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## Presentation

The values and inspiration behind our Code of Ethics are strongly shared by myself as the sole administrator and by all company figures, guiding the actions and orientation of the Foundry. Our aim is to set an example for those who work with us and for us, for our partners, and for those who purchase and appreciate our products. We strive to represent a model of excellence not only in production but also in behavior.

Ethics are not only central in defining company objectives but also represent one of the fundamental pillars for planning future activities at FONDERIA DI LONATO. We are committed to pursuing value creation for years to come and for the benefit of future generations. We hope that this Code of Ethics can serve as a reference point for each of our stakeholders in defining their responsibilities and achieving their objectives.

Fabio Gorlani

APPROVAZIONE DEL **APPROVED**

4 Luglio 2016 **July 4<sup>th</sup> 2016**

L'AMMINISTRATORE UNICO  
FABIO ING. GORLANI  
THE SOLE ADMINISTRATOR  
**ENG. FABIO GORLANI**



## 1. INTRODUCTION

### 1.1 Company History

FONDERIA DI LONATO is located in Lonato near Lake Garda on an area of 12,000 square meters, with 4,000 square meters dedicated to corporate buildings. The original Company Profiler, founded in 1975 as a foundry for steel castings production, transformed in the 1990s into its current form, thanks to the entrepreneurship of Colonel Pilot Luigi Gorlani. It has achieved excellence in casting components for the automotive and marine engine sectors.

Starting from 1988, the company decided to implement an investment plan to meet market demands. The plan focused on expanding plants, improving technologies, and diversifying the range of products offered.

The installation of shell molding plants and batteries of centrifuges for producing finned cylinders and liners, intended for both original equipment manufacturers (O.E.M.) and the aftermarket (A.M.), began in the early 1990s. In the latter half of the decade, the production was further expanded to include special spheroidal, austenitic castings for elastic bands (sealing segments) and segment carrier inserts..

With the arrival of 2000, new centrifuges were installed for large-diameter tube production. These tubes were intended for manufacturing liners and elastic bands for marine engines. Continuous innovation and the exploration of new markets resulted in the introduction of centrifuged tube production using alloy steels. This continued until 2010, when centrifuged tubes made from Ni-based alloys were also produced.

Since 2016, FONDERIA DI LONATO has collaborated with the University of Brescia's Department of Mechanical Engineering on a research project. The objective of this project is to develop a unique cast iron alloy specifically designed for the production of engines used in the nuclear sector.

The FONDERIA DI LONATO's constant research and innovation in products and technology, along with the versatility and flexibility of its foundry plant and resources, enable it to cater to both national and international markets. The company offers a diverse range of alloys and products tailored to meet customer requirements.

The current production capacity is 4,000 tons per year, distributed among cast iron, steel, and Ni/Cr-based alloys.

The strength of FONDERIA DI LONATO lies in its focus on quality products. This is made possible by a metallurgical/metallographic laboratory equipped with state-of-the-art quality control instruments. The company's reliability and professionalism across various departments have also played a crucial role.

In recognition of its commitment to quality, FONDERIA DI LONATO achieved the UNI EN ISO 9001 certification and the Lloyd's Register product certification (CertMD/3664/0001/5) (Cert.MD/3664/0001/5) in 2009.

## **1.2 Code of Ethics**

This Code of Ethics outlines the ethical principles and general rules that define the organization and activities of FONDERIA DI LONATO. These principles and rules are comparable to legal, regulatory, and contractual requirements.

Within the dynamics and needs of entrepreneurship and economics, FONDERIA DI LONATO places great importance on corporate ethics. This value is reflected in the company's commitment to loyalty, fairness, and respect, which serve as a guiding principle in its operations within the social reality. The Code of Ethics adopted by the company is not only a prerequisite for the organizational models and control of Group activities, but also a tool for preventing illicit behaviors and criminal acts. The Code of Ethics is divided into three parts, highlighting its significance.

### **Principles and Values**

The Company emphasizes the ethical principles and values that it adheres to. All individuals operating within the Company or having any form of relationship with it are expected to adhere to these principles and values.

### **Rules of Conduct**

The Company sets out the criteria for conduct that should guide its activities. This includes guidelines and rules of behavior that individuals representing the Company must adhere to in order to prevent the risk of engaging in illicit or unethical behaviors.

### **Implementation, Control, and Monitoring**

The Code identifies the rules for disseminating and updating the principles and rules of conduct contained within it. It also outlines the procedures for managing any violations and specifies the entities responsible for overseeing its correct application and observance.

## **1.3 Recipients and Scope of Application**

The Code of Ethics applies to the following individuals and entities, regardless of their contractual relationship with the Company:

- Corporate bodies
- Employees
- Agents
- Collaborators

Furthermore, in accordance with the company's procedural system, compliance with the Code is also required from third parties such as partners, clients, suppliers, professionals, consultants, and other external entities with whom the Company establishes relationships or business relations.

It is important to note that the Code of Ethics is an integral part and constitutive element of the Organizational Model adopted by the Company, as mandated by Italian legislation on "corporate liability for administrative offenses dependent on crime" stated in Legislative Decree no. 231/2001.

## **2.1 Values**

Our values of quality, innovation, and excellence have been essential to the Company since its establishment and are concretely applied in the design and production of every creation. Each product is conceived and developed to ensure that the customer's purchasing experience generates satisfaction, reliability, and loyalty. The strong connection with the territory, Italian tradition, and the legacy of founder Luigi Gorlani continue to be the pillars of the Group's activities. With great awareness and strong commitment, the company protects the places where it operates and the people who work for the Company.

## **2.2 Fundamental Ethical Principles and Rules**

Below are the fundamental principles of FONDERIA DI LONATO that all recipients of the Code must refer to in the exercise of their activities.

### **1. Protection of the "Value Added" to the Product**

The company acknowledges that, despite its growth and increased production, the value added by craftsmanship remains a fundamental aspect of our production process. Meeting customer expectations and providing products tailored to their specific needs is not only a source of pride for our organization, but also a crucial objective.

### **2. Centrality of Human Resources**

The company recognizes the importance of human resources and strives to create a work environment that fosters the development of its employees and collaborators. Human resources are managed based on principles of respect for individual characteristics, equal opportunities, and merit. The company also values the professional experience of its employees and encourages the transfer of knowledge to preserve the company's cultural heritage and core values over time.

### **3. Fairness and Moral Integrity**

Ethics have always been one of the cornerstones of our company. They serve as a set of behavioral rules that we adhere to, fully aware that they are essential for upholding the honorable and proud heritage of FONDERIA DI LONATO. Understanding and respecting these values is crucial in both our internal and external relationships.

We firmly believe that the pursuit of mere economic interest should never justify conduct that goes against principles of fairness, honesty, and the laws and regulations in place. We strictly prohibit granting illicit advantages in exchange for gifts or benefits that exceed normal courtesy practices in any type of negotiation or bargaining.

In all our activities, we are committed to avoiding situations of conflict of interest, whether they are real or potential. We do so by following rules of fairness and impartiality.

In order to effectively manage the company and fulfill its supervisory obligations, the Company promotes the separation of functions. This serves the dual purpose of identifying those who have acted and preventing conflicts of interest. The Company asks recipients to act in a correct and transparent manner, avoiding favoritism, collusive practices, or choices that result in personal advantages that are illegitimate for themselves or others.

## **Legality**

The Company operates in accordance with its Bylaws, as well as the laws and regulations in force in all countries where it operates. The Company requires all recipients of this Code to comply with these requirements and maintain behaviors that do not compromise its moral and professional reliability.

## **Social Value of the Company**

Since its foundation, the Company has shown a strong commitment to social responsibility. It has actively contributed to the economic and civil development of the communities in which it operates. The Company also takes into consideration the needs of the community and organizations, especially those focused on the education of young people.

## **Non-Discrimination Policy**

The Company is committed to upholding the principles of dignity and equality in all its internal relationships and interactions with third parties. We strictly prohibit any form of discrimination based on age, racial and ethnic origin, nationality, political and union opinions, religious beliefs, sexual orientation, gender identity, physical and mental disabilities, or any other personal characteristic unrelated to the work sphere.

## **Environmental Protection**

The company emphasizes the importance of environmental protection. It recognizes the environment as a shared resource that must be preserved for the well-being of the community and future generations. This commitment is rooted in the principles of sustainable development.

## **Confidentiality**

The Company emphasizes the importance of keeping information confidential in all its business operations. All employees, collaborators, and consultants are expected to refrain from using acquired information for purposes unrelated to their assigned tasks.



## **Protection of Competition**

In the context of its business activities, the Company is guided by the principles of legality, fairness, and loyalty. It is committed to honoring its word, promises, and agreements, and promotes responsible and ethical behavior in all its activities and decisions. The Company recognizes that free and fair competition is crucial for growth, development, and continuous improvement in a market economy. It believes that within this context, its message of product quality can flourish.

## **Transparency and Clarity**

Communication and disclosure of news, information, and data relating to the Company to the outside world (including through mass media) are based on respect for the right to information. These activities are exclusively reserved for the company functions assigned to them. It is strictly prohibited to disclose false or biased news or comments. All communication activities adhere to laws, rules, and professional conduct practices, ensuring principles of clarity, transparency, timeliness, and accuracy are maintained.

### 3. CODE OF CONDUCT

#### 3.1 The Company's Work Environment

The Company is committed to fostering a work environment that promotes the development of potential and talent, integrity and honesty, mutual respect, and the protection of employees' and collaborators' health. To achieve this, every manager and/or department head is expected to:

- Act objectively and fairly, with the goal of enhancing and empowering their employees and collaborators.
- Recognize and support the individual characteristics of employees and collaborators, encouraging the development of their potential and talent. This includes valuing initiative, collaboration, and innovation.
- Prevent situations of discomfort, prejudice, denigration, or discrimination from occurring within the work environment.
- Foster relationships among employees and collaborators based on loyalty, fairness, mutual respect, and good manners.
- Avoid situations that would require employees and collaborators to act against the Code of Ethics or the law.
- Ensure that employees work in safe and healthy conditions, in compliance with applicable laws and regulations.
- Promote the integration and training of foreign workers with regular residence permits, while avoiding undeclared work and irregular immigration.

#### Every employee or collaborator of the Company must:

- Perform their duties diligently, efficiently, correctly, and honestly, making the best use of the tools and time available to them. They should also assume the responsibilities associated with their role and avoid any activities that may potentially conflict with the interests of the Company.
- Maintain relationships with colleagues based on values of civil coexistence and respect, while avoiding any form of discrimination.
- Take care of the company's assets and behave respectfully towards the environment on a daily basis, including from an ecological perspective.

#### 3.2 Relationships with Suppliers

The selection of suppliers and external collaborators (including consultants, agents, etc.) for purchasing goods and services is based on evaluations that ensure reliance on suppliers with

proven quality, integrity, reliability, and cost-effectiveness. Purchasing processes adhere to principles and laws that protect competition, ensure transparency, and promote efficiency in the selection process. Compensation and payments made to suppliers are in line with market conditions or otherwise justified and verifiable.

Every recipient of this Code who participates in these processes is required to:

- Act with objective and documentable criteria.
- Not accept any form of personal benefits.
- Verify, through suitable documentation, that the parties involved have adequate means and resources to meet the needs and image of the Company.
- Ensure traceability of choices by retaining documents that prove compliance with internal procedures and the purposes of the purchase.
- Promptly report any behavior that potentially contradicts the Principles and Values of the Code.

The Company will terminate any relationship if there is suspicion of belonging to or facilitating criminal organizations. In contractual relationships with suppliers, the Company requests a commitment to share and respect the principles stated in this Code. Violation of the established principles will result in the termination of the existing relationship.

### **3.3 Relationships with Customers**

The Company aims to meet customer expectations by providing high-quality products and/or services in compliance with competition and market regulations. The Company conducts its business based on values of fairness, honesty, and professionalism. In the context of customer relationships, the Recipients undertake not to discriminate against customers, to respect commitments and obligations, to provide accurate, complete, and truthful information, and to adhere to truthfulness in advertising or other communications, avoiding deceptive, evasive, or unfair practices.

### **3.4 Relationships with Political and Trade Union Organizations and Other Forms of Associations**

In order to contribute to the economic and social development of the areas in which it operates, the Company interacts with trade unions, political entities, and other forms of associations. Those delegated by the Company to engage with these entities are required to comply with the law, avoiding any collusive or corruptive behavior.

### **3.5 Relationships with Public Administration**

The Company's relations with representatives of the Public Administration, Public Officials, or persons entrusted with public service are based on principles of correctness, loyalty, and maximum transparency. These relations are conducted exclusively through designated and authorized representatives, within the limits of their formal authorization or within the scope and limits of their role and responsibility.

In the context of relations with the Public Administration, Public Officials, or persons entrusted with public service, the Recipients of this Code cannot offer, even indirectly, money, gifts, or benefits of any kind to the involved public official, their family members, or individuals connected to them in any way. It is not permitted to seek or establish relationships of favor, influence, or interference with the aim of directly or indirectly influencing their activities.

These provisions cannot be circumvented by resorting to different forms of contributions that, under the guise of sponsorships, appointments and consultations, and/or advertising, have the same prohibited purposes as mentioned above.

### **3.6 Relationships with Supervisory Authorities**

The Company is committed to fully complying with the rules set by the Supervisory Authorities. It also aims to establish cooperative relationships with these Authorities, respecting their institutional role and promptly following their instructions. Specifically, all Recipients must:

- Operate in accordance with current laws and regulations.
- Behave efficiently, collaboratively, and courteously towards the Supervisory Authorities, complying with any requests made within the scope of their inspection functions and cooperating in related investigative procedures.
- Provide accurate, complete, and truthful information to enable the Supervisory Authorities to make informed decisions.
- Not obstruct the work of the Supervisory Authorities by withholding requested data and/or information, either directly or indirectly.

### **3.7 Relationships with Individuals Summoned to Provide Statements to the Judicial Authority**

The company guarantees and encourages proper, transparent, and cooperative conduct in its interactions with law enforcement agencies and the judicial authority. Any form of coercion towards individuals (employees, associates, or third parties) summoned to provide statements to the judicial authority for use in criminal proceedings is strictly prohibited.

### **3.8 Protection of Industrial and Intellectual Property**

Recipients must fully respect the rights of industrial and intellectual property belonging to third parties. They should also comply with the provisions in laws, regulations, and conventions that aim to protect these rights. To ensure compliance, all Recipients must refrain from:

- Engaging in any conduct that may involve usurping industrial property titles, altering or counterfeiting distinctive signs of industrial products, patents, designs, or industrial models (both national and foreign). This includes importing, marketing, using, or circulating industrial products with counterfeited or altered distinctive signs, or those manufactured by usurping industrial property titles.
- Engaging in the unlawful and/or improper use of intellectual works, or parts thereof, protected by copyright infringement legislation, in the interest of the company or third parties.

### **3.9 Maintenance of Accounting, Preparation of Financial Statements, and Management of Financial Flows**

The company complies with legislation and regulatory provisions regarding accounting maintenance and preparation of financial statements. Recipients are required to collaborate to ensure accurate and timely reflection of management facts in the company's accounts. They must also retain all supporting documentation for easy access and consultation by authorized parties for inspection. The company has established administrative and accounting procedures aligned with these principles and complies with applicable regulations. All financial operations and money movements, both incoming and outgoing, are carried out by authorized individuals and are always justified, traced, and recorded.

### **3.10 Privacy**

The Company is committed to ensuring the appropriate protection of acquired personal information in accordance with current legislation. Our aim is to prevent improper or unauthorized uses and to safeguard the dignity, image, and confidentiality of every individual who has dealings with the Company.

We provide information about the type of data collected, the intended use of such data, and the methods by which individuals concerned can contact the Company for more information. Personal information is collected and stored only when necessary for identified, explicit, and legitimate purposes. It is retained for the minimum time required to fulfill the purposes for which it was acquired.

### **3.11 Gifts, Favors, Contributions, and Sponsorships**

The Company is committed to supporting social responsibility initiatives. This includes providing sponsorships or contributions to foundations, institutions, and organizations that aim to improve living conditions and promote culture and solidarity in the community where the Company operates. Sponsorships and favors to companies or associations, even those that are not officially recognized, are authorized and clearly document the parties involved and the reasons for the donation. The transfer of economic value is conducted through authorized intermediaries, ensuring traceability with appropriate documentation.

### **3.12 Health and the Environment**

The Company prioritizes the protection of health and safety in the workplace. It strives to ensure safe and healthy work environments for its employees and collaborators, in accordance with current legal provisions. To prevent workplace accidents, the Company promotes training and education programs on occupational safety for its workers. Additionally, the Company adheres to the principle of environmental protection and actively contributes to its preservation. It seeks appropriate solutions to balance business needs with responsible resource utilization, reduced energy consumption, and improved management of atmospheric emissions.

### **3.13 Prohibition of Operations Aimed at Money Laundering**

The Company strictly adheres to regulations aimed at preventing money laundering, self-laundering, and the financing of criminal activities. In order to achieve this, the Addressees are required to:

- Immediately report any potential anomalies they become aware of to facilitate the prevention and counteraction of money laundering phenomena.
- Carefully verify the available information about counterparties and avoid engaging in or maintaining commercial or financial relationships in cases where there is reasonable doubt that the counterparties may engage in conduct that constitutes the commission of money laundering offenses.
- Conduct and accept cash payments only within the limits and amounts allowed by law.
- Ensure adequate cooperation with competent authorities in the prevention, counteraction, and repression of phenomena concerning counterfeiting and forgery of banknotes, coins, and any other means of payment. It is forbidden to tolerate irregularities in managing financial flows that, according to normal professional diligence, give rise to suspicions about the legality and regularity of the origin of the money received.

### **3.14 External Information and Communications**

The Addressees of the Code of Ethics are obligated to refrain from disclosing any information about the Company or the Group that, if made public, could significantly impact the price of the Company's financial instruments. Any information obtained in connection with the assignment or the function performed must be kept confidential and is considered the exclusive property of FONDERIA DI LONATO. Any communication with external parties is conducted in accordance with applicable regulations and company procedures. The Company establishes its relationships with operators within the framework of information and communication systems, media, and advertising services, while adhering to the principles outlined in this Code of Ethics.

## **4. IMPLEMENTATION, CONTROL, AND MONITORING**

### **4.1 Body Responsible for Supervising the Application of the Code**

The Ethics Committee is responsible for overseeing the implementation and dissemination of the Code. Similarly, individuals at the top of each corporate area are assigned the responsibility of ensuring compliance by all those operating within their function.

### **4.2 Reporting**

All recipients are required to comply with the Code and report any behaviors that are not in line with the principles and rules contained therein. Reports of violations or requests for clarification on the interpretation of the Code may be addressed, in the case of employees, to the head of their own structure or directly to the Ethics Committee through specific channels that will be made available.

This Code is also an integral part of the Organizational Model adopted by the Company pursuant to Legislative Decree no. 231/2001. Any reports of suspected crimes or violations, particularly regarding the predicate offenses provided for by Legislative Decree no. 231/2001, must be addressed to the specifically appointed Supervisory Body, using the available means of communication. Reports can also be made anonymously and addressed to the attention of the Supervisory Body at the Company.

Regardless of the communication channel used by the reporter, the Company undertakes to treat every report received with confidentiality and discretion, in line with current regulatory provisions, and to safeguard the anonymity of the whistleblower, ensuring that they are not subjected to any form of retaliation.

### **4.3 Disciplinary Measures**

Compliance with the Code of Ethics is a crucial part of the contractual obligations for employees, collaborators, and all recipients in general. Any violations may lead to the Company taking appropriate measures, which will be determined based on the severity of the violation and within the limits of the current regulatory framework.

For employees, non-compliance may result in disciplinary proceedings and sanctions, including the possibility of terminating the employment relationship. As for the administrators and directors of the Company, non-compliance may lead to suspension or removal from office.



In the case of external parties, non-compliance may result in the termination of the contract, assignment, or any existing relationship with the Company. Additionally, if there are grounds for it, compensation for damages may be sought.

## **5. FINAL PROVISIONS**

The Code of Ethics is approved by the sole director through their signature, including any changes or additions made to it. The sole director is responsible for updating and potentially revising the code, and they will consider any proposals for changes or additions from the Supervisory Body and the Ethics Committee