



INALCA S.p.A. 	Moduli Moduli Interstabilimento Allegati compliance 231- amministrativi	COM-22-04-00-00-00-01
Codice di condotta commerciale in inglese		Revisione 00 del 18/10/2013 Pag. 1 di 17


CODE OF BUSINESS CONDUCT Anti-corruption

Rev.	Natura Modifiche	
00	Prima emissione a sistema	
Preparazione	Verifica	Approvazione
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CODE OF BUSINESS CONDUCT ANTI-CORRUPTION

INTRODUCTION

1 OBJECTIVE

The ability to carry on business with loyalty, fairness, transparency, honesty and integrity according to laws, regulations, international standards, and national as well as foreign guidelines, applying to the business of the Inalca group is one of the key factors safeguarding the reputation of the whole group.


This Code of Business Conduct aims to provide a systematic reference framework of the anti-corruption standards and procedures the Inalca group has established and put into practice over the years.

According to anti-corruption laws¹ it is illegal for the employees of the Inalca group, its subsidiaries or anyone carrying out assignments on behalf of the Inalca group to promise, offer, pay or accept, directly or indirectly, money or other advantages for obtaining or keeping a deal or to secure an unfair advantage in connection with company business. This Code of Business Conduct draws inspiration from the rules of conduct envisaged in the Code of Ethics of the Inalca group and aims to provide all employees the rules to follow to ensure that they comply with anti-corruption laws.

2 FIELD OF APPLICATION

With a resolution adopted on May 19th, 2014 the Board of Directors of Inalca gave the Managing Directors an assignment to provide for adoption of a Code of Business Conduct aimed at compliance, with reference to issues tied to combating bribery. The adoption of this Code of Business Conduct and putting it into practice is a requirement of Inalca and all its subsidiaries (hereinafter the Inalca group). In addition, Inalca shall use its influence to ensure that the companies and entities it has a minority stake in come in line with the standards specified in this Code of Business Conduct by adopting and maintaining an adequate internal control system consistent with the requirements established by anti-corruption laws. At any rate the representatives Inalca has indicated at these companies and entities shall do their utmost to ensure that the standards specified in this Code of Business Conduct are adopted

¹ **Anti-Corruption Laws** – the Italian Criminal Code, Italian Legislative Decree 231 and other applicable provisions, the FCPA, the UK Bribery Act, other laws of public and mercantile law against corruption in force around the world and international anti-corruption treaties, such as the Convention of the Organisation for Economic Co-operation and Development on Combating Bribery of Foreign Public Officials in International Business Transactions and the United Nations Convention against Corruption.

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3 REFERENCE PRINCIPLES

3.1. ANTI-CORRUPTION LAWS

Nearly every country has laws forbidding bribery of its public officials and many others have laws that consider bribery of the public officials of other countries a crime. Since the head office of Inalca SpA is in Italy, the company and its employees must abide by Italian law, specifically Italian Legislative Decree 231/2001, and Law No. 190 of 2012 (which introduced "Bribery in the Private Sector" into the Italian legal system)

Besides, the Inalca group and its employees could be required to comply with the laws of other countries, including those which ratified international conventions, forbidding bribery of public officials and anyone in the private sector, such as:

- the Convention of the Organisation for Economic Co-operation and Development on Combating Bribery of Foreign Public Officials in International Business Transactions
- the United Nations Convention against Corruption
- the Foreign Corrupt Practices Act (FCPA) enacted in the United States
- the Bribery Act introduced in the United Kingdom


as amended.

Anti-corruption laws generally:

- forbid payments made directly or indirectly - including payments made to whoever knowing that the payment shall be shared with a public official or with someone in the private sector - as well as offers or promises to make a payment or give other advantage aimed at bribing public officials or anyone in the private sector. Based upon anti-corruption laws the Inalca group and employees belonging to the group could be considered liable for offers or payments made by anyone acting on behalf of the company in connection with company business, if the Inalca group or an employee of the group is aware or reasonably ought to have been aware that such offer or payment is made improperly
- require companies to procure and keep books, records, registers, and bookkeeping entries which with reasonable detail accurately and fairly reflect transactions, expenses (even if not "significant" from the accounting standpoint), purchases and transfers of assets

3.2 CONSEQUENCES OF DISREGARD FOR ANTI-CORRUPTION LAWS

In recent years application of anti-corruption laws has become more frequent and sanctions have become much more severe. Individuals and legal entities that violate anti-corruption laws can be liable to considerable pecuniary penalties, while individuals can be convicted to serve custodial sentences or other types of sanctions can be inflicted against them. Such violations can result in other consequences provided for by law, such as disqualification from contracting with public entities, confiscation of the profit from the

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crime or payment of damages. An even more important fact is that the company's good name could be seriously damaged.

3.3 SUPPORT

The content of applicable laws and anti-corruption laws can change at any time, so it is important to always keep abreast of any changes. For this purpose matters related to:

- the content of anti-corruption laws, the Code of Ethics or to any subject dealt with in this Code of Business Conduct or its application to specific situations, or
- to the dispositions on internal controls contained in anti-corruption laws or any other subject dealt with in this Code of Business Conduct, or their application to specific situations shall be evaluated in conjunction with the Legal Department of Inalca.

4. POLICY STATEMENT

Consistent with its Code of Ethics, Inalca forbids bribery and there can be no exceptions. In detail it is forbidden:


- to offer, promise, give, pay or authorise anyone to give or pay, directly or indirectly, any pecuniary advantage or other benefit to a public official² or anyone working in the private sector (**Active Bribery**);
- to accept any request or solicitation, or to authorise anyone to accept or solicit, directly or indirectly, any pecuniary advantage or other benefit from a public official or anyone working in the private sector (**Corruption**);

when the intention is:

- to induce a public official or someone working in the private sector to carry out improperly any function of a public nature or any task associated with a business or to recompense him/her for performing it;
- to influence an official deed (or non-performance) by a public official or any decision violating an assigned duty;

² Public Official:

- a) anyone exercising a public function, whether legislative, judicial or administrative
- b) anyone acting as an official in the interest or on behalf of (i) a national, regional or local public administration, (ii) an agency, office or organ of the European Union, or an Italian or foreign, national, regional or local public administration, (iii) an enterprise owned, controlled or invested by an Italian or foreign public administration, (iv) a public international organisation, (v) a political party, a member of a political party or a candidate to an Italian or foreign political office
- c) anyone charged with a public service, or whoever by whatever title performs a public service, wherein public service means a task that is regulated in the same forms as a public function, but lacking the powers typical of the latter. Just carrying out duties of order or merely rendering a tangible service is excluded.

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- to obtain, secure or retain a deal or an unfair advantage in connection with company business or;
- at any rate, to break applicable laws.

The forbidden act includes making an offer to or receiving from any employee of the Inalca group (direct bribery or corruption) or from whoever is acting on behalf of the same group (indirect bribery or corruption) any pecuniary advantage or other benefit in connection with company business.

This ban is not limited to just cash payments and can include a number of acts, if financially relevant with obvious intent to commit bribery:


- valuable gifts
- paying entertainment expenses of others
- non-monetary contributions, such as sponsorships for instance
- businesses, jobs or investment opportunities
- confidential information which could be used for trading regulated securities and products
- personal discounts or loans over and above normal market practices
- assistance or support of family members
- other advantages or benefits

The Inalca group forbids any form of bribery in favour of anyone, including but not limited the ones described above.

All employees of the Inalca group are required to abide by anti-corruption laws and follow this Code of Business Conduct.

Consequently:

- 1) All dealings of the Inalca group with or referring to, or involving a public official shall be conducted by following this Code of Business Conduct and the relevant anti-corruption regulatory instruments
- 2) Notwithstanding application of individual dispositions of law applicable from time to time to a specific case, each employee of the group is required to follow company procedures regulating relations with the public administration
- 3) All relations of the group with or referring to individuals in the private sector shall be conducted by following this Code of Business Conduct and relevant anti-corruption regulatory instruments and the provisions of the Code of Conduct of Inalca
- 4) Each employee of the Inalca group is personally responsible for following this Code of Business Conduct and anti-corruption regulatory instruments. In particular, managers are responsible for ensuring that these are followed by their collaborators and for taking measures to prevent as well as to discover and report potential violations
- 5) No questionable or illegal practice can be justified or tolerated at any rate due to the fact that it is "customary" in the industrial sector or in the countries where the Inalca group

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operates. No service shall be imposed or accepted if it can only be reached by compromising our ethical standards

6) Disciplinary measures as well as any other legal action aimed at safeguarding the interest of the employer can be inflicted against any employee of the Inalca group who violates this Code of Business Conduct or anti-corruption laws.

7) The employee of the Inalca group shall not be dismissed, relieved of his/her duties, suspended, threatened, harassed or discriminated against in any way at work for refusing to make a forbidden payment, even if such refusal has led to the loss of a deal or has had other prejudicial consequence on company business.

5 GIFTS, EXPENSES AND HOSPITALITY - OFFERED AND ACCEPTED

In keeping with the Code of Ethics of Inalca, gifts, payments or other benefits can be made or accepted if they fall under acts of graciousness or are such as not to compromise the integrity or reputation of either party, and cannot be seen by an impartial observer as aimed at creating a debt of gratitude or to improperly obtain advantages.

Gifts, pecuniary advantages or other benefits offered or accepted under any circumstance shall be reasonable and in good faith. At any rate all gifts, pecuniary advantages and other benefits offered or accepted shall follow the internal rules established by Inalca.


Any gift, pecuniary advantage or other benefit shall meet all of the following characteristics:
It shall:

- a) not consist of a cash payment
- b) be made in connection with business aims in good faith and be lawful
- c) be reasonable under the circumstances
- d) be in good taste and meet the standards of generally accepted graciousness in business
- e) respect laws and local regulations applicable to the public official or individual working in the private sector

Practical examples:

Question: "Giacomo and his manager, Davide, travel on business together rather frequently. Every time they take a trip, Davide charges little personal items on his company American Express card and Giacomo is aware of these charges. Giacomo would like to tell someone that Davide is using his company credit card improperly, but fears that this could have consequences on his job. Is it Giacomo's responsibility to report Davide's questionable charges?"

Answer: Yes. Giacomo must report Davide's charging activities without fearing any reprisals. He has a number of options available to him. He can report Davide's charging activities directly to Davide's superior, or he can contact the Human Resources Department or the Supervisory Board.

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5.1 GIFTS, PECUNIARY ADVANTAGES OR OTHER BENEFITS OFFERED TO OR ACCEPTED BY AN EMPLOYEE OF THE INALCA GROUP

As specified in the previous paragraph, any gift, pecuniary advantage or other benefit offered to or accepted by an employee of Inalca shall objectively speaking be reasonable and in good faith.

Whoever receives offers of gifts or hospitality or pecuniary advantages or other benefits which cannot be considered as acts of graciousness in business of a modest value shall refuse them and report the matter at once to the department manager who shall inform the Personnel Manager in order to make a suitable report to the company's 231 Supervisory Board.

Practical examples:

Question: Giacomo, the employee in the Technical Department, has received a white gold Rolex of considerable value as a present from a technical installations supplier. How should the employee react to such an offer?

Answer: Giacomo must refuse the gift, thank the giver and remind him that such behaviour is against the Code of Business Conduct. Straight afterwards he shall report the matter to his manager

Question: Giacomo, the employee in the Technical Department has been given a classical music DVD as a Christmas present by a technical installations supplier. How should the employee react to such a gift?


Answer: Giacomo thanks the supplier and accepts the gift because it is not against the Code of Business Conduct.

5.2 GIFTS, PECUNIARY ADVANTAGES OR OTHER BENEFITS GIVEN TO OTHERS (INCLUDING PUBLIC OFFICIALS)

As established in the paragraphs above, any gift, pecuniary advantage or other benefit given by an employee of the Inalca group to a public official or to anyone working in the private sector shall objectively speaking be reasonable and in good faith.

Gifts, pecuniary advantages or other reasonable benefits shall be approved, in line with the provisions of the procedures of the Inalca group regulating gifts, other benefits and entertainment expenses incurred for others.

Any gift, hospitality or other benefit for a public official or someone in the private sector shall be treated as a benefit given to that public official or that person in the private sector and is therefore required to comply with the limitations envisaged by this Code of Business Conduct and by company procedures.

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6 SUPPLIERS ³

In order to prevent that under any circumstance the Inalca group can be considered responsible for bribery committed by suppliers that render services on behalf of the Inalca group and their sub-contractors, outsourcers, suppliers of the Inalca group are strictly required to comply with the ethical standards and qualification requirements established for the whole group.

The procurement process and related tasks are regulated by different procedures of Inalca regulating purchases and qualification processes of suppliers by spelling out the roles and responsibilities of the main parties involved and establishing general rules for handling suppliers, reporting and control of procurements and handling paperwork.

The procedures of Inalca regulating procurement processes are set out in compliance with anti-corruption principles, especially with regard to suppliers selection principles and the qualification process, award of contracts, post-award contracts management, protective standard contract clauses, including clauses on commitment to comply with ethical standards.

The selection of suppliers and determination of purchasing conditions are based on an objective assessment of the quality and price of the goods or service, as well as guarantees of assistance and timely service.

It is forbidden for any employee of Inalca to accept, directly or indirectly, any pecuniary advantage or other benefit from a supplier (**Corruption**) which cannot be considered as acts of kindness in business of a modest value and in good faith in connection with company business.

Practical examples:

Question: "My brother owns a business and believes he can offer Inalca less expensive high quality supplies than its current supplier. Can we use his business?"

Answer: Maybe. Always tell your superior or the person in charge of making purchasing decisions about your close relationship with any of the company's suppliers, and notify the concerned departments about this potential conflict of interest.

Each situation shall be examined individually.


7 CUSTOMERS

Contracts stipulated with customers of Inalca shall be as clear and simple as possible, worded in easy to understand language, and shall comply with current regulations, specifically with anti-corruption principles.

The manner in which Inalca employees behave towards its customers is based upon willingness, respect and kindness, in view of a collaborative and highly professional relationship.

It is forbidden for any employee of Inalca to offer, promise, give, pay or authorise anyone to pay or give, directly or indirectly, in connection with company business any pecuniary

³ **Supplier:** an economic operator (an individual, legal entity or grouping) potentially able to satisfy a certain requirement for procurement of goods, work or services.

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advantage or other benefit to a company that is a customer (**Active Bribery**), which cannot be considered an act of kindness in business of a modest value and in good faith.

8 POLITICAL CONTRIBUTIONS

Political contributions can be considered bribery and so involve the risk of giving rise to ensuing liabilities. There is the risk that political contributions can be used by a company as an improper means of bribery for keeping or obtaining a business advantage, such as being awarded a contract, obtaining a permit or license.

Because of these risks, any political contribution made by the company is approved by the board of directors of the company in the framework of reference rules. Political contributions shall meet the following minimum standards:


- a) all contributions shall require the authorisation of the Board of Directors
- b) contributions shall only be made in favour of reliable beneficiaries with a very good reputation for honesty
- c) the beneficiary shall demonstrate that it is an officially recognised organisation according to applicable laws
- d) in line with legislative and concerned internal requirements of Inalca, payments to the beneficiary organisation shall be made exclusively to an account opened in the name of the same organisation; it is not permitted to make payments to numbered accounts, or cash payments, or make payments to other persons than the beneficiary organisation, or in a country other than the one of the beneficiary organisation
- e) accurate and transparent records of contributions shall be made in company books and registers
- f) the original approval documentation of the contribution and compliance controls with the provisions of the concerned regulatory instruments shall be kept according to the terms of law

Employees can take part in any political activities and are free to support candidates and political matters of their choosing. Nevertheless, any involvement in such activities shall take place in their free time and at their expense.

Practical examples:

Question: Administration receives a payment order by e-mail for a contribution of €5,000 for "Election campaign, Chamber of Deputies elections for candidate X, political party Y". The bank details contained in the e-mail are of the individual X and not the party Y. Since the e-mail came from a commercial manager above suspicion, can Administration go ahead with the payment?

ANSWER: First of all, Administration shall verify the Board's approval of the contribution mentioned in the e-mail and only after approval has been ascertained shall it go ahead and ask for the bank account details of the political party, since, according to the rules of the

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Code of Business Conduct and anti-corruption laws, it cannot make a credit transfer to the individual X. The name of person X shall be specified in the reason for the credit transfer; When that has been done one can go ahead with the bank transfer;

9 GIVING TO CHARITIES/DONATIONS


With donations to charitable organisations, entities and administrative organs there is the risk that funds or valuable goods are diverted for the personal use or benefit of a public official or someone in the private sector. Even if a public official or someone in the private sector receives no pecuniary advantage a contribution to a charity, otherwise legitimate, made in exchange for obtaining or keeping a business deal or to secure an unfair advantage, could be considered an unlawful payment according to anti-corruption laws.

Before any charitable contributions can be disbursed it shall be approved in order to abide by anti-corruption laws consistent with the provisions of the procedures of Inalca on charitable contributions and donations.

Any anti-corruption regulatory instrument on charitable contributions or donations shall meet at least the following standards:

- a) contributions shall only be made in favour of well-known and reliable entities with a very good reputation for honesty and fair commercial practices
- b) the beneficiary organisation shall demonstrate that it has all certifications and meets all requirements for operating according to applicable laws;
- c) in line with legislative and concerned internal requirements of the group, payments to the beneficiary organisation shall be made exclusively to an account opened in the name of the beneficiary; it is not allowed to make payments to numbered accounts, or cash payments, or make payments to other persons than the beneficiary, or in a third country other than the one of the beneficiary
- d) truthful and transparent records of contributions shall be made in company books and registers;
- e) the original approval documentation the contribution and conformity controls with the provisions of the concerned regulatory instrument shall be kept for no less than 10 years


10 SPONSORSHIPS

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Sponsorships can also cause anti-corruption problems. All sponsorship initiatives shall be approved to ensure that anti-corruption rules are followed, in keeping with the Inalca sponsorship initiatives procedure regulating requests and authorisations.

Any regulatory instrument on sponsorship initiatives shall meet at least the following standards:

- a) only reliable entities and individuals can be partners in sponsorships agreements
- b) if the would-be partner in a sponsorship agreement is a company, it shall demonstrate that it has all certifications and meets all requirements for operating according to applicable laws;
- c) the sponsorship agreement shall be drawn up in writing and shall contain:
 - (i) a statement in which the other party declares that the amount paid by the Inalca group company shall only be used as consideration for the service of the other party and that the sum shall never be given to a public official or anyone in the private sector as a bribe or transferred, directly or indirectly, to members of company organs, directors, or employees of the Inalca group company;
 - (ii) the currency and amount paid as set forth in the sponsorship agreement;
 - (iii) billing terms (or methods of payment) and terms of payment, taking into account that such payments can only be made in favour of the other party in the country where the other party was incorporated, exclusively on an account opened by the other party, as specified in the agreement and never on numbered accounts or paid in cash;
 - (iv) the other party's commitment to abide by applicable laws, anti-corruption laws and the anti-corruption provisions in the sponsorship agreement and to make accurate and transparent records of the amount received in its books and registers;
 - (v) the right of the Inalca company to terminate the agreement, stop the payments and receive damages in case the other party breaches its obligations, declarations and warranties as reported above, or in case of a violation of anti-corruption laws or the anti-corruption commitments provided for in the agreement and;
 - (vi) Inalca's right to conduct background checks on the other party if there is any reasonable suspicion that the other party may have violated the provisions of regulatory instruments or contracts;
- d) in line with legislative and concerned internal requirements of the group, accurate and transparent records of the amount paid against the sponsorship agreement shall be made in Inalca's books and registers;
- e) the Inalca company shall ensure that payments are made exclusively as specified in the sponsorship agreement after it has been verified that the service has effectively been performed;
- f) the original documentation for tax purposes concerning disbursement of the contribution and controls on compliance with concerned procedures shall be kept according to the terms of law

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11 INTERMEDIARIES AND FINDERS ⁴

Agreements with intermediaries and finders can lead to anti-corruption problems and shall be negotiated, stipulated and handled according to the anti-corruption regulatory instrument governing intermediation and finders fee agreements.

Any anti-corruption regulatory instrument governing agreements with intermediaries and finders shall meet at least the following standards:

- a) the intermediary or finder shall enjoy a very good reputation for honesty, fair business practices and high ethical standards
- b) selection of the intermediary or finder and stipulation of the intermediation or finders fee agreement shall be approved according to company procedures
- c) the intermediation or finders fee agreement shall be drawn up in writing by the Legal Department
- d) the services performed by the intermediary or finder based upon the agreement shall be consistently monitored by the contract manager so as to ensure that the intermediary or finder always abides by anti-corruption laws, this Code of Business Conduct and the requirements of the intermediation or finders fee agreement.
- e) accurate and transparent records of the amount paid according to the intermediation or finders fee agreement shall be made in the books and registers of the Inalca group company
- f) payments are made exclusively on condition that the service has been rendered and the payment conditions of the consideration provided for in the agreement have been verified
- g) tax documentation of the intermediation agreement and controls on compliance with the concerned procedure shall be kept according to the terms of law

12 CONSULTANTS


The Inalca group requires all its consultants to abide by applicable laws, anti-corruption laws included.

In order to prevent that under any circumstance the Inalca group can be considered responsible for bribery committed by its consultants, they are strictly required to abide by anti-corruption laws and the ethical standards established for the whole group. In addition, the Inalca group requires the fulfilment of specific obligations regarding consultants.

Agreements with consultants shall be negotiated, stipulated and handled in compliance with regulatory instruments governing the utilisation of consulting services by the Inalca group.

Any anti-corruption regulatory instrument concerning consultants shall meet at least the following standards:


⁴ **Intermediary:** an individual or independent company the Inalca group is considering to keep at its service for the purpose of: (i) promoting the trade interests of the Inalca group in connection with an individual transaction or project; (ii) facilitating stipulation and execution of agreements with third parties or; (iii) arranging meetings or introducing the Inalca group to one or more parties aimed at procuring, creating or working out a deal.

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- a) the consultant shall enjoy a very good reputation for honesty and fair business practices
- b) a selection process involving an adequate analysis of the consultant shall be carried out
- Collected data shall include and be used for at least the following:
- (i) to establish the identity of the consultant
 - (ii) to confirm the scope of the services
 - (iii) to establish whether the consultant has ties with public officials
 - (iv) to establish whether the consultant has been accused, investigated or sentenced for kickbacks or bribery or other unlawful acts
- c) selection of the consultant and stipulation of the consulting agreement shall be approved in compliance with the provisions of the concerned regulatory instrument
- d) the consulting agreement shall be drawn up in writing by the Legal Department and shall also contain:
- (i) the consultant's statement that the payment received is only the consideration for the services set out in the agreement, and that such sums shall never be used for paying bribes
 - (ii) the invoicing terms (or methods of payment) and the terms of payment, bearing in mind that (i) such payments can only be made to the consultant in the country where the consultant is established and only on an account opened in its name as specified in the agreement, and can never be made on numbered accounts or in cash and (ii) payment in advance of the consideration (prior to performance in full of the contract conditions) may be allowed solely in specific cases (adequately explained and established in the agreement), and can only be made for a portion of the amount;
 - (iii) the consultant's commitment to abide by applicable laws, specifically anti-corruption laws and this Code of Business Conduct and to make accurate and transparent records of the sums received in its books and registers, and based upon the consultant's risk level, to put into practice its regulatory instruments for ensuring compliance throughout the term of the agreement
 - (iv) the commitment to immediately report to the Inalca group any request or demand for undue payment of money or other benefit received by the consultant in connection with execution of the agreement
 - (v) Inalca's right to conduct audits on the consultant if it ever has any suspicion that the consultant may have breached the obligations, declarations or guarantees stated above or anti-corruption laws
 - (vi) the right of the concerned Inalca group company to terminate the agreement, suspend payment and receive damages in case of breach of the obligations, declarations or guarantees stated above or anti-corruption laws

13 PERSONNEL TRAINING

The employees of the Inalca group shall be informed and trained on applicable anti-corruption laws and on the importance of abiding by such laws and this Code of Business

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Conduct so they can understand and are aware of the different crimes, risks and personal and administrative responsibilities for the company and the actions to take for combating corruption, as well as the sanctions applied for violating this Code of Business Conduct and anti-corruption laws.

All employees are required to take a mandatory anti-corruption training course. For this purpose this Code of Business Conduct shall be distributed within ninety (90) days after any new employee is hired or after assignment of new responsibilities, or if it is impossible then, as soon as it is possible

Each employee shall attend periodic training seminars: each manager is responsible for ensuring that all employees under his/her supervision periodically complete the required training

14 MONITORING AND IMPROVEMENTS

Based on its annual audit schedule, Inalca's Internal Audit Department shall examine and evaluate the internal control system to verify that the requirements of this Code of Business Conduct are followed.

Different departments, the Supervisory Board, the Internal Audit Department, the Board of Auditors and independent auditors of Inalca group companies may recommend improvements to this Code of Business Conduct based on emerging best practices or in case any gaps or critical areas are found.


If a violation has been discovered, Inalca's Legal Department shall evaluate whether this Code of Business Conduct requires revisions or whether improvements in other regulatory instruments could help to prevent reiteration of the violation.

The number of crimes that can lead to application of the sanctions provided for by Italian Legislative Decree 231/2001 has risen sharply. This year alone after Art. 25-*duodecies* "Employment of other countries' citizens with irregular stay" was added to Italian Legislative Decree 109/2012, the "Anti-corruption decree" was introduced, bringing in two important prosecutable cases:

CORRUPTION IN THE PRIVATE SECTOR

The most important development is a new alleged crime of "corruption in the private sector" added to Italian Legislative Decree No. 231/2001 (letter *s-bis* of Art. 25-*ter*), provided for by the new text of Art. 2635 of the Italian Civil Code earlier entitled "Misuse of corporate assets". Art. 2635 of the Italian Civil Code "corruption in the private sector":

"1. Unless the act constitutes a more serious crime, directors, general managers and senior managers entrusted with preparing corporate accounting documents, statutory auditors,

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liquidators, who after giving or promising money or other benefit, for themselves or for others, perform or fail to perform acts breaching the obligations related to their office or obligations of loyalty, to the detriment of the company are punished with from one to three years' imprisonment.

2. The punishment of imprisonment from six months to one year is inflicted if the act is committed by a person subject to management or supervision of one of the subjects specified in the first paragraph. 3. Whoever gives or promises money or other advantage to the persons specified in the first and second paragraphs is punishable with the punishment provided for thereunder."


Therefore, according to Italian Legislative Decree No. 231/2001, the conduct of the briber who gives or promises money or other advantage for obtaining favours for someone belonging to a private company constitutes an alleged crime of administrative responsibility of the entity. Nowadays, according to Italian Legislative Decree 231/01 the Company the briber belongs to can be penalised, as only this company could obtain an advantage from the corrupt behaviour. On the other hand, the company the person taking the bribe belongs to suffers a loss, by definition of the provision, as a consequence of the breach of assigned duties or loyalty.

UNDUE INDUCEMENT TO GIVE OR PROMISE ADVANTAGES

Among the alleged crimes introduced, in paragraph III of Art. 25 of Italian Legislative Decree No. 231/2001, there is the new crime of undue inducement to give or promise advantages, provided for by the new Art. 319-*quater* of the Italian Criminal Code, according to which "Unless the act constitutes a more serious crime, the public official or person charged with a public service who, by abusing his/her position or powers, induces someone to unduly give or promise him/her or others money or other advantage is punished with from three to eight years' imprisonment. In the cases provided for by the first paragraph, whoever gives or promises money or other advantage is punished with up to three years' imprisonment".

In relation to this crime it is necessary to update the Organisational Model or at least verify it. Indeed protocols already adopted by the entity for risks resulting from the alleged crimes of corruption provided for earlier by Italian Legislative Decree No. 231/2001 could prove to be insufficient, given the closeness of the new crime with those provided for earlier by Art. 25 of Italian Legislative Decree No. 231/2001. It should be evaluated whether the changes made to the crimes of bribery (Art. 318 of the Code of Civil Procedure) and extortion (Art. 317 of the Code of Civil Procedure) by the concerned law are likely to require a revision of the Organisational Model.

15 REPORTING SYSTEM

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Any direct or indirect request by a public official or by someone in the private sector for payments, gifts, trips, employment, investment opportunity, personal discounts or other personal advantages other than reasonable expenses and those made in good faith, for the benefit of the public official or the person in the private sector or a family member or anyone indicated by him shall be reported at once to the direct superior (and to the Supervisory Board) by the employee the request was made to.

The direct superior shall be responsible for giving the concerned employee instructions on the right way to proceed in compliance with anti-corruption laws and this Code of Business Conduct.

16 VIOLATIONS REPORTING SYSTEM

Any suspected or known violation of this Code of Business Conduct shall be reported at once in any of the following ways:

- to the department manager
- to the concerned Supervisory Board ⁵in compliance with the provisions of Model 231
- to Inalca's Legal Department

Any disciplinary measure shall be taken in compliance with anti-corruption laws and this Code of Business Conduct.

No employee of Inalca shall be dismissed, relieved of his/her duties, suspended, threatened, harassed or discriminated against in any way in the manner he/she is treated at work following any report duly made in good faith about an action concerning this Code of Business Conduct or anti-corruption laws.

17 DISCIPLINARY MEASURES AND CONTRACT REMEDIES

Inalca shall take adequate disciplinary measures against any employee of the group (i) whose actions have proven to violate anti-corruption laws or this Code of Business Conduct, according to what is provided for by Model 231 and by the National Collective Labour Agreement or by other applicable national rules (ii) who fails to attend or complete adequate training or (iii) who unreasonably fails to point out or report such violations, or who threatens or retaliates against others who report such violations.

⁵ **Supervisory Board:** the Supervisory Board of Inalca, as defined in its Organisational Model, appointed as set forth in Decree 231.