:

- ensure balance between the corporate objects specified in the articles of association and the need to safeguard the health and physical condition of individuals, assets and, more generally, the environment;
- reduce the risk of significant events, as identified by multiplying the probability of their occurrence by the severity of their effects, to the lowest level that is reasonably possible and, at all times, maintain such risks within the limits of acceptability allowed by current sector regulations;
- identify possible hazards associated with the work performed, analyse the related risks and assess their effects on the health of workers, the general population and the surrounding environment;
- inform and train all personnel, ensuring adequate awareness and knowledge of the risks associated with their work, and about the safety



and protection measures in place to minimise those risks, with assistance from the Workers' Safety Representative (RLS);

- train workers to tackle hazardous situations adequately, should they arise;
- ensure that external firms, freelance workers and occasional visitors are informed adequately about the internal rules of conduct, as well as about procedures for raising the alarm and evacuating the premises;
- identify the emergency situations that might arise due to an event, planning the actions to be taken and the procedures to be followed in such cases;
- schedule a series of periodic checks on and assessments of the effectiveness of the Safety Management System and the related procedures.

In the performance of their duties, recipients of this Code of Ethics are required to participate in the identification and prevention of risks and safeguard the health and safety of their colleagues and third parties, in addition to their own, complying with the requirements of Decree 81/08, being the Consolidated law on the protection of occupational health and safety. Recipients must comply with the instructions and indications given by the Company, use personal protection equipment when required, agree to health checks, avoid taking hazardous action on their own initiative when not envisaged in their job descriptions, and participate in Company training programmes.

Third parties contracted to carry out work for or provide services to LB OFFICINE MECCANICHE are also required to demand compliance with the current regulations on occupational health and safety.

3.3. Fight against corruption

LB OFFICINE MECCANICHE requires employees, collaborators and all those who have business relations with the Company to behave with integrity, propriety and transparency.

Recipients of this Code of Ethics must be aware of the ethical significance of their actions and must not pursue personal or business gain in violation of current laws or the principles embodied herein. In compliance with the principle of transparency, each person must ensure that, in addition to being properly recorded, each operation or transaction is authorised, verifiable, legitimate, consistent and reasonable.

It is forbidden to offer, give, request or accept, directly or via intermediaries, gifts, presents, benefits or other personal advantages in connection with activities carried out on behalf of LB OFFICINE MECCANICHE. Gifts and benefits are only authorised if their value is modest and they represent an expression of common courtesy.

In all cases, it is appropriate to notify the Supervisory Body about all forms of soliciting or offers of special benefits that are received, whether directly or indirectly.

3.4. Safeguarding of accounting, financial and fiscal transactions

LB OFFICINE MECCANICHE recognises the fundamental importance of managing accounting and financial transactions in compliance with the principles of lawfulness, transparency and traceability.



Persons involved in invoicing activities, the recording of accounting entries, the movement of cash flows and/or the preparation of tax declarations must work within the powers granted to them, act with transparency when carrying out each accounting and financial transaction, keep true and accurate records of such transactions and ensure that they are always accompanied and justified by adequate supporting documentation.

Conduct and omissions are forbidden if they might result in recording fictitious or non-existent transactions, or in recording transactions in a misleading manner without sufficient documentation, or in making payments, carrying out transactions or performing other accounting and financial activities not evidenced by proper authorisations.

The Company and all those who work on its behalf, including collaborators and external consultants, must comply with all applicable corporate, administrative, financial and fiscal regulations and accounting and financial procedures, avoiding irregularities, unlawful action and infringements of specific rules, in order to impede commitment of the tax offences identified in Decree 74/2000 on income and value-added taxes.



4. RULES OF CONDUCT FOR EXTERNAL RELATIONS

4.1. Relations with customers

LB OFFICINE MECCANICHE recognises the fundamental importance of establishing customer relations that respect the principles of fairness, propriety, cooperation and full acceptance of the precepts embodied in this Code of Ethics, in order to build collaborative and highly professional relationships. Relations with customers are based on listening, cooperation and courtesy. Company personnel must always work with professionalism, propriety and transparency in all relations with customers, because customer satisfaction is recognised as a primary resource. LB OFFICINE MECCANICHE dedicates great attention to the needs of customers, anticipating market trends whenever possible, and allocates resources to research and the development of new solutions for this purpose. All personnel are required to safeguard the rights and interests of customers and give them detailed, clear and true information about the services provided, so they can make informed decisions.

4.2. Relations with suppliers

LB OFFICINE MECCANICHE bases relations with suppliers on acceptance of and respect for the principles embodied in this Code of Ethics. Accordingly, the Company asks suppliers to comply with the current laws and regulations governing occupational health and safety, with a particular focus on child labour and the employment of and collaboration with citizens of third countries.

The selection of potential suppliers is based on objective appraisals of such elements as quality, price and professionalism. Exceptions may be made with regard to the appointment of professionals/consultants, when the trust element prevails. All consideration and amounts paid to suppliers and professional consultants, for whatsoever reason, must always be documented adequately, commensurate with the work performed and consistent with market conditions.

As with other business relations, it is strictly forbidden to give gifts, benefits or advantages to suppliers, including acts of courtesy and forms of hospitality, unless their nature cannot be misinterpreted as seeking favourable treatment for the Company.

4.3. Relations with the mass media and dissemination of information

LB OFFICINE MECCANICHE believes that all external disclosures of information must be expressly authorised and founded on the principles of truth, propriety, transparency and prudence. Attendance at public events that might result, even accidentally, in the disclosure of confidential information must be evaluated and authorised in advance.

4.4. Relations with the Public Administration, public officials and providers of public services

LB OFFICINE MECCANICHE maintains relations with public administrations, public officials and providers of public services at national, EU and international level. These relations, founded on compliance with current regulations and on the general principles of fairness and transparency, must be pursued and managed in absolute and strict compliance with current laws and regulations, as well as with the principles embodied in the Code of Ethics and in our internal procedures, in order to



avoid compromising the integrity and reputation of both parties.

Recipients must not promise or offer, directly or via intermediaries, sums of money, goods or other benefits to the representatives of public institutions or public administrations, with a view to promoting or facilitating their own interests or those of the Company, obtaining advantages or undermining the impartiality or independent judgement of the officials concerned. This prohibition is only waived with regard to gifts of modest value that are offered on special occasions (e.g. Christmas and similar festivities), in accordance with normal practices.

LB OFFICINE MECCANICHE forbids any fraudulent conduct intended to obtain grants, funding, soft loans, contributions or other payments from the State or public bodies, and condemns all unlawful conduct that results in improper use of the grants and/or loans obtained, including for purposes other than those originally agreed.

4.5. Relations with the judicial authorities

LB OFFICINE MECCANICHE maintains relations with the judicial authorities that are founded on maximum transparency and loyalty. Persons who act in the name and on behalf of the Company before these authorities, including any legal advisors and/or external technical experts, must comply with the principles of loyalty and probity established in art. 88 of the Civil Procedures Code.

It is forbidden to employ, or induce others to employ, corrupt practices of any kind in order to obtain benefits via the adoption of unfair or dishonest conduct, including without limitation: removal from a court folder of any deed or document already filed in the proceedings that might benefit the counterparty; delayed production of documents, even if authorised by the magistrate; dishonest application by legal counsel for a deferral, claiming agreement with the absent legal counsel of the counterparty.

In civil, criminal, administrative and tax cases and during proceedings, whether in or out of court, that involve the Company directly or as an interested third party, persons authorised to act in the name and/or on behalf of the Company must not behave in any way - as described above, for example - towards magistrates, court officers or court officials that might induce them to adopt measures that benefit the Company unlawfully.

4.6. Relations with political organisations and trade unions

LB OFFICINE MECCANICHE founds all relations with political organisations and trade unions on the principle of transparency. The Company does not pressure political leaders, make donations to political parties or their representatives or candidates, or organise meetings for the sole purpose of political propaganda. The Company abstains from making any contributions, directly or indirectly, or in any form, to parties, movements, committees or political or trade union organisations, or their representatives or candidates, except to the extent required by specific legislation.



5. FINAL CLAUSES

5.1. Disciplinary system

The Company penalises infringements of the principles embodied in this Code of Ethics, as well as those referenced in internal policies and procedures, because such infringements might seriously compromise the relationship of trust existing between the Company and its employees and collaborators.

In compliance with art. 6, para. 2.e), of Decree 231/01, the Company has introduced a suitable disciplinary system that penalises failure to comply with the measures specified in the Organisational Model and the Code of Ethics.

Accordingly, all infringements of the Code of Ethics by personnel, whether senior or supervised, may result - if confirmed - in the adoption of disciplinary measures and the application of penalties, in compliance with the provisions of art. 7 of Law 300/70 (Workers' Statute), the provisions of the relevant national collective employment contracts and any supplementary in-house agreements signed.

Infringements of the Code of Ethics by suppliers may, on the other hand, be penalised in accordance with the provisions of their respective professional appointments or contractual agreements.

In order to safeguard its reputation and protect its resources, the Company will not maintain relations of any kind with parties that do not intend to work in rigorous compliance with current regulations, and/or that refuse to respect the values and principles embodied in this Code of Ethics.

5.2. Reports and protection of whistleblowers

LB OFFICINE MECCANICHE has established suitable channels for the filing of whistleblower reports by personnel, whether senior or supervised, collaborators, suppliers and partners.

These reports must be detailed and relate to unlawful conduct or infringements of the Model - significant pursuant to Decree 231/01 - that become known as a result of the functions performed.

The reporting system adopted by LB OFFICINE MECCANICHE is governed by internal procedures that specify how to use the reporting channels made available.

To protect further the identity of whistleblowers, the Company has arranged for all reports to be received by the Supervisory Body, all members of which are external to the organisation.

The reports must be made personally, in writing, ideally without anonymity, using one of the following communication channels:

- ordinary post, marked "PERSONAL PRIVATE" to: Supervisory Body - LB OFFICINE MECCANICHE S.p.A., Via Pedemontana 166 - 41042 - Fiorano Modenese (MO) Italy.
- e-mail to the following address: Segnalazioni.lbofficinemeccaniche@gmail.com.



Whistleblowers are assured, at all levels, that their identity is protected by specific security measures covering the data of the reporter and the reported person. Reprisals against whistleblowers represent a serious disciplinary violation.

The Company also takes action if unjustified reports are filed in bad faith to damage colleagues, employees, superiors or competitors.

The Supervisory Body retains the whistleblower reports filed and is the only party with access to the file. The Supervisory Body must keep confidential all facts and circumstances that become known during its term in office, except for any communications required by law.

5.3. Supervisory Body

In order to ensure effective implementation of this Code of Ethics, LB OFFICINE MECCANICHE has appointed a Supervisory Body - being the control body envisaged in Decree 231/2001 - to supervise the functioning and effectiveness of the Organisational Model and its update. The Supervisory Body also monitors compliance with the principles and conduct mentioned in this Code of Ethics, because it is an integral part of the Organisational Model.

If a report is received alleging infringement of one or more principles embodied in this Code of Ethics, the Supervisory Body carries out a detailed analysis and, if necessary, interviews the parties concerned.

With regard to whistleblower reports received by the Supervisory Body, the Company guarantees that no one (neither the reporter nor the reported person) will suffer reprisals, unlawful pressure, discomfort or discrimination of any kind in the working environment.

5.4. Amendments to the Code of Ethics

This Code of Ethics has been approved by the Board of Directors of LB OFFICINE MECCANICHE, which is the only body entitled to approve any future amendments or updates.