

Part 04

ETHICS CODE

04.01 ETHICS CODE

**RECORDATI'S ETHICS CODE
(PURSUANT TO LEGISLATIVE DECREE 231/2001)
APPROVED BY THE BOARD OF DIRECTORS
OF RECORDATI S.P.A. ON 12 DECEMBER 2002**

**AMENDED BY THE BOARD OF DIRECTORS OF RECORDATI S.P.A.
ON 7 APRIL 2003**

**AMENDED BY THE BOARD OF DIRECTORS OF RECORDATI S.P.A.
ON 27 JULY 2003**

**AMENDED BY THE BOARD OF DIRECTORS OF RECORDATI S.P.A.
ON 7 FEBRUARY 2003**

PRELIMINARY STATEMENT

The Recordati Ethics Code identifies company values, highlighting all the rights, duties and responsibilities of all those who work in Recordati in whatever capacity: directors, auditors, employees, consultants, agents, trade partners, and, generally speaking, all persons who work with the company.

This Code has been adopted by the company and has been informed by company values, the primary objective of which is meeting the needs and expectations of Recordati's workers, aiming to foster and promote the highest standards of professionalism and prohibiting all conduct which clashes not only with such legal provisions and Codes of Conduct as may apply, but also with the values which Recordati intends to foster.

This Code is an integral part of the "Model of Organisation, Management and Control" provided for under article 6 of legislative decree 231/2001 relating to "regulating administrative responsibilities of corporations", adopted by the Company (hereinafter the "231 Model").

An additional purpose of this Code is to facilitate interpretation of the provisions of the Model and influence conduct in those situations which are not clearly regulated within the framework of the Model.

Recordati undertakes to disseminate the contents of this Code to all those coming into contact with the Company.

All those working with the Company are expected to comply with the Ethics Code.

A. CORPORATE VALUES

Safeguarding the individual

Fairness and equality

Ethically correct behaviour in accordance with law

Loyalty

Confidentiality of information

Respecting the interests of all parties

Professionalism

Protecting the health of individuals and the environment

B. SIGNIFICANT AREAS

- Compliance with law
- Personal duties
- Protecting company interests
- Fair treatment
- News and protection of corporate resources and information, also in light of phenomena such as insider trading and internal dealing
- Probity in relations with the public administration
- Competition

The Ethics Code applies to all company activities and provides a blueprint for regulations adopted by the Divisions and by the companies within the Group. All Recipients of the Model are required to comply with the principles described in the Ethics Code.

Recordati fosters knowledge of and compliance with the provisions contained in the 231 Model and in this Code, in order that all those having relations with the company are aware of the company's standards, understand the contents and purposes and adopt vigilant and cooperative behaviour in order to ensure compliance with, knowledge of and implementation of the aforementioned provisions.

The Supervisory Body promotes dissemination of the Code, by reason of the fact that it is a constituent element of the 231 Model, adopting such procedures as are likely to ensure dissemination and actual knowledge of same on the part of all Recipients.

The Supervisory Body promotes all such revisions to the Code as may be necessary, by reason of the fact that it is a constituent element of the 231 Model, in order to ensure the best possible compliance with the contents thereof.

The Supervisory Body supports the board of directors in amending, revising and updating the Model.

Recordati has control structures in place whose task is to superintend compliance with the provisions of this 231 Model and this Code.

Every employee and every person who has a working relationship with the company is required to promptly alert the Supervisory Body, pursuant to legislative decree 231/01, as appointed by the company, to any breaches or suspected breaches of the 231 Model and of this Code.

The Company guarantees to protect those providing these alerts against any type of reprisal, discrimination or penalisation, also guaranteeing that the identity of the person providing the alert will remain confidential, unless otherwise provided for by law.

C. LAWS AND BEHAVIOURAL STANDARDS

Key criteria in policies towards workers

Safeguarding dignity, health and safety in the workplace

Recordati is committed to offering equal employment opportunities without distinction based on race, religion, opinions, nationality, sex, physical conditions, age or social condition.

In addition to playing a role which places it in the forefront of human health and environmental protection, Recordati promotes and protects the health of its workers.

Recordati promotes technical training and professional training of its workers.

Recordati ensures that in carrying on its business, the focus on profits is constantly tempered by compliance with ethical principles and legality, in light of the company's social responsibility, and more specifically, in light of the need to not to incur risks and to prevent crimes from being committed.

Through their actions, the senior managers must firstly represent an example for all the human resources, when performing their duties, adhering to principles which inform the Ethics Code, and adhering to procedures and company regulations, ensuring dissemination amongst the employees of same and encouraging them to request clarification of proposals for updating same, where appropriate.

Key criteria for workers

Compliance with laws and Codes of conduct

It is a mandatory requirement for Recordati and for all its workers, in every country in which they carry on their work activities that individuals behave in a manner which complies with law and applicable Codes of conduct.

Every worker must be aware of the legal repercussions of his or her actions.

The conduct of Recordati's workers, in addition to being in line with the corporate policies, must be grounded on principles of cooperation, responsibility, professionalism and care.

Where it is not immediately clear whether the regulations governing professional diligence are consistent with law, commonsense and good judgment shall prevail; every worker shall seek and receive advice and information from their respective managers and from the legal department, where appropriate.

Traceability, transparency, documentability, segregation of functions

In carrying on the corporate activities, Recordati and its workers are under an obligation to comply with principles of traceability, transparency, documentability and segregation of functions.

Duties and responsibilities

1. Conflict of interest

All persons are required to comply with the 231 Model and this Code including in relations with individuals or entities outside the company. More specifically, they are under an obligation to avoid situations in which conflict of interest may arise and they are similarly under an obligation to refrain from taking personal advantage of business opportunities connected to performing the functions.

In this regard, therefore, the directors must comply with all obligations provided for under article 2391, first paragraph, of the civil Code. Therefore, all managers who, in a given operation conducted by the company have, on their own behalf or on behalf of third parties, an interest, must notify the other directors and the board of auditors, specifying the nature, the terms, the origin and the extent of such interest.

Recordati's workers must also appropriately inform third parties of the contents of the provisions of the Code in order that they may demand compliance with these provisions.

Recordati's workers must avoid situations which may give rise to conflicts of interest, both real and potential between their personal activities and their corporate activities; transparency, trust and integrity are therefore values which must at all times be respected. In addition, no Recordati employee may gain personal advantages from activities carried out on behalf of Recordati.

Should potential conflict of interest situations arise, communication between the worker and his or her superior is essential in order to remedy the matter.

Payments remitted to workers, agents or other public or private individuals or entities performing services in favour of the company must always be appropriate to the services performed.

2. Corporate information: use and protection thereof.

Confidentiality of information is an asset which Recordati also protects through its workers: any and all information obtained by a worker with regard to his or her work activity is the property of Recordati.

Data concerning both physical persons and corporations shall be processed in compliance with applicable regulations.

Workers who gain knowledge of information which is not in the public domain must use the greatest caution and care in using such information, ensuring that it is not disclosed to unauthorised persons, either inside or outside the company.

Confidential information means, purely by way of example, technical information relating to products and procedures; purchase plans; cost strategies, prices, marketing and service strategies; reports on income and other financial reports which are not made public; information relating to sales, mergers and acquisitions.

Information relating to research activities in the scientific field and in the technological field may be exchanged, after instruments have been prepared to safeguard industrial property rights, in compliance with corporate procedures and after taking suitable steps to safeguard confidentiality, with universities, public research institutes and private research institutes and hospitals.

In this context Recordati respects the academic prerogatives and traditions of its partners, as well as researchers' need to have the results of their studies published, without prejudice to the protection of industrial property.

Computer processing of information is subject to security checks which are necessary to safeguard the company from unauthorised intrusion or unlawful use.

Destruction of hard copy or electronic media containing information must be conducted in compliance with procedures regulating the matter and in accordance with restrictions laid down by law.

Recordati undertakes to protect information relating to its employees or third parties, in compliance with the provisions of legislative decree 196/2003.

3. Insider trading/internal dealing

Insider trading refers to those who, performing a function, practising a profession or holding an office, have access to privileged information concerning the company.

Privileged information means a piece of information which is precise, which has not been made public, concerning directly or indirectly, one or more parties issuing financial instruments or one or more financial instruments, which, if made public, could have a significant impact on prices of these financial instruments.

A piece of information is considered precise if:

- a) it refers to an existing set of circumstances or a set of circumstances which one may reasonably predict will come into being in future or if it refers to an event which has occurred or which one may reasonably predict will occur in future;
- b) it is sufficiently specific to allow conclusions to be drawn on the possible effect of the set of circumstances for the event referred to in subparagraph a) on the prices of the financial instruments.

Information which, if made public, could have a significant impact on the prices of financial instruments means information which a reasonable investor would presumably use as one of the elements on which to base his or her investment decisions.

Anybody who is in possession of privileged information regarding the company is forbidden from:

- purchasing, selling, carrying out other transactions either directly or indirectly on their own account or on behalf of third parties in respect of the company's securities, using the same information;
- notifying others of such information, outside their normal employment activities, their profession, their function or their office;
- recommending or encouraging others to carry out the aforementioned transactions. Recordati's workers may not notify others of all use such information to their own advantage or to the advantage of third parties in general, more specifically carrying out transactions, whether directly or indirectly, financial instruments issued by the company, or advising others to carry out such transactions.

In this regard attention should be paid to compliance with organisational provisions adopted by Recordati, also in accordance with law.

More specifically all those working for Recordati must ensure that their conduct adheres to internal regulations governing handling of privileged information and related procedures, as well as. If operating as a significant individual as described by applicable laws regulating the matter of internal dealing, they must also ensure that their conduct complies with procedures relating to notices provided to Consob [Financial Regulatory Authority] and notices which are published in respect of information relating to transactions carried out by significant individuals on Recordati's shares or on other financial instruments connected thereto.

4. Accounts records, entries and corporate wrongdoing

All the actions and operations carried out by Recordati must be appropriately registered and it must be possible to check the decision-making process, and authorisation and execution procedures.

All operations must have sufficient supporting documentation in order to be able to carry out checks at any time which record the features of and the reasons for the operation and which identify the persons giving authorisation, carrying out, registering and checking said operation.

Accounts entries must be kept accurately, and must be complete and prepared in a timely manner, in compliance with company procedures relating to bookkeeping, fulfilling the purpose of providing faithful representation of the asset related/financial situation of the company and the operations.

To this end all employees involved in preparing accounts entries must provide the utmost cooperation, providing information which is complete and clear and ensuring that data and documents are accurate.

Accounts entries means all documentation providing numerical representation of operations events, including internal reimbursement of expenses notes.

Financial statements and corporate communications provided for by law must be drawn up clearly and must accurately and truthfully represent the asset related situation and the financial situation of the company.

Statements, communications and deposits at the company's register which are mandatory for the company must be carried out by those individuals who are identified by law promptly, truthfully and in compliance with applicable laws.

It is expressly prohibited to prevent or hinder, through concealing documents or other stratagems, performance of control activities for auditing activities which are legally conferred on the shareholders, on other corporate bodies or on auditing companies.

It is expressly prohibited to engage in conduct which is simulated or fraudulent the purpose of which is to establish a majority in the shareholders' meeting in order to gain for oneself or for others an unfair profit.

It is similarly expressly prohibited to spread false information or to engage in sham transactions or any other stratagems designed to provoke a significant modification of the price of Recordati's shares.

It is also prohibited to outline facts which are not true, matters which are still being appraised, on Recordati's economic, asset related or financial situation to public regulatory authorities, in notices provided for in

accordance with law, in order to hinder performance of regulatory functions; it is also prohibited, using other means, to conceal fraudulent facts which ought to have been communicated.

This principle must be also complied with in respect of information relating to assets owned by or administered by Recordati on behalf of third parties.

In no manner whatsoever may one consciously hinder the functions of the public regulatory authorities.

In addition, it is prohibited, including through fictitious behaviour, to return contributions made by the shareholders or absolve them from the obligation to make such contributions, aside from cases of legitimate reduction in the share capital.

It is prohibited to allocate profits or advance payments on profits which have not actually been earned or which have been allocated to reserves and it is prohibited to distribute reserves which are not available.

It is prohibited to make reductions in share capital, mergers or demergers in breach of legal provisions designed to protect creditors.

It is prohibited to establish or fictitiously increase share capital, by allocating shares or quotas for sums which are lower than the par value, mutual subscription of shares or quotas, significant overvaluation of non-cash contributions or receivables, or otherwise the assets of companies under reorganisation.

All transactions harming creditors are prohibited.

Finally it is also prohibited to perform illegal actions on the shares or quotas of the company or of the parent company and to perform operations prejudicial to creditors pursuant to articles 2628 and 2629 of the Civil Code.

5. Relations with the public administration, political and trade union organisations

Only functions authorised to have relations with public institutions shall do so.

More specifically, all relations involving company functions with the public administration must be standardised according to principles of diligence, transparency and honesty. Recordati's workers must behave in a manner which is informed by the utmost probity and integrity in their relations with employees and representatives of public bodies, political parties and trade unions.

Entertainment allowances and gifts to public employees and officials, providing they are of limited value, must comply with Recordati's general procedures relating to expenditure, in addition to complying with laws and regulations laid down by the public bodies concerned.

In no circumstances is it permitted to offer money or gifts to senior managers, officials or employees of the public administration or to their relatives, whether Italian or in other countries, and neither is it permitted to offer same to representatives of political parties unless it is a matter of gifts or benefits having limited value.

It is not permitted to offer any object, service, or favour whatsoever, having monetary value, in order to obtain more favourable treatment with regard to relations of whatsoever type with the public administration.

It is not permitted to alter, in any manner whatsoever, any information technology system or electronic data transmission system belonging to the public authority and/or to have unlawful access and in whatsoever manner, to data/information or software contained in the public authority's information technology or electronic data transmission systems, thereby causing Recordati to gain unjustified profits to the prejudice of the state.

Relations with those working in the health service, employees of the public administration and pharmacists, in the event that the company sponsors conventions-congresses and scientific events, appointing consultants, makes donations, gratuities and scholarships, provision of promotional material and free samples must be based on compliance with internal protocols and applicable legislative provisions.

It is not permitted to issue statements which are not true to public bodies, whether national or of the European Union, in order to gain public grants, contributions or loans on favourable terms, or in order to gain concessions, authorisations, licences or other administrative acts.

It is prohibited to allocate sums received from public organisms, whether national or belonging to the European Union for grants, contributions or loans to purposes other than those for which they are assigned.

In the specific event of competitive bidding involving the public administration those involved shall comply with the law and with correct commercial practice, with an express prohibition on behaving in such a manner as, in order to obtain an advantage for Recordati, or to pursue Recordati's interests, amounts to an offence.

Additionally, it is prohibited to apply abnormal discounts or discounts which are not due or which are nevertheless contrary to normal commercial practice and to the company's internal regulations, to public employees or to persons designated by same or otherwise connected to same.

If Recordati uses a consultant or a third-party in order to be represented in its dealings with the public administration, the same instructions given to Recordati's employees also apply to such consultants or third parties.

Recordati must not be represented in dealings with the public administration by third-parties when such a situation is liable to cause conflict of interest.

All laws incorporating the contents of international conventions in each country's national legislation must be scrupulously complied with.

The aforementioned rules and regulations cannot be sidestepped by acting through third parties.

6. Relations with suppliers

The choice of suppliers and the purchase of goods and services are made by the specific company functions on the basis of objective assessments of competitiveness, quality, value for money, price and integrity.

7. Relations with the press and other means of communication

Recordati has identified specific dedicated functions that are responsible for handling relations with the mass media in an accurate, uniform manner, in accordance with the provisions of specific company rules.

Workers must refrain from issuing declarations or interviews to representatives of the press or other means of communication and any third parties and they must refrain from leaking information concerning the company.

8. Relations with those working in the health service

Recordati's workers must ensure that their conduct complies with Farindustria's Code of conduct and any other specific related rules and regulations which the company has to adopt.

9. Managing human resources

Human resources management is informed by the following essential principles:

- offering equal employment opportunities without discriminating on the basis of race, sex, age, sexual orientation, physical or mental handicaps, nationality, faith, politics or trade union membership;
- ensuring that all are treated fairly and according to merit;
- disseminating and consolidating culture which promotes occupational safety and working to preserve, above all taking preventive measures, the health and safety of workers, both from a physical and mental point of view;
- ensuring that employees' privacy is respected and safeguarding their rights to work without being subjected to unlawful pressure.

Therefore the appropriate functions must:

- with regard to decisions relating to the employees, adopt criteria based on merit, expertise and typically professional criteria;
- pay and manage employees without any discrimination;
- create a workplace environment in which each individual worker's personal characteristics do not give rise to discrimination.

In compliance with the conventions of the International Labour Organisation, the company undertakes:

- to respect fundamental human rights;
- to prevent exploitation of children;
- not to use forced labour or slave labour.

The company demands that the following are absent from internal and external employment relations:

- forcing workers into or keeping them in a state of intimidation by means of violence, threats, tricks, abuse of authority, profiting from physical or mental inferiority or situations of need through promising or transferring sums of money or other advantages in lieu of payment to those having authority over others;
- harassment included sexual harassment.

10. Forging banknote, money, public commercial paper, revenue stamps and watermark papers

It is prohibited to forge, circulates (buying and or selling, banknotes, money, commercial paper, revenue stamps and watermark paper in the interest and to the advantage of companies belonging to the Company. Whosoever receives payment in the form of banknotes or money or commercial paper which is false or which has been stolen, through business relations involving Recordati, is obliged to inform their superior and a member of the Supervisory Body, in order that they may report the matter to the appropriate authorities.

11. Prohibition on pornographic material

It is absolutely prohibited to keep on Recordati's premises, warehouses, appurtenances thereto, or in any other place relating to Recordati, pornographic material or virtual images made using images of minors of less than eighteen years.

Virtual images means images made using computer graphics techniques which are not associated either wholly or partially to real situations, the image quality of which makes unreal situations appear real.

12. Gifts and free services to private individuals and Recordati's resources

Gifts or free services to private individuals by Recordati's employees or workers are admissible subject to the limits of normal displays of courtesy permitted by customary commercial practice.

Recordati's employees or workers may accept gifts or free services from private individuals solely in the case of gifts of limited value.

13. Sanctions

All these rules are an integral part of the conditions governing employment relations within the companies in the Group: the rules set out in the Ethics Code of expression of the conduct which employees are required to comply with, by virtue of civil laws and criminal laws in force as well as obligations provided for by collective agreements. Any breaches of this Code and of the 231 Model shall give rise to the application of sanctions in accordance with the applicable company disciplinary system.

The disciplinary penalties are applied in accordance with law and the CCNL collective labour agreements.

Failure to comply with the rules laid down in this Code, may entail termination of the employment relations with third parties, on the basis of an explicit contractual provision.

D COMPETITION

Recordati considers competition and assets to be protected and promotes compliance with legal provisions relating to the free market.

Agreements between companies and all situations which may distort competition, specifically agreements containing exclusivity clauses, restraints on deciding prices and territorial restrictions are subject to the anti-trust legislation.

It is necessary to seek the prior advice of legal experts in all cases where there is a potential conflict with the anti-trust laws.

E. CONTROLS

The internal control system must be designed to adopt instruments and methodologies the purpose of which is to combat risks to the company, in order to obtain reasonable guarantees as to compliance not only with laws, but also with internal provisions and procedures.

The training programme falls within this framework; it must cover the contents of the Ethics Code, which is made available to all company workers.

Management must constantly ensure that behaviours comply with the contents of the Code and, if necessary, must develop special monitoring programs.

The following bodies are tasked with verifying the efficacy of the internal control system: the Board of Directors, the Chairman and Managing Director, the Group Auditing function, the Internal Control Committee, the Panel of Auditors, the Supervisory Body pursuant to legislative decree 231/01, and the auditing firm.

F. APPROVAL OF, EFFICACY OF AND AMENDMENTS TO THE CODE

This Code has been approved, by means of a resolution passed by the company's board of directors, with immediate effect.

All updates, amendments or additions to this Code must be approved by the Board of Directors of the company. A copy of this Code has been consigned to all the Recipients and it is available for electronic consultation in the company's portal as well as in the company offices, on paper.

G. APPLICATION OF THE CODE

This Code of conduct must be applied in all companies in the Recordati Group. Responsibility for application of same is vested in the Board of Directors of each individual subsidiary.