

# ITALMOBILIARE

## Corporate Governance

June 2007



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## Code of conduct

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## Introduction

This Code of conduct represents a self-regulation system, which is an addition to legal, regulatory and statutory provisions, that is voluntarily followed by Italmobiliare Company per Azioni (hereinafter Italmobiliare) and its company bodies.

The objective of the Code is to implement the *Corporate Governance* model – construed as the system of rules according to which the company is managed and controlled – from which base Italmobiliare S.p.A. pursues the objective of maximizing shareholder value.

It largely draws on and develops the «*best practice*» rules described in the Code of conduct suggested by the *Corporate Governance* Committee of listed companies.

## COMPANY BODIES

### 1) Roles and competences of the Board of directors

- 1.1 The Board of directors is vested with all necessary powers for ordinary and extraordinary company administration, since its competence extends to everything that is not expressly reserved to the shareholders' meeting.
- 1.2 It meets regularly, organizes itself and acts in order to ensure the effective execution of its functions.
- 1.3 The Board of directors meets not only to decide upon the matters which cannot be delegated according to the Civil Code and the company Bylaws, but every time it is necessary and appropriate with respect to the nature or relevance of the issues on the agenda and – in any case – at least once every quarter.
- 1.4 The Board of directors, in particular:
  - a) examines and approves:
    - Company and Group strategic, industrial and financial plans;
    - the Company *Corporate Governance* system, in consideration of shareholders, market and third party interests;
    - the Group structure;
    - period accounts and the relevant reports envisaged by current regulations;
    - operations' estimates;
  - b) examines and approves in advance:
    - Company and Subsidiaries' operations, when they have significant strategic, economic or financial relevance for the Company;
    - transactions with related parties – as per article 17 below – for which the prior approval of the Board of directors is expressly required by the specific company procedure. When this is envisaged, these operations must be approved after receiving the Internal control committee advice and/or with the help of independent experts with respect to asset assessment, financial or technical advice;
    - other transactions with related parties that the relevant bodies, in consideration of the nature, value or other features of the transaction, consider it appropriate to submit to the approval of the Board of directors;

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- c) ensures the appointment of a person in charge of the management of relations with shareholders and periodically considers the possible setting up of a company structure in charge of managing relations with shareholders;
  - d) also considers:
    - the general trend of operations, bearing in mind, in particular, information received from the Executive committee and the Chief Executive Officer, as well as by periodically comparing actual and expected results;
    - the appropriateness of the general accounting, organizational and administrative structure of the Company and of strategically relevant Subsidiaries prepared by the Chief Executive Officer, with particular reference to the management of conflicts of interest and to the internal control system, according to that envisaged in article 16 below;
  - e) gives and withdraws powers to the Chairman, Deputy Chairman, Chief Executive Officer, Executive committee, other executive directors and the Chief Operating Officer, defining limits and ways of exercise;
  - f) determines, having examined the Committee proposals as per article 12 below and having consulted the Board of Statutory Auditors, the remuneration of the Chief Executive Officer and of the other key positions in the company as well as, if the Meeting has not decided already, criteria for dividing the overall emolument owed to the individual members of the Board of directors and the Executive committee;
  - g) at least once a year monitors size, composition and operations of the Board and its committees;
  - h) reports to the shareholders during the meeting.
- 1.5 The conferral of powers, that is, the assignment of management powers to one or more subjects and/or the Executive committee, when appointed, does not cancel the competence of the Board of directors, that continues to retain a greater power of direction and control over the general company operations in its various components.
- 1.6 The Board of Directors provides, on an annual basis, in its report on *Corporate Governance*, appropriate information on how to apply what is described in this article and, in particular, on the number of meetings of the Board and the Executive committee, when appointed, held during the year and the percentage of attendance of each director, as well as on the powers assigned to its members, the Executive committee and the Chief Operating Officer.

## 2) Appointment of directors

- 2.1 Directors are appointed according to a clear procedure that ensures, among other things, prompt and appropriate information on the personal and professional features of the candidates to the position.
- 2.2 The lists of candidates to the position of director, accompanied by exhaustive information regarding the personal and professional features of the candidates, with the indication of their eligibility to be qualified as independent, according to article 4 below, are filed at the Company offices within the terms envisaged by the Company bylaws and promptly published on the Company website.

## 3) Members of the Board of directors: executive and non-executive directors

- 3.1 The Board of directors is made up of executive and, mainly, non executive directors.

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### 3.2 Italmobiliare S.p.A. executive directors:

- hold the office of Chief Executive Officer of the Company or a strategically important subsidiary;
- hold the office of Chairman of the Company or a strategically important subsidiary when that person receives individual management powers or plays a specific role in drafting company strategies;
- hold managing positions in the Company or in a strategically important subsidiary, or in the parent company when the position also concerns the Company;
- are members of the Executive committee of the Company, when the participation in the Committee, considering the number of meetings and the purpose of its decisions, implies, in practice, the systematic involvement of its members in the Company day-to-day management.

3.3 The assignment of powers just for cases of urgency to directors who do not have managerial powers is not enough, in itself, to define them as executive directors, unless these powers are, in practice, utilized with great frequency.

3.4 Non executive directors contribute with their specific skills to board discussions, thus contributing to take balanced decisions and paying particular attention to the areas where conflicts of interest may arise.

3.5 Number, competence, authoritativeness and time availability of non executive directors are such as to ensure that their judgement can have significant important when taking Board decisions.

3.6 Company positions are usually conferred by avoiding their concentration in one single person.

3.7 The Board of directors, when it confers managerial powers to the Chairman, provides appropriate information in the annual *Corporate Governance* report about the reasons for this organizational decision.

## 4) Independent directors

4.1 An appropriate number of non executive directors are independent, in the sense that they do not have, nor have had recently, even indirectly, such relations with the Company or entities connected to it, that may currently affect their independent judgement.

4.2 A director does not usually appear independent in the following situations, which should be construed as non peremptory:

- a) when, directly, indirectly also by means of subsidiaries, trustees or third parties, he/she controls the Company or can exercise considerable influence on it, or is part of a shareholders' agreement by means of which one or more subjects can exercise control or considerable influence on the Company;
- b) is, or has been in the previous three years, a significant representative (*as is defined in part 4.3 below*) of the Company, of a strategically relevant subsidiary or a company subject to joint control with the Company, or a company or a body that, also together with others by means of a shareholders' agreement, controls the Company or can exercise considerable influence on it;
- c) when, directly or indirectly has, or has had in the previous year, a significant commercial, financial or professional relationship:
  - with the Company, a subsidiary, or some of their main representatives;

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- with an entity that, also together with others by means of a shareholders' agreement, controls the Company, or – in the case of a company or a body – with its main representatives,  
or is, or has been in the previous three years, an employee of one of the entities above;
  - d) when he/she receives, or has received in the previous three years, from the Company or a subsidiary or parent company a significant additional remuneration with respect to the "fixed" emolument for non executive director of the Company, included the participation in bonus plans linked to company performance, also on a stock basis;
  - e) when he/she has been Company director for more than nine years in the past twelve years;
  - f) when he/she holds the office of executive director in another company where a Company executive director holds a directorship;
  - g) when he/she is shareholder or director of a firm or an entity belonging to the network of the firm engaged to audit the Company;
  - h) when he/she is a close relative (*these are construed as those listed at part 17.2, lett.f below*) of a person in one of the situations as per the previous letters.
- 4.3 According the previous clause, "main representatives" of the Company are considered those directors with legal representation according to Bylaws, other executive directors, the Chief Operating Officer and managers with strategic responsibilities.
- 4.4 At the meeting, when presenting the list of candidates to the position of director, it must be communicated which of them can qualify as independent under this Code.
- 4.5 The Board of directors assesses directors' independence based on the criteria as per part 4.2 above, putting more attention on substance than on form.  
The assessment is carried out when appointing a director who qualifies as independent and, subsequently, at least once a year, based on the information provided by the person concerned or which is available to the Company, about relations that may be or appear such as to compromise the independent judgement of the director. The Board of directors publishes the outcome of its assessments, by means of a release to the market and, subsequently, in the *Corporate Governance* report, by specifying with an appropriate reason if other parameters than those under part 4.2 were applied.
- 4.6 The Board of statutory auditors, within the framework of the tasks attributed to it by law, checks that evaluation criteria and procedures adopted by the Board to assess the independence of its members were correctly applied. The outcome of these checks is communicated to the market in the *Corporate Governance* report or in the internal auditors' report to the Meeting.
- 4.7 Number and competences of independent directors are such as to make possible the establishment of committee within the Board of directors.
- 4.8 Independent directors meet at least once a year without the other directors.
- 4.9 In the event the Chairman of the Board of directors is the main person in charge of business management, or in the case the office of Chairman is held by the person controlling the Company, the Board appoints an independent director as "*lead independent director*", who represents a reference and coordination figure for the claims and contributions of non executive directors and, in particular, those who are independent according to this article.

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## 5) Awareness and autonomy of deliberations. Information on regulatory developments

5.1 Directors act and decide with full knowledge of the facts and independently by pursuing the main objective of shareholder value creation. In carrying out their task, they also consider the directives and policies defined for the Group headed by the Company, as well as the benefits resulting from the fact of belonging to the same Group.

They accept their office knowing that they can devote the necessary time for diligently performing their task, also in consideration of the number of positions of director or auditor that they hold in other listed companies in regulated markets, also abroad, in banks, financial, insurance companies or companies having significant size.

5.2 Directors are obliged to know the tasks and responsibilities connected with their office.

5.3 Each director communicates to the Company every year, so that his/her positions of director, auditor, and chief operating officer held in other companies as per part 5.1 above are published in the *Corporate Governance* report.

5.4 The Company believes it is compatible with the effective fulfilment of the office of director not to hold more than:

- 5 executive directorships,

- 10 positions as non executive or independent director or auditor,

in the companies as per part 5.1 above, with the exclusion of the subsidiaries of Italmobiliare S.p.A., parent companies and companies under joint control.

However, with respect to the nature and specific character of the positions held in other companies, the Board of directors, having heard the opinion of the Board of statutory auditors, may decide to deviate from the quantity criterion described here.

5.5 The Chairman, making use of the competent company functions, acts so that directors take part in initiatives aimed at increasing their knowledge of the company reality and dynamics and, in particular, are informed on the main legal and regulatory innovations that concern the Company and the company bodies.

5.6 If the Shareholders' meeting, in order to meet organisational needs, has authorized, even in general terms and in advance, an exception to the non competition rule envisaged by article 2390 of the Italian Civil Code, the Board of directors will assess the content of each problem issue and will point out any criticalities at the first Meeting. For this purpose, each director must inform the Board, when accepting the appointment, about any activities performed in competition with the Company and, subsequently, of any significant change.

## 6) Information to the Board of directors

6.1 The Chief Executive Officer and other executive directors promptly inform the Board of Directors, usually at the first subsequent meeting and at least every quarter, of the activities performed while exercising the powers assigned to them.

6.2 In particular, these officers inform adequately about the most significant economic, financial and asset transactions made by the Company or its subsidiaries, the main transactions with related parties as well as transactions with a potential conflict of interest that were not subject to prior approval by the Board of Directors according to previous part 1.4, lett. b.

6.3 Similar information is provided to the Board of statutory auditors.

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## 7) Chairman of the Board of directors

- 7.1 The Chairman of the Board of directors has competences and powers reserved to him/her by law and company bylaws as well as the powers possibly granted to him/her by the Board of directors.
- 7.2 In particular, the meetings of the Board of directors and of the Executive committee are called by the Chairman (or by the acting Chairman), who coordinates operations and leads their development.
- 7.3 The Chairman acts so that while fulfilling requirements resulting from need, urgency or confidentiality and by means of the competent company functions, the members of the Board of directors receive reasonably in advance with respect to the date of the meeting useful information to effectively participate in the discussions of the Board, with respect to particularly significant deliberations.

## 8) Chief Executive Officer and other executive directors

- 8.1 The Chief Executive Officer is one of the executive directors. The Board of Directors, upon his/her appointment, determines his/her attributions and powers and dictates any quantity limits to their exercise.
- 8.2 In the event there are various executive directors, the division of powers (including those regarding the Chief Operating Officer) is based on the principle of the separation of skills, without prejudice to that prescribed under the previous clause.

## 9) Executive committee

- 9.1 The Executive committee, when appointed, is provided with ordinary and/or extraordinary administration powers granted to it by the Board of directors.
- 9.2 The deliberations of the Executive committee are communicated to the Board of directors at the first meeting thereafter.

## 10) Directors' emoluments

- 10.1 The Board members divide among themselves, according to criteria defined by the Board, the amount of profit assigned to it by the Shareholders' Meeting according to the Company bylaws.
- 10.2 The remuneration of the Chairman, Deputy Chairman, Chief Executive Officer and other executive directors as well as that of the Chief Operating Officer and managers with strategic responsibilities is established by the Board of directors, after hearing the opinion of the Board of statutory auditors.  
It is articulated in such a way as to align their interests with the pursuance of the main objective of medium- to long-term shareholder value creation.
- 10.3 The Board of directors adopts its deliberations after examining the proposals of the Remuneration committee as per article 12 below.
- 10.4 A significant part of the remuneration to be paid to the subjects as per previous part 10.2, is linked to the economic results achieved by the Company and/or the achievement of specific objectives previously stated by the Board of directors or, in the event of managers with strategic responsibilities, by the Chief Executive Officer.
- 10.5 Stock-based bonus plans are not intended for non executive directors, unless reasonably motivated by the Shareholders' Meeting.
- 10.6 The remuneration of the members of the Consulting committees is decided by the Shareholders' Meeting.

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## 11) Consulting committees

- 11.1 The Board of directors sets up committees within itself that propose and advice, but whose decisions are not binding for the Board.
- 11.2 The tasks of the individual Committees, when these are not already regulated by this Code, are defined in the resolution by which they were established and can be supplemented or amended by a subsequent Board decision.
- 11.3 While performing their functions, each Committee has the right to access company information and functions necessary to perform its tasks, as well as to make use of external consultants, under the terms established by the Board of directors. The Company provides the Committees with suitable financial resources to fulfil their tasks.
- 11.4 The Committees feature at least three members.
- 11.5 Each Committee elects its Chairman and a secretary (also outside the Committee) who drafts the minutes of the meetings.
- 11.6 The Committee is summoned by the Chairman or the acting Chairman. The meeting may be summoned informally (even verbally).
- 11.7 The meetings of each Committee are valid when attended, also by means of audio or video-conference, by the majority of its members. Each Committee decides by absolute majority of the members present at the meeting.
- 11.8 People who are not committee members can participate at the meetings upon invitation from the committee, with reference to single items on the agenda.
- 11.9 If a participant has an interest in the item being decided upon, he/she will abstain from the vote.
- 11.10 The Company provides adequate information, within the *Corporate Governance* report, on the establishment and composition of the Committees, the content of the task assigned to them and the activities actually carried out during the year, indicating the number of meetings held and the percentage attendance of each member.

## 12) Remuneration committee

- 12.1 The Remuneration committee, not in the presence of the people concerned:
- submits to the Board of directors proposals for the remuneration of directors holding specific positions as well as the Chief Operating Officer, and monitors the application of the decisions taken by the Board;
  - periodically assesses criteria adopted for the remuneration of managers with strategic responsibilities, supervises their application based on the information provided by the empowered directors and submits general recommendations to the Board of directors about it.
- The Remuneration committee also provides other advisory functions that the Board of directors may request from time to time on the matter or any connected item.
- 12.2 The Remuneration committee is made up of non executive directors, most of whom independent.

## 13) Internal control committee

- 13.1 The Board of directors, in order to ensure that its assessments and decisions on the internal control system – as per article 16 below -, the approval of annual and interim reports and the

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relationships between the Company and external auditors are supported by an appropriate investigation activity, establishes the Internal control committee.

- 13.2 The Internal control committee has, in particular, the following tasks:
- a) to assess, together with the manager in charge of drafting company accounting documents and the auditors, the correct use of accounting standards and their homogeneous character for the purpose of drafting the consolidated financial statements;
  - b) to express, upon request of the Chief Executive Officer, opinions on specific issues regarding the identification of main company risks as well as the drafting, implementation and management of the internal control system;
  - c) to examine the work plan prepared by the person in charge of internal control as per part 16.6 below, as well as periodical reports prepared by him;
  - d) to report to the Board of directors, at least twice a year, on the occasion of the approval of the annual and interim report, on the activities performed and the adequacy of the internal control system;
  - e) to periodically check the adequacy of the procedure of transactions with related parties adopted by the Board of directors and suggest any necessary update;
  - f) to carry out any further tasks assigned by the Board of directors.
- 13.3 The Internal control committee is made up of non executive directors, most of whom independent. At least one member of the committee has adequate experience in accounting and financial matters, which will be assessed by the Board at the moment of his/her appointment.
- 13.4 The Chairman of the Board of statutory auditors or another auditor appointed by him take part in the meetings of the Committee; the Chairman and the Chief Executive Officer can also be present, as well as, upon invitation, the Chief Operating Officer, the people in charge of internal control as well as those in charge of other company functions.

## 14) Meetings

- 14.1 The Board of Directors, to the extent of its authority, makes sure of encouraging and fostering the widest possible participation of shareholders in the Meetings and of facilitating the exercise of voting rights.
- 14.2 The Board of directors recommends that its members participate at the Meetings.
- 14.3 The Meetings are an occasion also to communicate information on the company to the shareholders, in accordance with the regulation of privileged information and with the meeting agenda.
- 14.4 The Board of directors reports to the Meeting about actual and planned activities and ensures that shareholders receive appropriate information about the necessary elements so that they can knowledgeably take the decisions pertaining to the Meeting.
- 14.5 In the event of significant changes in the overall value of market capitalization, the composition of the company management or the number of Company shareholders, the Board of Directors can assess the opportunity to suggest to the Meeting amendments to be made to the Bylaws regarding the percentages defined for the exercise of share rights and of the protection of minority shareholders.

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## 15) Board of statutory auditors

- 15.1 The Board of statutory auditors, besides the tasks assigned to it by law and by the Bylaws:
- a) monitors the independence of the external auditors, checking that relevant regulatory provisions are complied with, and the nature and amount of other services than auditing provided to the Company and the subsidiaries by the auditing firm and the entities that belong to its network;
  - b) assesses the proposals made by the auditing firms to obtain the task, as well as the work plan prepared for the audit and the results shown in the report and in the possible letter of suggestions;
  - c) supervises the effectiveness of the audit.
- 15.2 Within the framework of their activities, the internal auditors can request that the *internal audit* function carries out checks on specific operating areas or company operations.
- 15.3 The Board of statutory auditors and the Internal control committee promptly exchange relevant information for the fulfilment of their tasks.
- 15.4 Internal auditors are appointed according to a clear procedure which ensures, among other things, the prompt and appropriate information about the personal and professional characteristics of the candidates.
- 15.5 The lists of candidates to the position of auditor, accompanied by an exhaustive information note regarding their personal and professional features, as well as the indication of the requirements of professionalism and honourableness required by current regulations and by the statements envisaged by the company bylaws, are filed at the Company offices in the terms envisaged by it. The lists, with information on the candidate's features, are promptly published on the Company website.
- 15.6 The internal auditors are chosen from persons that can be qualified as independent also based on the criteria envisaged in part 4.2 above with reference to the directors. The Board checks that these criteria have been followed after the appointment and subsequently every year, describing the outcome of its check in the *Corporate Governance* report.
- 15.7 The internal auditors accept the position when they believe they can devote the time necessary for diligently performing their tasks.
- 15.8 The internal auditors act autonomously and independently also with respect to the shareholders that have elected them.
- 15.9 The auditor who, on his/her own behalf or on behalf of third parties, has an interest in a Company transaction, will promptly and exhaustively inform the other internal auditors and the Chairman of the Board of directors on the nature, terms, origin and scope of his/her interest.

## OTHER PROVISIONS

### 16) Internal control

- 16.1 The internal control system is the set of rules, procedures and organizational structures aimed at achieving, by means of an appropriate process of identification, measurement, management and monitoring of the main risks, the healthy, correct management of the business, in line with the established objectives, ensuring the protection of the company assets, the efficiency and effectiveness of company operations, the reliability of financial information, the compliance with rules and regulations.

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- 16.2 The Board of directors exercises its functions regarding the internal control system by properly considering the models of reference and the domestic and international best practices. The Board of directors also devotes specific attention to the organisational and management model adopted under Decree Law dated 8 June 2001, no. 231.
- 16.3 The Board of directors, supported by the Internal control committee:
- defines the guidelines of the internal control system so that the main risks concerning the Company and subsidiaries are correctly identified, as well as suitably measured, managed and monitored, also determining criteria of compatibility of these risks with a healthy and correct company management;
  - finds an executive director (usually the Chief Executive Officer) with the task to supervise the functionality of the internal control system;
  - assesses, at least every year, the appropriateness, efficacy and actual functioning of the internal control system with respect to company features.
  - describes, in the *Corporate Governance* report, the main elements, expressing its opinion on the overall appropriateness of the system.
- 16.4 The executive director with the task to supervise the functionality of the internal control system:
- identifies main company risks, considering the features of Company and subsidiaries' operations, and periodically submits them to the examination of the Board of directors;
  - executes the guidelines defined by the Board of directors, by drafting, implementing and managing the internal control system, constantly checking the overall adequacy, efficacy and efficiency; he also adapts the system to the dynamics of operating conditions and the legal and regulatory framework;
  - suggests to the Board of directors the appointment, revocation and remuneration of one or more people in charge of internal control.
- 16.5 The Board of directors, upon proposal of the executive director supervising the operations of the internal control system and after hearing the opinion of the Internal control committee, appoints and dismisses the person in charge of internal control, defines his/her remuneration in line with company policies and also provides him/her with appropriate means and organizational structures.
- 16.6 The person in charge of internal control:
- has the task to check that the internal control system is always appropriate, fully operational and working;
  - is not responsible for a specific business area and does not report hierarchically to any head of operating areas, included administration and finance;
  - has direct access to all useful information for the fulfilment of his/her task;
  - reports about his/her activities to the Internal control committee, the executive director in charge of supervising the functionality of the internal control system as well as the Board of statutory auditors under legal terms and modes. In particular, he/she reports about the ways risk management is performed, as well as the compliance with the plans defined for their containment and expresses his/her opinion on the appropriateness of the internal control system to achieve an acceptable overall profile risk.
- 16.7 An internal audit function is established. The person in charge of internal control is usually also the person in charge of this company function.

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## 17) Transactions with related parties

17.1 Transactions with related parties are carried out in a transparent way and in accordance with formal and substantial correctness criteria, according to the procedure adopted by the Board of directors.

17.2 Related parties are construed as being:

- a) subjects that control, are controlled by, or are subject to joint control with Italmobiliare S.p.A.;
- b) subjects that hold such a stake in Italmobiliare S.p.A. that they can exercise *considerable influence*;
- c) subjects connected to Italmobiliare S.p.A.;
- d) entities in which Italmobiliare S.p.A. is part of a "joint venture";
- e) those who have strategic responsibilities in Italmobiliare S.p.A., that is, the members of the Board of directors and the Chief Operating Officer;
- f) close relatives of one of the subjects belonging to letters b), c) and e), meaning those for whom it can be expected that they can influence the subject, or be influenced by it, in their relations with Italmobiliare S.p.A. They can be:
  - i) the partner and children of one of the subjects under letters b) and e);
  - ii) the children of the partner of one of the subjects under letters b) and e);
  - iii) persons dependent on one of the subjects under letters b) and e) or his/her partner;
- g) subjects controlled also jointly, or subject to considerable influence by natural entities under letters e) and f), or on whom natural entities under letters e) and f) exercise a considerable influence.

17.3 The director, in those decisions where he has an interest, on his own behalf or on behalf of third parties:

- a) promptly and exhaustively informs the Board of directors about the interest and its circumstances;
- b) leaves the board meeting at the moment of the decision. The Board of directors, however, in presence of specific circumstances, can let the director concerned take part in the debate and/or vote.

17.4 Transactions with related parties, when the nature, value or other features require it, are decided in advance by the Board of directors, in the ways envisaged at part 1.4, lett. b, in order to prevent different terms from being agreed for these than those that would have probably been negotiated between non related parties.

## 18) Code of ethics

18.1 All the employees of Italmobiliare and its Group and all those that entertain relations with it or work to achieve its objectives should pursue principles of honesty, correctness, integrity, transparency, discretion and mutual respect in their relations and conduct.

18.2 The Board of directors issues and updates a code of ethics for the achievement of the objectives above.

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## 19) Use of company information

- 19.1 The Chairman and Chief Executive Officer, within their respective powers, act to ensure the correct management of company information; for this purpose they suggest that the Board of directors adopts, and updates afterwards, procedures for internal management and external communication of company documents and information, with particular reference to privileged information and that regarding financial instrument transactions carried out by persons that, due to their office, have access to privileged information.
- 19.2 Communications to the authorities, the general public and in general to third parties – including shareholders and investors, analysts and journalists – are made under the terms and ways required by current regulations, in accordance with the principle of equal and simultaneous information.
- 19.3 Directors and internal auditors are obliged to keep confidential documents and information acquired when carrying out their tasks and to follow the procedures above for their communication outside the Board of directors and outside the Company.
- 19.4 Privileged information must not be used in any way in order to draw, directly or indirectly, immediate or future personal or economic benefits.
- 19.5 Failure to comply with the duty of confidentiality and abuse of privileged information are a serious failure, such as to justify a proposal to the meeting to withdraw the mandate, without prejudice to any further legal consequence.

## 20) Relations with institutional investors and other shareholders

- 20.1 The Company entertains constant dialogue with the shareholders based on the understanding of their mutual roles. For this purpose, the Board of directors acts to foster the exercise of shareholders' rights.
- 20.2 The Chairman and Chief Executive Officer, within the framework of their powers, provide the general guidelines that the relevant structures must follow in the relations with institutional investors and other shareholders and identify the person in charge of the function. These relations are based on criteria of constant attention, in accordance with the rules of equal and simultaneous information.
- 20.3 The Board of directors acts to ensure prompt and easy access to information about the company that is relevant for its shareholders, in order to allow them to exercise their rights in an informed way. For this purpose, the Company creates a specific section in its website, easy to find and access, where such information is made available, with specific reference to the modes for the participation and exercise of the voting right at the Meeting, as well as the documents regarding the items on the agenda, including the lists of candidates to the offices of director and auditor, with the indication of the respective personal and professional features.

Internal dealing code of conduct

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## Introduction

This "Code of Conduct" has been adopted by Italmobiliare S.p.A. in line with the guidelines issued by CONSOB in its "Regulations on Issuers" implementing the provisions set forth in Article 114, subparagraph 7 of Legislative Decree No. 58 of 24 February 1998.

It establishes the information to be provided to the company, to CONSOB and to the market about transactions involving the purchase, sale, subscription or exchange of shares or financial instruments linked to said shares, made by 'Relevant persons' in whatever capacity on their own account, as specified for financial instruments in Article 2.

These guidelines are mandatory and must therefore be followed by all '*Relevant persons*'.

## Art. 1

### *Relevant persons*

- 1) For the purposes of this Code, '*Relevant persons*' shall mean:
  - a) the members of the Board of Directors, the Board of Statutory Auditors and the General Manager of Italmobiliare S.p.A.;
  - b) the members of the Board of Directors and of the Internal Control Body as well as persons performing management functions in a company directly or indirectly controlled by Italmobiliare S.p.A., if the book value of the shareholding in the subsidiary represents more than 50% of Italmobiliare S.p.A.'s assets based on the latest approved annual financial statements;
  - c) any other person holding a stake, calculated pursuant to art. 118 of CONSOB Resolution no. 11971 dated 14 May 1999, equal to at least 10% of the share capital of Italmobiliare S.p.A. represented by voting shares, as well as any other subject with control over Italmobiliare S.p.A.
- 2) The officer in charge of receiving, managing and communicating information to the market - as per Article 3 below - draws up and updates a list of the '*Relevant persons*' as per subparagraph 1.

## Art. 2

### *Transactions subject to obligatory disclosure*

- 1) '*Relevant persons*' are obliged to inform Italmobiliare S.p.A. about transactions involving the purchase, sale, subscription or exchange of the following:
  - a) shares issued by Italmobiliare S.p.A. ;
  - b) financial instruments linked to shares issued by Italmobiliare S.p.A., construed as:
    - b.1) financial instruments that permit the subscription, acquisition, or disposal of shares issued by Italmobiliare S.p.A.;
    - b.2) debt financial instruments convertible into shares issued by Italmobiliare S.p.A. or that can be exchanged for them;
    - b.3) derivative financial instruments on shares issued by Italmobiliare S.p.A. and referred to in Article 1, subparagraph 3 of Legislative Decree No. 58 of 24 February 1998;
    - b.4) other financial instruments, equivalent to shares, representing such shares;
    - b.5) shares listed in Italian regulated markets issued by subsidiaries of Italmobiliare S.p.A. and financial instruments referred to in subparagraphs b.1) to b.4) linked to said shares;

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- b.6) non listed shares issued by subsidiaries being directly or indirectly controlled by Italmobiliare S.p.A., when the book value of the shareholding in the subsidiary represents more than fifty per cent of Italmobiliare S.p.A.'s assets, based on the latest approved annual financial statements, and financial instruments referred to in subparagraphs b.1) to b.4) linked to said shares.
- 2) For the purposes of that set out in the previous paragraph:
- a) transactions for which disclosure is mandatory are those performed by:
- a.1) each '*Relevant person*';
- a.2) spouses, unless legally separated, dependent children, including those of the spouse, and - if they have cohabited for at least one year - parents, relatives and persons related by consanguinity and affinity of the '*relevant persons*;
- a.3) legal entities, partnerships and trusts in which a '*Relevant person*' or one of the persons referred to in subparagraph a.2) is solely or jointly responsible for the management;
- a.4) legal persons controlled directly or indirectly by a "*Relevant person*" or one of the persons referred to in subparagraph a.2);
- a.5) partnerships whose economic interests are substantially equivalent to those of a "*Relevant person*" or one of the persons referred to in subparagraph a.2);
- a.6) trusts set up in favour of a "*Relevant person*" or one of the persons referred to in subparagraph a.2).
- b) The disclosure obligation shall not apply to:
- b.1) transactions whose total amount does not reach 5,000 Euro at the end of the year; for derivative linked financial instruments, the above amount is calculated with reference to the underlying shares;
- b.2) transactions between the "*Relevant person*" and the persons closely related to him;
- b.3) transactions performed by Italmobiliare S.p.A. with its subsidiaries.
- c) The amount referred to in subparagraph b.1. above was computed by summing the transactions involving shares and the related financial instruments, concluded on behalf of the "*Relevant persons*" and those concluded on behalf of persons closely related to them.

## Art. 3

### Designated Officer responsible for the Code's implementation

- 1) The Head of Italmobiliare S.p.A.'s "Internal Affairs Department" or, in his/her absence, an executive from the "Group Internal Affairs" of subsidiary Italcementi S.p.A. is designated to receive, manage and disclose to CONSOB and to the market the information as per article 2 ('*Designated Officer*').
- 2) All communications between the '*Relevant persons*' and the '*Designated Officer*' shall take place by transmitting the required form by post, fax and e-mail, or by personal delivery, in line with the requirements established in subparagraphs 1 and 2 of Article 4:
- to the following mail address:
- To  
ITALMOBILIARE S.p.A.  
Via Borgonuovo, 20  
20121 - Milan

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for the attention of the Head of the Internal Affairs Department

or

- to this fax number: +39 02 290.24.318

or

- to this email address:

itm@italmobiliare.it

#### Art. 4

##### Disclosure obligations of the 'Relevant persons'

- 1) '*Relevant persons*' referred to in letters a) and b), subparagraph 1 of Article 1, are obliged to notify Italmobiliare S.p.A. of transactions as per subparagraph 1 of Article 2 if such transactions exceed the threshold, either individually or cumulatively, established in letter b.1), subparagraph 2 of Article 2, within the fourth day of open market following the date on which the transaction exceeding the established threshold is executed.
- 2) '*Relevant persons*' referred to in letter c) of subparagraph 1 of Article 1, are obliged to notify Italmobiliare S.p.A. of transactions as per subparagraph 1 of Article 2 if they exceed the threshold, either individually or cumulatively, established in letter b.1), subparagraph 2 of article 2, within the thirteenth day of the month following the date on which the transaction exceeding the established threshold is executed.
- 3) When calculating the value of transaction vis-à-vis exceeding the threshold, which affects the disclosure obligation, the amount of each transaction is summed, accumulating those transactions as per letters a) and b) of subparagraph 1 of Article 2, and performed by the persons specified in letter a), subparagraph 2 of Article 2.
- 4) The '*Relevant persons*' shall forward the communications, as set out above, by filling in and signing the "Communication form", attached to this Code as Annex 1.
- 5) Each "*Relevant person*" shall send the above communications to the '*Designated Officer*' within the established deadlines.

#### Art. 5

##### Communications of '*Relevant persons common*' to Italmobiliare S.p.A. and Italcementi S.p.A.

By virtue of the co-ordination of this Code of conduct and the same Code of subsidiary Italcementi S.p.A., as is indicated below under art. 10, the so-called '*relevant*' persons for both Italmobiliare S.p.A. and Italcementi S.p.A. (so called '*Common relevant persons*') are obliged to send their communications regarding the sole transactions performed on stocks as per art. 2, subparagraph 1, letter b.5), only to subsidiary Italcementi S.p.A.

#### Art. 6

##### Limits to performing deals for 'Relevant persons'

- 1) '*Relevant persons*', shall not perform the transactions set out in subparagraph 1 of article 2:  
*- about financial instruments issued by listed subsidiary Italcementi S.p.A.:*
  - during the 30 calendar days before the meeting of the Board of directors of Italcementi S.p.A. called to approve the related annual and half year reports, and on the same day of the Board meeting;

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- during the 15 calendar days before the meeting of the Board of directors of Italcementi S.p.A. called to approve the related quarterly reports, and on the same day of the Board meeting.
- about the listed financial instruments issued by Italmobiliare S.p.A.*
- during the 30 calendar days before the meeting of the Board of directors of Italmobiliare S.p.A. called to approve the related annual and half year reports, and on the same day of the Board;
  - during the 15 calendar days before the meeting of the Board of directors of Italmobiliare S.p.A. called to approve the related quarterly reports, and on the same day of the Board.

## Art. 7

### Corporate disclosure obligations

- 1) Pursuant to CONSOB Resolution No. 11971 of 14 May 1999, Italmobiliare S.p.A. forwards to CONSOB and discloses to the public the information received as per subparagraphs 1 and 2 of Article 4 by the end of the open market day after which said information is received.
- 2) Upon disclosure to the market of the information as provided for in this Code, the Company shall concurrently post that very same information on its website.

## Art. 8

### Data processing

Unless Italmobiliare S.p.A. receives communication to the contrary or different information from the '*Relevant person*' within ten days of receipt of this Code, it will assume that he authorizes the filing of the information received from him in special and confidential hard copy and/or computer files in order to comply with the regulations issued by CONSOB.

## Art. 9

### Non-compliance with ethical standards

Failure to comply with the mandatory provisions and prohibitions set forth in this Code shall result in liability actions as provided for in the applicable legislation.

## Art. 10

### Coordination with the parent company

- 1) The Code of Conduct of Italcementi S.p.A. regulates information to provide to the Company, and by it to CONSOB and the general public, with respect to transactions as per subparagraph 1 of article 2, letter. b.5) carried out by its '*Relevant persons*'
- 2) As a consequence, disclosure obligations about the transactions as per subparagraph 1 of art. 2, letter b.5), carried out by a '*Common relevant person*' with respect to Italcementi S.p.A., and from it to CONSOB and the general public, shall be considered as performed also according to provisions included in the Code of Conduct adopted by Italmobiliare S.p.A.

## Art. 11

### Execution

This "Code of Conduct" enters into force on 1st April 2006.

The obligation to disclose transactions performed by the Relevant Persons and Italmobiliare S.p.A.'s consequent obligation to inform CONSOB and the market are effective from that date onwards.

## Filing model

(Notification pursuant to subparagraph 7 of Article 152-octies)

1. DECLARER				
1.1 PERSONAL DATA				
IF NATURAL PERSON				
Family name		First name		Gender*
Tax code*	Date of birth * (dd/mm/yyyy) *	Place of birth*	Province of birth *	Country of birth*
Place of residence*				
IF LEGAL PERSON, UNLIMITED PARTNERSHIP OR TRUST				
Corporate name				
Tax code*	Legal form*		Date established (dd/mm/yyyy) *	
Registered office *				
1.2. NATURE OF RELATIONSHIP WITH THE LISTED COMPANY				
c.1) Member of the administrative, management or supervisory bodies of the issuer				Y/N
c.2) Senior executive having regular access to inside information relating, directly or indirectly, to the issuer, and the power to make managerial decisions on the future developments and business prospects of the issuer				Y/N
c.3) Person who performs the functions referred to in point C1 and C2 in a subsidiary company of the listed companies				Y/N
c.4) Person who hold shares amounting to at least 10 per cent of the share capital and any other person who control the issuer				Y/N
2. LISTED ISSUER				
Corporate name		Tax code *		
* information must be provided only if the form is disseminated through the telematics system provided by the market management company (these information will not be subject to public disclosure).				
3. PARTY WHICH EXECUTED THE TRANSACTION				
3.1. REASON FOR RESPONSIBILITY TO NOTIFY				
Relevant person				Y/N
Natural person closely associated with a relevant person (spouse, unless legally separated, dependent children of the relevant person or of the spouse, parents, relatives and relatives-in-law)				Y/N
Legal person, unlimited partnership or trust closely associated with a relevant person				Y/N
3.2 PERSONAL DATA <sup>1</sup>				
IF NATURAL PERSON				
Family name		First name		Gender*
Tax code*	Date of birth * (dd/mm/yyyy) *	Place of birth*	Province of birth *	Country of birth*
Place of residence				
IF LEGAL PERSON, UNLIMITED PARTNERSHIP OR TRUST				
Corporate name				
Tax code*	Legal form *		Date established (dd/mm/yyyy) *	
Registered office*				

\* information must be provided only if the form is disseminated through the telematics system provided by the market management company (these information will not be subject to public disclosure).



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- 4 Indicate the financial instrument involved in the transaction:
- AZO = ordinary shares
  - AZP = preference shares
  - AZR = saving shares
  - QFC = units of closed-end funds
  - EQV = other financial instruments, equivalent, or representative of shares
  - OBCV = convertible bonds or other debt financial instruments convertible into shares or exchangeable for shares
- 5 In case of multiple transactions on securities of the same type (see note 2) and with the same modality (see note 6), indicate the weighted average price of the aforementioned transactions. In case of convertible bonds use prices in hundredths (e.g. for a bond negotiated below par value at a price of 99 indicate 0,99, whereas for a bond negotiated above the par value at a price of 101 indicate 1,01)
- 6 Indicate the origin of the transaction:
- MERC-IT = transaction over Italian regulated market
  - MERC-ES = transaction over foreign regulated market
  - FMERC = off-market transaction and blocks
  - CONV = conversion of convertible bonds or exchange of debt financial instruments for shares
  - ESE-SO = exercise of stock options/stock grants; if shares resulting from the exercise of stock options are sold, in the same line where the sale is mentioned, show the corresponding exercise price in the column "notes"
  - ESE-DE = exercise of derivatives or settlement of other derivatives (future, swap)
  - ESE-DI = exercise of rights (warrant/covered warrant/secured derivatives/rights)
- 7 Indicate the type of transaction:
- A = purchase
  - V = sale
  - S = subscription
  - AL = other (to be specified in the notes)
- 8 Indicate the type of financial instrument:
- W = warrant
  - OBW = bond cum warrant
  - SD = securitised derivative
  - OPZ = option
  - FUT = future contracts
  - FW = forward contracts
  - OS = structured bond
  - SW = swap
  - DIR = rights
- 9 Indicate the category of derivative (only for options):
- CE = call European style
  - PE = put European style
  - CA = call American style
  - PA = put American style
  - AL = other (to be specified in the notes)
- 10 Not to be indicated for non-standard derivatives or whenever the financial instrument did not receive that code from an appointed international agency (e.g. UIC for Italy)
- 11 Indicate the associated financial instrument
- 12 Indicate the underlying financial instrument (share)



Code of procedure for related parties' transactions

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## Introduction

Transactions with related parties are to be carried out openly and in accordance with formal and substantial correctness criteria.

The Company's Code of Conduct, drawing on the indications drafted by the *Corporate Governance* Committee, tasks the Board of Directors to examine and approve in advance:

- transactions of significant strategic, economical, assets or financial importance for the company, that are carried out with a related party by the Company or its subsidiaries (part 2, letter «A»);
- other transactions with/between related parties as per part 2, letters «B» and «C».

In addition, delegated bodies are to promptly provide, at least once every quarter, appropriate information about the most significant economic, financial and assets operations carried out by the company or its subsidiaries, the main transactions with related parties as well as transactions showing a potential conflict of interests, when they are not subject to prior approval by the Board of Directors.

The objective of this "Code of procedure" is to provide all subjects concerned with rules of behaviour to communicate to the Company their position of related party when performing transactions with Italmobiliare S.p.A. It complements the relevant provisions already included in the Code of Conduct of the Company and draws on the definitions included in International Accounting Standards (in particular IAS 24) as are expressly mentioned by CONSOB in its deliberation dated 14th May 1999, no 11971 (so called Issuers' Regulation).

### 1) Definition of related parties

Related parties are construed as being:

- a) subjects that control, are controlled by, or are subject to joint control with Italmobiliare S.p.A.;
- b) subjects that hold such a stake in Italmobiliare S.p.A. that they can exercise *considerable influence*;
- c) subjects connected to Italmobiliare S.p.A.;
- d) entities in which Italmobiliare S.p.A. is part of a "joint venture";
- e) those who have strategic responsibilities in Italmobiliare S.p.A., that is, the members of the Board of directors and the Chief Operating Officer;
- f) close relatives of one of the subjects in letters b) and e), meaning those for whom it can be expected that they can influence the subject, or be influenced by it, in their relations with Italmobiliare S.p.A.

They can be:

- i) the partner and children of one of the subjects under letters b) and e);
- ii) the children of the partner of one of the subjects under letters b) and e);
- iii) persons dependent on one of the subjects under letters b) and e) or his/her partner;
- g) subjects controlled also jointly, or subjected to considerable influence by natural persons under letters e) and f);

Under International Accounting Standard «IAS 24», *control* is construed as the power to determine the financial and management policies of a company in order to obtain the benefits from its operations.

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Therefore, also according to the combination of provisions included in art. 2359 of the Italian Civil Code and art. 93 of Decree Law 58 dated 24th February 1998, it is believed that the following must be construed as subsidiaries:

- 1) those companies where another company has the *majority* of the votes that can be cast at the ordinary Meeting;
- 2) those companies where another company has sufficient votes to exercise a *dominating influence* at the ordinary Meeting;
- 3) those Italian or foreign companies on which a subject has the right, because of a contract or a provision in the by laws, to exercise a *dominating influence*, when these contracts or provisions are allowed by the applicable law;
- 4) those Italian or foreign companies in which a shareholder, based on agreements with other shareholders, has sufficient votes on his own as to exercise a *dominating influence* in the ordinary Meeting.

Under International Accounting Standard «IAS 28», a company is construed as an associate when the shareholder exerts a significant influence and is not a subsidiary or a joint venture. A *significant influence* must be construed as the power to participate in the determination of management and administrative decisions of a company without controlling it.

Therefore, also under art. 2359 of the Italian Civil Code, it is believed that those companies on which another company exerts a significant influence must in any case be construed as associated companies; the *significant influence* is presumed when at least one fifth of the votes can be exercised at the Ordinary Meeting, or one tenth if the company is listed at the stock exchange.

## 2) Transactions with/between related parties

Three different categories of transactions with/between related parties are defined, whose performance is regulated by compliance with the following procedures.

### A) Significant transactions

These are defined as those transactions with/between related parties which, because of their object, amount, modes or timing, can have effects on the protection of the company assets or on the completeness and correctness of information, even of an accounting nature, regarding Italmobiliare S.p.A.

Prior authorization from the Board of Directors is necessary for their performance, and the Board decides after hearing the opinion of the Internal Control Committee and/or with the support of independent experts for the purposes of the assessment of assets, financial or technical consulting.

They are also the subject of specific information to the general public in accordance with the provisions issued by CONSOB.

### B) Transactions with infra-group companies and between subsidiaries

These are defined as transactions made with/between companies whose financial statements are consolidated in the Italmobiliare S.p.A. consolidated financial statements on a line-by-line basis.

Prior authorization from the Board of Directors is necessary for their performance, and the Board decides after hearing the opinion of the Internal Control Committee, when each transaction is worth more than 2.5 million euros and these are atypical, unusual transactions or transactions regulated by other terms than standard ones.

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Transactions with/between infragroup companies which are atypical, unusual or regulated by other terms than standard ones and with an overall value of less than 2.5 million euros must, in any case, be the subject of specific information to the Board of directors at the first subsequent meeting.

The obligation of authorization and communication to the Board of Directors does not concern infra-group transactions which form part of Italmobiliare S.p.A.'s typical operations and are regulated by terms, conditions and/or modes which are not significantly different from market, ordinary ones and/or those that are usually practiced in the relationships with subjects which do not belong to related parties.

### **C) Transactions with other related parties**

These are defined as the operations with related parties other than "infra-group companies".

Prior authorization from the Board of Directors is necessary for their performance, and the Board decides after hearing the opinion of the Internal Control Committee, when each transaction has an overall value of more than 1 million euros, or of more than 500,000 euros if these transactions are atypical, unusual or regulated by other terms than standard ones.

Transactions with other parties of an amount of more than 500,000 euros as well as those transactions that are atypical, unusual or regulated by other terms than standard ones, though they have an overall value of less than 500,000 euros must, however, be the subject of specific information to the Board of Directors at the first subsequent meeting.

### **3) Notice to the Company**

The subjects listed under part 1 above shall communicate, or have communicated, to Italmobiliare S.p.A. the necessary information to make it possible for it to fulfil obligations resulting from the adoption of the "Code of procedure".

### **4) Extension**

The Board of Directors shall ensure that the subsidiaries of Italmobiliare S.p.A., when compatible with the relevant domestic regulations and without prejudice to particularly specific situations, comply with the provisions of the "Code of procedure".

### **5) "Code of procedure" check and update**

The Board of directors, having heard the opinion of the Committee for Internal Control, immediately updates this "Code of procedure" in the event of changes to the regulatory system or in the organization and activity of the Company.

The Internal Control Committee, as is envisaged by the Code of Conduct, is in charge of periodically checking that this procedure is appropriate and of suggesting to the Board of Directors any updates which are deemed as necessary.



Code of ethics

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## Introduction

The group, intended as the parent company and its subsidiaries that have adopted this code of ethics (the "code") in its activities and in the conduct of business, assumes as motivating principles the observance of the law and legislation of the relevant country as well as group policies, in a framework of integrity, fairness and confidentiality. It also seeks to reconcile the pursuit of market competitiveness with compliance with legislation regarding competitiveness and, from the perspective of corporate responsibility and environmental protection, to promote the correct and efficient use of resources.

The company undertakes to circulate the code, to periodically update it and to make available all instruments that encourage its full application.

## Targets and areas of application

The code applies, without exception, to all group employees and all those that, directly or indirectly, permanently or temporarily, establish relations with the group or cooperate in achieving its objectives (hereafter the "targets").

The targets must adequately inform third parties of the requirements of the code, ensure they are met and take appropriate measures in the case of non-fulfilment.

## Ethics and conduct

### General principle

Relations and conduct at all levels must be characterised by the principles of honesty, fairness, integrity, transparency and reciprocal respect, as well as being open to verification and based on accurate and complete information.

### Honesty and loyalty

The group has a relationship of reciprocal trust and loyalty with each of its employees.

Under the commitment of loyalty employees cannot:

- 1) take on employment relationships, consulting appointments or other responsibilities with third parties, without the prior written authorisation of the group company to which the employee belongs;
- 2) carry out activities adverse to the company's interest or incompatible with the employees duties.

Finally, all employees must consider the observance of the code of ethics to be an essential part of the contractual requirements, in the framework of a relationship of trust and loyalty.

### Impartiality and conflicts of interest

Targets must avoid situations and/or activities that may lead to conflicts with the interests of the group or that could interfere with their ability to make impartial decisions, when safeguarding the group's interests.

In relations with the group and third parties, targets must act in accordance with ethical and legal practices. These must take place without recourse to unlawful means. The following are explicitly prohibited: corrupt practices, unlawful favours, collusive conduct, solicitation of personal advantage for the individual or for others.

Any information that could imply a situation of potential conflict with group interests must be reported to the employee's superior officer, if an employee, or the internal reference if a third party.

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## **Confidential information and safeguarding of privacy**

Information of a confidential nature, related to data or knowledge belonging to the group, may not be acquired, used or communicated other than by generally or specifically authorised persons.

As an example, and not to be considered exhaustive, the following is considered confidential information: action plans, including sales, business and strategic plans, information relating to know-how and technological processes, financial transactions, operating strategies, investment and disinvestment strategies, operating results, the personal data of employees and the lists of customers, suppliers and third party collaborators.

Furthermore, also in accordance with the legislation safeguarding privacy, targets must undertake to protect the information generated or acquired and to avoid its improper or unauthorised use.

In terms of confidential information, price sensitive information assumes particular importance. This may be defined as information that is not public and which, if made public, could significantly influence the price of financial instruments.

In accordance with the insider trading legislation, this information must not in any way be used to gain advantage of any type, either direct or indirect, immediate or future, personal or financial.

According to group procedures, external communication of price sensitive information may be made only by authorised individuals, and always in accordance with the current legislation and in observance of the principles of equal and concurrent information.

## **Safeguarding of the individual**

In the countries in which it operates, the group performs its activities in accordance with the relevant legislation regulating working conditions. As relates to their tasks, all targets undertake to conduct their activities based on the prevention of risks and the protection of the health and safety of him/herself, co-workers and third parties.

Relations between group employees must be characterised by the principles of working together politely and must observe reciprocal respect for the individual's rights and personal freedom. In particular, no discrimination or reprisals must take place on the basis of nationality, religious beliefs, political and trade union membership, language and sex. In this way, targets must actively work together to maintain an atmosphere of reciprocal respect for the dignity and reputation of each person.

Relations between the various levels of hierarchy must take place with honesty and fairness, in accordance with professional secrecy. Those in charge of the organisational units must exercise the related powers objectively and fairly, giving appropriate care to the well-being and professional growth of his/her co-workers. In turn, all employees must give their maximum collaboration to those in charge, diligently observing the instructions for the work assigned to them.

## **Safeguarding of the environment**

In carrying out their tasks, targets undertake to observe the legislation relevant to environmental safeguarding and protection and to base the conduct of their activities on the correct use of resources and respect for the environment.

## **Safeguarding of company assets**

Each target is directly and personally responsible for the protection and care of the assets, both tangible and intangible, and resources, both human, tangible and intangible, assigned to them in order to perform their tasks, and the proper use thereof, consistent with the company's interests.

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No assets or resources of the group may be used for purposes other than those stated by the related group company.

#### **Control processes**

Targets must be aware of the existence of the control procedures and conscious of their contribution to the achievement of company objectives and efficiency.

Responsibility for creating an effective internal control system exists at all operating levels; consequently, in carrying out their tasks, all employees are responsible for the establishment, implementation and correct functioning of the controls relating to their operating areas.

#### **Keeping of accounting and management information**

Each action or transaction of any type carried out by the targets must be adequately documented and reasonably verifiable.

Information included in the periodical reporting and/or general ledger, both general and detailed, must comply with the principles of transparency, fairness, completeness and accuracy.

Targets who become aware of omissions, falsifications or negligence in the supporting information and documentation are obliged to inform their superior thereof if an employee, or their internal reference if a third party.

### **Ethical practice with respect to third parties**

#### **Customers**

In managing customer relations and complying with internal procedures, each target must aim for maximum customer satisfaction providing, among other things, exhaustive and accurate information about the products and services supplied, so as to encourage informed choices.

Targets must not promise or offer payment or goods to promote or further the interests of the group. Gifts or offers of hospitality are allowed only when, on the basis of their nature and value, they cannot be interpreted as being intended to obtain special treatment.

#### **Suppliers**

The selection of suppliers and the establishment of the terms of purchase must be made on the basis of an objective and transparent evaluation which, among other things, takes account of price, the ability to supply and ensure an adequate level of service, and also of the honesty and integrity of the supplier.

Targets may not accept giveaways, gifts or similar, unless directly attributable to normal courtesy and provided they are of moderate value.

If a target receives an offer of benefits from a supplier, he/she must immediately inform his/her superior.

#### **Relations with the public administration and public bodies**

The acceptance of engagements with the public administration and public bodies is reserved exclusively to the appointed and authorised corporate figures.

Targets must not promise or offer payment or goods to public officials or employees in general of the public administration or public bodies in order to promote or further the interests of the group.

A target who receives requests or offers of benefits from public officials must immediately inform their superior if an employee, or their internal reference if a third party.

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Targets whom, as part of their tasks, have a justified relationship with the public administration and public bodies are responsible for the prior verification, with due diligence, that the information declared and/or certified in the interest of the group, is true and correct.

### **Political and trade union organisations**

As a rule, the company does not make contributions to political and trade union parties, committees and organisations.

When a contribution is believed appropriate in the public interest, the relevant company establishes whether it is admissible under the relevant legislation.

However, all contributions must be paid in such a way that is strictly in accordance with the relevant legislation and appropriately recorded.

Targets must recognise that any form of involvement in political activity occurs on a personal basis in the target's free time, at their own expense and in conformity with relevant legislation.

### **Mass media**

Relations between the company and the mass media are the responsibility of the designated company officers and must be carried out consistently with the communication policy established by the parent company.

Participation in committees and associations of any type, either scientific, cultural or industrial, in the name of the company or on behalf of the company, must be regularly authorised and formalised in writing, in accordance with company procedures.

The information and communications provided must be true, complete, accurate, transparent and consistent.

### **Violations of the code**

Violation of this code harms the relationship of trust established with the group and may lead to disciplinary, legal or criminal action. In the most serious cases, violation may lead to the termination of the employment contract for employees, or to the discontinuance of the relationship for third parties.

## Treatment of confidential information

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- 1) Confidential documents and information, regarding data and knowledge about the Company and the Group, must not be communicated outside except by people who are generally or specifically authorized to do so.
  - 2) Confidential information is, purely by way of example, strategic plans, work projects, management and operations data, annual forecasts, balance sheet situations, financial operations, economic results and accounting data in general, operating methods and strategies, investments and divestments with the relevant projects, personal data of the members of company bodies and employees, lists of shareholders, customers, suppliers, collaborators and consultants.
  - 3) Whoever for working reasons comes to know confidential information undertakes to protect it in order to avoid any inappropriate or non authorized use.
  - 4) Communication to third parties of documents, information or data about the company or the Group in order to receive opinions, assessments, answers to questions, etc. must be limited to the essential elements and all necessary precautions should be taken to ensure that unauthorised persons do not become aware of them.
  - 5) Data or information communicated for statistical or study purposes must be provided in the most anonymous form as possible, such as to protect the company interest in confidentiality.
  - 6) Within the framework of confidential information, particular significance is attributed to "price sensitive" communication, construed as facts which are not in the public domain and which may, if made public, considerably affect the price of financial instruments (art. 114 Decree law 58/98).
  - 7) No communication of "price sensitive" facts can be made outside without authorization from the CEO, in full accordance with the principle of simultaneity and information quality among all shareholders and with the modes envisaged by current rules and regulations.
  - 8) The rules of procedure described above are binding for all employees, all the members of the Board of Directors and the Board of Statutory Auditors, as well as all subjects who entertain relationships of consultancy or collaboration with the Company and/or the Group.

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