

Dear Lydall Colleagues,

For an organization to be successful over the long term, a business must be built on a foundation of honesty and integrity. This principle has guided Lydall throughout our long history, and we remain committed to it. We want to act fairly and ethically, both because it is right and because it makes good business sense. This means that we all must behave honestly and with integrity in all of our dealings, being respectful of others and accountable and responsible in our actions.

The Lydall Code of Ethics and Business Conduct is a resource to help all of us make better decisions when we are faced with difficult issues. Of course, the *Code of Ethics* cannot cover every situation and, when in doubt, you should seek advice from others at Lydall, including your supervisor, Human Resource personnel or the Chief Compliance Officer (the General Counsel). You may also look to these individuals to ask questions or raise concerns about conduct which you believe, in good faith, to be a violation of our *Code of Ethics*, applicable law or Company policy. If you prefer to raise an issue confidentially, we encourage you to call our Compliance Line.

Our *Code of Ethics* is intended to promote behavior within the Lydall community that reflects high standards of integrity and compliance with all applicable laws, rules, regulations and policies. The *Code of Ethics* stresses our organization's commitment to maintaining an open culture where employees feel free to ask questions and report concerns about ethically questionable behavior – without fear of retaliation.

Honesty and integrity are hallmarks of Lydall's corporate culture and are vital to our continued success and growth. Ultimately, we are all responsible for ensuring that the Company's reputation for integrity and ethical behavior remain intact.

Please join us in a commitment to upholding the principles in the *Code of Ethics and Business Conduct*.

Sincerely,



Dale G. Barnhart
President & Chief Executive Officer



W. Leslie Duffy, Esq.
Chairman, Board of Directors

CODE OF ETHICS AND BUSINESS CONDUCT

I. OUR PRINCIPLES

Lydall¹ strives, at all times, to conduct business in a fair and ethical manner, in compliance with applicable law. We are committed to producing products of the highest possible quality and to providing outstanding service to our customers. Our vendors know us as fair, consistent business partners who seek long-lasting, quality relationships. We are proud of our employees and their adherence to these values and, in turn, we are committed to treating our employees fairly, without discrimination, and with an emphasis on a safe working environment. All of these characteristics culminate in the goal of creating superior value for our shareholders.

II. COMPLIANCE

Does the Code of Ethics and Business Conduct Apply to Me?

Compliance with our Principles and the Lydall Code of Ethics and Business Conduct (the “Code”) is not optional. All employees, officers and Directors of Lydall, Inc. and its subsidiaries – from the Chairman of the Board and the Chief Executive Officer to our part-time staff – are responsible for ensuring they understand each principle underlying the Code. Any questions regarding these principles, whether for clarification or an interpretation of applicability, should be directed to your supervisor or the General Counsel. Any waiver of the Code for executive officers or Directors may be made only by the Board of Directors and must be promptly disclosed to shareholders. The Chief Executive Officer may waive, in writing, specific application of the Code for employees other than executive officers and Directors, provided that such waivers are reported promptly to the Board of Directors. The Code and its principles are supplemented by Company policies, which can be found on Lydall’s Intranet (www.lydall.net).

All directors, officers and salaried employees (exempt and non-exempt) of every Lydall entity are required to respond to the Company’s Code of Ethics and Business Conduct Questionnaire at the time they join the Company and annually thereafter.² Responses to the Questionnaire are provided to the Board of Directors.

Failure to comply with our Principles and Code of Ethics and Business Conduct will result in disciplinary action, including termination, if appropriate.

¹ “Lydall” or “the Company” refers to Lydall, Inc. and all of its subsidiaries.

² Unless otherwise limited by applicable local law.

III. REPORTING VIOLATIONS

What Are My Responsibilities?

Failure to comply with this Code can produce serious consequences for all of us. Therefore, it is the responsibility of each employee to report even suspected unethical behavior or illegal acts to a supervisor or the General Counsel. If you are uncomfortable with reporting in this manner, complaints may be made anonymously on the Compliance Line (800-454-7958) or through the internet at Lydall.alertline.com. While complaints may be made anonymously, the inability to discuss your complaint may hinder an investigation. Therefore, we encourage you to discuss your concerns openly with the appropriate personnel. Retaliation against an employee for reporting a suspected violation in good faith is strictly prohibited. See *Company Policy 10-4, "Non-Retaliation."*

IV. THE CODE

Our Code of Ethics and Business Conduct

Avoid Conflicts of Interest

Lydall does business on the basis of merit and fair competition, not through favoritism. Conflicts of interest arise when an employee puts personal interests above those of the Company and fails to perform his/her job objectively. You must avoid situations in which you and/or your family, friends or associates may personally benefit (or appear to benefit) from an action of the Company over which you have direct or indirect control. Sound individual judgment will be required to avoid conflicts of interest, or even the appearance of impropriety. *Company Policy 20-3, "Ethical Standards and Conflicts of Interest,"* gives guidance to Lydall employees regarding many situations, including:

- accepting or giving gifts or favors of significant value;
- having a material interest in or personal relationship with a Lydall supplier, customer or competitor;
- accepting loans or granting loans from the Company; and
- other outside activities that could give rise to a conflict of interest.

QUESTION: *A vendor has invited me and my spouse to join him and his spouse at the Superbowl (or the World Cup) for "an all-expenses paid weekend." May I accept the invitation?*

ANSWER: *No. Our principles are intended to prevent even the appearance of impropriety. If you participate in any way, the expenses should be paid for by you. Consult with your supervisor or the Legal Department.*

Do Not Use Company Assets for Personal Gain

Lydall provides a broad number of employees with access to Company assets and resources. The purpose of this access is to conduct the business of the Company in an efficient manner. If you are provided with Company assets, you should not use those assets for personal gain. *Company Policy 20-3, "Ethical Standards and Conflicts of Interest,"* gives guidance on these matters, including:

- using Company-owned or leased equipment and using or copying computer software for personal matters;
- abuse of the Internet and other research resources for personal matters; and
- using Company property, information or position for personal gain, such as competing with the Company.

Lydall's assets, including tangible assets (such as facilities, money, equipment, and information technology systems) and intangible assets (such as intellectual property, trade secrets, invention disclosures, sensitive business and technical information, computer programs, and business and manufacturing know-how) should be used properly and as authorized by management, not for personal gain. This policy equally applies to Lydall's resources, such as phone and Internet services. All Company-related business transactions must be authorized by management and comply with delegations of signature authority and processes for internal review and approval.

Protect the Confidentiality of Information

We utilize proprietary and/or confidential information in our operations daily. In some cases, the Company owns the information and unauthorized disclosure could give an unfair business advantage to our competitors. In other cases, we have been entrusted with the proprietary or confidential information of others. Disclosure of the confidential information entrusted to Lydall by others would severely impact the integrity of the Company and expose us to substantial liability and unnecessary costs. You may not use our confidential or proprietary information or that of our business affiliates for personal gain or outside of the terms of any confidentiality agreements. All new hires and current employees who are exposed to the confidential information of the Company and/or its business partners are required to sign a confidentiality agreement. This agreement also makes it clear that you are not permitted to use or disclose confidential information you learned before you came to Lydall. We compete using the strengths of our products and services, not unfair advantages.

It is important to note, however, that the terms of any confidentiality agreement do not prevent anyone from communicating directly with a government agency regarding any potential or pending investigation.

Conduct Business Fairly

Lydall has always earned its business the right way – through diligence and quality. We compete fairly and seek business affiliates with the same practice. It is a violation of this Code for any employee to take unfair advantage of any other person or company. We sell our products and services honestly and will not pursue any sale that requires us to act unlawfully or in violation of these standards. Disparaging

competitors, concealing or manipulating facts, unauthorized use of proprietary or confidential information and unfair practices are strictly forbidden.

QUESTION: *A customer gave me a competitor's price list. Can I use it?*

ANSWER: *If you receive price information directly from a competitor (or from a third party and it is clearly marked "Confidential" or "Proprietary"), the safest course is always to return it without keeping a copy, with a cover letter explaining Lydall's policy not to receive such information and to insist it not be repeated in the future. While there is nothing wrong with obtaining a competitor's price list indirectly from a customer, and while sound business practice requires paying attention to competitive moves in the marketplace, you should avoid confusion about the origin by writing directly on the price list that it came from a customer, by noting the person's name and date received. You should also complete the Lydall Meeting Competition Form, found under "Company Policies" on the Lydall Intranet. This will later remind you of the actual facts in case of an investigation.*

Safeguard Company Assets

Each of us entrusted with Company assets in order to perform our work has an obligation to protect those assets with due care. Theft, abuse and waste only serve to erode the Company's profitability and success.

QUESTION: *I am concerned that my supervisor may be stealing from the Company. I am not sure, and don't want to accuse anyone falsely, and I don't want to lose my job – but I am concerned about some control procedures that are not being followed. What should I do?*

ANSWER: *Report your concerns to any member of management, the Legal Department or call the Compliance Line, stating the reasons for your concern. If you prefer to remain anonymous when you call the Compliance Line, this is your choice. The Company will investigate your concern, gather any supporting evidence and act if appropriate.*

DID YOU KNOW? *Lydall is committed to providing a safe reporting environment, as further reinforced by our policy on non-retaliation (see Company Policy 10-4). When you raise a concern in good faith to protect the Company, you, in turn, are protected.*

Comply with All Applicable Laws

In today's world, the Company is subject to many laws and regulations in all of the locations in which we do business. Our employees are expected to comply with all laws; and, as a public company, this includes the federal securities laws. Below we have described some of the more significant laws with which each of us must comply. More detail on compliance can be found under "Company Policies" on Lydall's Intranet (www.lydall.net). Any questions regarding legal compliance should be directed to the General Counsel.

Do Not Trade On Inside Information

It is a crime to buy or sell Lydall stock while in possession of non-public information which would influence a reasonable person's decision to buy or sell. Lydall's policy is to strictly adhere to the rules regarding disclosure and insider trading of both the Securities and Exchange Commission and the New York Stock Exchange. If you have material information about the Company before it is released to the public you are considered an insider for purposes of the SEC's disclosure policies and are therefore prohibited from trading in the Company's stock prior to the information becoming public. Insider trading refers not only to the purchase or sale of the Company's stock, but to the purchase or sale of puts, calls, or other options with respect to such securities as well. Such trading is deemed to be done by an insider whenever he or she has any beneficial interest, direct or indirect, in such securities or options, regardless of whether they are actually held in his or her name. Included in the concept of "insider trading" is "tipping," or revealing inside information to outside individuals to enable such individuals to trade in the Company's securities on the basis of undisclosed information. Further information can be found in *Company Policy 20-9 "Securities Law Compliance."*

QUESTION: *I overheard a conversation about the Company's earnings for the quarter and that they will be unexpectedly good – can I buy the Company's stock in my investment account?*

ANSWER: *No. If the information you overheard has not been made public, such as issued in a press release, you should not trade in the Company's stock. By overhearing material information not known to the public, you will be considered an "insider." Insiders are restricted in Company stock transactions, as detailed in our Policy. When in doubt, contact our General Counsel.*

Obey Fair Competition (Antitrust) Laws

Our society is based on a free market and therefore prohibits conduct that would interfere with fair competition. Company policy requires the absolute avoidance of any conduct that violates, or even appears to violate, the underlying principles of the antitrust laws established to ensure fair competition. The laws forbid any kind of understanding or agreement between competitors with respect to prices, terms of sale, division of markets, allocation of customers or any other activity that restrains competition, including the mere exchange of competitively sensitive information. No officer, employee, or agent, whatever his or her position, is authorized to depart from Lydall's policy or to condone a departure by anyone else. *The fact that you may have thought you were acting in Lydall's best business interest will not be accepted as an excuse for conduct that violates the letter or the spirit of the antitrust laws.* Violations can result in substantial liability as well as disciplinary actions, including termination. A detailed description of each applicable law is set forth in *Company Policy 20-5, "Antitrust and Trade Regulations."*

QUESTION: *I attended a trade association meeting and someone in the group said: "The marketplace is putting pressure on pricing in our industry. Just the other day, XYZ Customer, Inc. said our competitors were dropping their prices by 10-20%. Have you dropped your prices?" I got a phone call and left the room, but what should I do if that happens again?*

ANSWER: *You must immediately protest, leave the room and do something to make your departure memorable to other attendees, have any minutes reflect your protest and exit, as well as Lydall's unwillingness to participate in the discussion. Under no circumstances should you discuss our prices or even just listen to the ensuing conversation; this is a violation of the antitrust laws. If such unwanted competitor contact should occur, you should confer immediately with your supervisor and our General Counsel. In this manner, we can successfully prevent misinterpretation of your good intentions by those who may be motivated to place a different interpretation on your actions.*

Understand and Comply with the Foreign Corrupt Practices Act (FCPA) and other Anti-Bribery Laws

In the United States, the FCPA prohibits giving money or other valuable items to a foreign official or an intermediary for the purpose of influencing a foreign government. In other countries, nothing of value – including money or other objects – may be given to anyone (not just foreign government officials) in order to obtain favorable treatment. Company policy strictly prohibits the offering or payment of a bribe. Violations may result in substantial personal liability and will be grounds for immediate disciplinary actions, including termination.

In furtherance of this, all facilitation payments are prohibited. Any request for a facilitation payment must be immediately reported to the Chief Financial Officer and the General Counsel. "Facilitation payments" are any payments, no matter how small, given to an official/government employee to increase the speed at which he/she performs his/her job. In certain parts of the world, it is common for government employees to receive so-called "grease," "facilitating," or "expediting" payments in order to expedite or secure the performance or routine governmental action by a foreign official (such as obtaining permits, licenses, processing governmental papers, providing police protection, phone service, etc.).

Consult *Company Policy 20-16, "Anti-Bribery and Corruption Policy,"* for further information.

Keep Accurate Books and Records

All assets, liabilities, revenues, expenses, and business transactions must be completely and accurately recorded on Lydall's books and records, in accordance with applicable law, accepted accounting principles, and established Lydall financial policies and procedures. Budget proposals and economic evaluations must fairly represent all information relevant to the decision being requested or recommended. No secret or unrecorded cash funds or other assets will be established or maintained for any purpose. Lydall will advise customers and suppliers of errors and promptly correct the error through credits, refunds or other mutually acceptable means.

QUESTION: *I "padded" my Expense Reimbursement Request form slightly to put in for meals under the amount for which receipts are required. Am I breaking any laws or violating Company policies by doing this? Everybody does it.*

ANSWER: *Yes. Such actions are in violation of the "Accurate Books and Records" requirements of the FCPA and in violation of Company policy. Just because others are doing it is not adequate justification and, in fact, if you have knowledge that others are falsifying their Expense Reimbursement Request forms, you must report them.*

Export In Compliance With Applicable Laws

Import and export laws are complex and change frequently with international events. There are restrictions on exports to and from certain countries, as well as on trading with certain individuals and companies. Also, products sold which can be used in military, nuclear, chemical, biological or laboratory applications have special limitations. The lists of those with whom a U.S. domiciled company such as Lydall cannot trade, or countries for which trade requires a license, are constantly updated. Therefore, we must check for all applicable restrictions before each import or export of the Company's products in order to ensure full compliance with all applicable laws. For questions or assistance relating to exports or imports, refer to *Company Policy 20-17 "Exports"* or contact the Legal Department.

QUESTION: *We have been selling to customers in Iran for several years, after having checked their export status when we began. Our freight forwarder says it is OK to continue shipping to them. Do I need to do anything more?*

ANSWER: *Yes, you must check export status each time you export, even to known customers. Do not rely on a freight forwarder. Consult with the Export Policy and the Legal Department for further details.*

Ask Before Committing the Company to Political Contributions

No Company funds or other resources or services may be used or given, either directly or indirectly, on behalf of any political party, campaign or candidate for public elective office, unless prior written approval is secured from the Chief Financial Officer and the General Counsel. Of course, nothing in this policy is meant to discourage you from making voluntary personal contributions or engaging in political, civic or other activities on your own time and at your own expense.

QUESTION: *Our operation has been asked to make a donation to a local political party. It is not for any specific candidate, but the mayor is a member of the party, and he has been very supportive of the Company in the past. Can we make a contribution?*

ANSWER: *Any donation of Company funds to a political cause must be cleared through the Chief Financial Officer and the General Counsel prior to being made.*

Protect Our Environment

Lydall is aware of the impact its activities can have on our natural resources and is committed to protecting the environment in which we all live. We strive to comply with all applicable environmental laws and regulations and manage our operations to minimize any adverse impact. Each of you shares in this responsibility and is required to employ environmentally safe practices in the performance of your duties. See *Company Policy 40-0, "Environmental Health and Safety,"* for more information.

Provide High Quality and Safe Products

Our products must be designed, produced and delivered with the primary consideration of the safety and health of our customers, product users, employees, and others who may be affected. We have the responsibility to design, manufacture, and deliver quality products. All required inspection and testing operations must be completed properly.

Be Part of A Positive and Safe Work Environment

Lydall is committed to fair and equitable treatment of our most valuable resources – our employees. As a result, we pay careful attention to all legal requirements protecting employees. There are specific Company policies and procedures on such things as equal employment opportunities (*Company Policy 70-1*), anti-harassment (*Company Policy 70-24*), substance abuse (*Company Policy 70-26*), leaves of absence (*Company Policies 70-12 and 70-19*) and workplace violence (*Company Policy 70-20*), among others, all of which can be found under “Company Policies” on Lydall’s Intranet (www.lydall.net).

Lydall is committed to providing its employees a workplace that is free from known safety and health hazards, and a work environment free from discrimination, harassment, or personal behavior not conducive to a productive work climate.

Citizenship and Human Rights

Lydall is committed to good citizenship and believes that engagement with others improves the human condition. For our employees worldwide, Lydall assures safe and healthy work environments, based on the more stringent of U.S. standards, local standards, or Lydall policies.

Lydall does not use child labor or forced labor. For our communities worldwide, we work to protect the environment, maximize the efficiencies of our products, and reduce wastes, emissions, energy consumption, and the use of materials of concern. As affirmed in other sections of the Code, we obey the law, do not discriminate in personnel practices, and do not engage in corrupt practices.

V. ADDITIONAL INFORMATION

Published by Lydall's Legal Department

The Code was first adopted by the Board of Directors on May 8, 2003, and the most recent update was approved by the Board of Directors on December 4, 2015.

In addition to English, the Code and its supplements are available in Dutch, French, German, Spanish and Chinese.

Compliance Line

Lydall's Compliance Line can be contacted toll-free at 800-454-7958. Complaints may also be submitted electronically through a secure, encrypted internet connection at www.lydall.alertline.com.

Contact Information

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