

PARMALAT • CODE OF CONDUCT

Approved by the Board of Directors held on April 9, 2008

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PARMALAT • CODE OF CONDUCT

This Code of Conduct supplements the framework of rules that govern the duties and activities of Parmalat's Board of Directors. All Directors are required to comply with the Code, since the Code was adopted by the Board of Directors itself as a self-regulatory measure and, consequently, it can be amended at any time by a majority of Directors, so long as it is compliant with the basic principles expressed in the Bylaws and prompt disclosure of such changes is provided to the shareholders and the financial markets in general.

1. GENERAL PRINCIPLES

The Company and its corporate governance bodies follow, in their behavior and in their dealings with other Group companies, the principles of correct corporate and enterprise management, as well as the rules of self-government issued by Borsa Italiana S.p.A. and those set forth in the Group's Code of Conduct.

2. FUNCTION OF THE BOARD OF DIRECTORS

The Board of Directors has the power and the obligation to manage the Company's businesses, with the primary objectives of creating value for the shareholders and carrying out the Group's mission. In pursuit of these goals, the Board exercises an oversight function that finds its concrete expression not only in the meetings that the Board is required to hold on a regular basis, but also in the personal contribution that each Director brings to each Board meeting and to the meetings of any Committees that the Board may have established.

3. POWERS OF THE BOARD OF DIRECTORS

The Board of Directors has the general power to guide and control the Company's operations and the handling of its businesses. The specific areas over which the Board of Directors has exclusive jurisdiction are reviewed below:

The Board of Directors has all of the ordinary and extraordinary powers needed to govern the Company.

The Board of Directors, specifying the scope of the powers it is conveying, may

- a. appoint some of its members to an Executive Committee, to which it may delegate some of its attributions, with the exception of those that the law and the Bylaws expressly reserve for the Board, and determine the Committee's composition, powers and rules of operation;
- b. delegate some of its attributions, specifying the limits of powers that are being delegated, to one or more of its members who are entrusted with special assignments;
- c. establish Committees and Commissions and determine their composition and tasks.

The Board of Directors has exclusive responsibility to:

- a. review and approve the strategic, industrial and financial plans of the Company and the Group and the structure by which the group of companies headed by the Company is organized;
- b. review and approve transactions (including investments and divestitures) that, because of their nature, strategic significance, amount or implied commitment, could have a material effect on the Company's operations, particularly when these transactions are carried out with related parties;
- c. ascertain the effectiveness of the system of organization and general administration adopted by the Company and the Group;
- d. draft and adopt the rules that govern the Company and its Code of Ethics, and define the applicable Group guidelines, while acting in a manner consistent with the principles of the Bylaws;
- e. establish an entity responsible for corporate oversight, as required by Legislative Decree No. 231 of June 8, 2001;
- f. grant and revoke powers to Directors and the Executive Committee, if one has been established, defining the limits of these powers and the manner in which they may be exercised, and determine at which intervals (normally not more than quarterly) these parties are required to report to the Board of Directors on the exercise of the powers granted them;
- g. determine whether Directors meet and continue to satisfy independence requirements;
- h. determine the attributions and powers of any General Manager it may appoint;

- i. designate candidates for the offices of Chairman (unless a Chairman has been elected by the Shareholders' Meeting), Managing Director and/or General Manager of strategically relevant subsidiaries, except for the subsidiaries of publicly traded subsidiaries;
- j. after reviewing proposals from the appropriate Committee and taking into account the opinion of the Board of Statutory Auditors, determine the compensation of Managing Directors and divide among its members and the members of the Committees the total compensation provided for the Board of Directors, unless such allocation has already been performed by the Shareholders' Meeting;
- k. supervise the Company's overall performance, with special emphasis on conflict of interest situations, reviewing the information received from the Managing Directors, the Executive Committee (if one has been established) and the Internal Control and Corporate Governance Committee and comparing periodically actual and planned results;
- l. evaluate and approve the financial reports that must be published on a regular basis in accordance with the applicable statutes.

The following actions also fall under the exclusive purview of the Board of Directors, with the restrictions applicable pursuant to law: adoption of resolutions concerning the opening and closing of secondary offices; designation of Directors who may represent the Company; reduction of the Company's capital stock when shareholders exercise the right to have their shares redeemed; adoption of amendments to the Bylaws to make them consistent with new laws; transfer of the Company's registered office anywhere in Italy; approval of mergers in the cases covered by Articles 2505 and 2505 *bis* of the Italian Civil Code and the provisions of Article 2506 *ter* of the Italian Civil Code that apply to demergers.

At the meeting of July 25, 2007, the Board of Directors, based on the input provided by the Corporate Governance Committee with regard to the need to clarify the manner in which the recommendations set forth in the Code of Conduct published by Borsa Italiana S.p.A. are being implemented, explained that, concerning issues that are exclusively under the jurisdiction of the Board of Directors, the Board of Directors, in discharging its obligations, substantively:

- Reviews and approves the strategic, industrial and financial plans of the Company and the Group, as well as the Company's corporate governance system and the Group's structure;
- Assesses the effectiveness not only of the organizational and administrative structure, but also the general accounting system of the Company and its strategically significant subsidiaries, as developed by the Chief Executive Officer, particularly with reference to the internal control system and the handling of conflicts of interest;
- Monitors and assesses the overall performance of the Group's operations, based primarily on the information provided by the Chief Executive Officer, and compares on a regular basis reported results against planned results;
- Reviews and approves in advance transactions executed by the Company and its subsidiaries when these transactions are material from the standpoint of the Company's income statement, balance sheet or financial position, paying special attention to situations in which one or more Directors may have an interest directly or on behalf of third parties and, more specifically, to transactions with related parties. In this area, the Board of Directors has already provided in Article 9.3 of the Directors' Code of Conduct general guidelines to identify material transactions.

Lastly, at the meeting of July 25, 2007, the Board of Directors agreed to adopt as a formal rule of conduct until the expiration of its term of office the performance of the activities that have been placed exclusively under its jurisdiction, as explained above.

The Board of Directors, of April, 9 2008, resolved to confirm the above mentioned rule of conduct until the Shareholders' Meeting convened to approve the financial statements as at December 31, 2010.

4. DUTIES OF THE BOARD OF DIRECTORS

Directors bring to the Company the unique professional skills they possess and must be aware of the tasks and responsibilities entailed by their office. Directors must act and deliberate with full understanding of the issues at hand and with full autonomy. Directors may accept their appointment only when they believe that they will be able to devote sufficient time to the task of discharging their duties, based on the number of Boards of Directors or Boards of Statutory Auditors of companies with shares traded on regulated markets, in Italy or abroad, or Boards of banking, insurance or large private companies on which they may be serving. Directors will treat as confidential any information to which they may have access through the office they hold. The Chairman and any Managing Directors shall

inform the Board of Directors of new legislative or regulatory developments that affect the Company or its corporate governance bodies.

5. COMPOSITION OF THE BOARD OF DIRECTORS

- 5.1. The Board of Directors comprises Directors with executive powers (i.e., the Managing Director(s), one of whom is the Chairman when he/she is granted special powers, and Directors who perform management functions within the Company) and Directors without executive powers.
- 5.2. Those who are called upon to serve on the Board of Directors, in the manner required by the Bylaws, are individuals who possess special skills and are able to contribute to the process of making fully informed and properly motivated decisions. More specifically, Directors without executive powers must always be of sufficient number and intellectual authority to ensure that their judgment has a significant impact on the decisions adopted by the Board.
Directors without executive powers help the Board make decisions that are in keeping with the Company's interests.
- 5.3. Independent Directors are those members of the Board of Directors who:
- a) have never been or have not been in the recent past, either directly, indirectly or on behalf of third parties, a party to business transactions, large enough to impair their independence, with the Company, its subsidiaries, its Directors with executive authority, shareholders who individually own a controlling or linking interest in the Company or are parties to shareholder agreements that provide control or establish linkage or serve as Directors of companies, or the parent companies of such companies, that have these characteristics;
 - b) do not own, directly, indirectly or on behalf of third parties, equity investments large enough to enable them to exercise control over or exert a significant influence on the Company and are not a party to voting syndicates that have control of the Company;
 - c) are not among the immediate family of Company Directors with executive authority or individuals who find themselves in the positions described in letters a) and b) above.
- 5.4. The Board of Directors checks at least annually, based on the information that the individual Directors are required to provide and acting in accordance with regulations that the Board has adopted, that each Directors meets the requirements of independence set forth in the preceding paragraphs and communicates the finding to the shareholders and the financial markets. In assessing the independence of Directors, the Board reviews the last three fiscal years when considering employment relationships and assignments requiring Directors to have executive powers, and the last fiscal year when other business relationships are involved.
If the Board of Directors determines that a Director is no longer independent, it adopts the appropriate resolutions with a majority of two-thirds (2/3) of the Directors attending the meeting.
Directors who have been elected as independent Directors but no longer meet the requirements of independence are deemed to have resigned automatically and the other Directors are required to replace them promptly.

6. CHAIRMAN OF THE BOARD OF DIRECTORS

Without prejudice to the general provisions of the Bylaws, the specific duties of the Chairman of the Board of Directors include:

- a) convening meetings of the Board of Directors, determining the meeting's Agenda and, in preparation for the meetings, transmitting to the Directors, as expeditiously as appropriate based on the circumstances, the materials required to participate in the meeting with adequate knowledge of the issues at hand;
- b) supervising the meeting and the voting process;
- c) handling the preparation of Minutes of the meeting;
- d) ensuring that there is an adequate flow of information between the Company's management and the Board of Directors and, more specifically, ensuring the completeness of the information that the Board uses as a basis for making its decisions and exercising its power to manage, guide and control the activities of the Company and the entire Group;
- e) ensuring that the Board is informed on a regular basis, as required by Article 15 of the Bylaws;

- f) in general, ensuring that the Company is in compliance with the provisions of all laws and regulations, and with the Bylaws and the corporate governance rules of the Company and its subsidiaries; is responsive to the regulations and conduct guidelines issued by the entity governing the regulated market where the Company's shares are traded, and adheres to best industry practices.

7. MEETINGS OF THE BOARD OF DIRECTORS

- 7.1. The Board of Directors meets on a regular basis – at least once every quarter and whenever the Chairman believes that it may be in the interest of the Company.
- 7.2. The meetings of the Board of Directors are chaired by the Chairman or, if the Chairman is absent or incapacitated, by the Deputy Chairman, if one has been appointed, with the support of the Secretary to the Board of Directors.
- 7.3. Each Director has the right to add items to the Agenda of an upcoming Board Meeting, and the Board will decide if and when the item in question will be brought up for consideration.
- 7.4. The Chairman, with the agreement of the other Board members in attendance, can invite General Managers and other outsiders to attend a meeting of the Board of Directors.

8. DELEGATION OF POWERS AND REPORTING

- 8.1. The Board of Directors can delegate powers to one or more of its members, determining the purpose and scope of the powers, and may revoke those powers at any time. However, the Chairman of the Board of Directors is never allowed to combine his or her office with that of Managing Director.
- 8.2. The Board of Directors may assign special tasks to its members, defining the purpose, scope and duration of the assignment.

9. REPORTING PROCEDURES, REPORTING INTERVALS AND CONTENT

- 9.1. The Directors, through the Chairman and the Managing Director(s), report quarterly to the Board of Statutory Auditors about:
 - a) the work done;
 - b) material operating, financial and asset transactions;
 - c) transactions entailing a potential conflict of interest, including:
 - c1) intraGroup transactions;
 - c2) transactions with related parties other than intraGroup transactions;
 - d) atypical and unusual transactions or any other activity or transaction that requires communication to the Board of Statutory Auditors;
 - e) significant issues and developments in the Group's Restructuring Program, insofar as they apply to the Company and the Group.

The information referred to above can be provided in writing and must refer to activities and transactions carried out during a period of time (maximum three months) following the period (also not longer than three months) covered by the previous report.

The abovementioned information is supplied to all Directors and Statutory Auditors.

Specific areas of information include:

9.2. WORK PERFORMED

The information must detail the executive work performed and the progress of transactions already approved by the Board of Directors, as well as the activities of the Committees (Internal Control and Corporate Governance Committees, Appointments and Compensation Committee and other internal committees). Specific information must be provided about the work performed by Directors with executive powers — with input that may be provided by departmental staff of the Company and its subsidiaries — in the exercise of the powers they have received, detailing the initiatives and projects undertaken.

9.3. MATERIAL OPERATING, FINANCIAL AND ASSET TRANSACTIONS

Information about material operating, financial and asset transactions must deal in detail with strategic objectives, consistency with the budget and industrial plan, method of implementation (including the financial terms and conditions involved) and development and the resulting impact on and implications for the Parmalat Group.

For the purposes of this Code, material operating, financial and asset transactions include, in addition to those reserved for the Board of Directors in accordance with Article 2381 of the Italian Civil Code and pursuant to the Bylaws, the following transactions that may be executed by Parmalat or its subsidiaries:

- 9.3.1. placements of issues of financial instruments with a total value of more than 100 million euros;
- 9.3.2. granting of loans and guarantees, investments in and disposals of assets (including real estate) and acquisitions and divestitures of equity investments, companies, businesses, assets and other property valued at more than 100 million euros;
- 9.3.3. mergers and demergers, when at least one of the parameters listed below, when applicable, is equal to or greater than 15%:
 - a) total assets of the absorbed (merged) company or assets that are being demerged/total assets of the Company (taken from the consolidated financial statements, if available);
 - b) income before taxes and extraordinary items of the absorbed (merged) company or assets earmarked for demerger/income before taxes and extraordinary items of the Company (taken from the consolidated financial statements, if available);
 - c) total shareholders' equity of the absorbed (merged) company or business earmarked for demerger/total shareholders' equity of the Company (taken from the consolidated financial statements, if available).

For the purposes of this procedure, mergers of publicly traded companies and mergers between a publicly traded company and a privately held company are always deemed to be material operating, financial and asset transactions.

Information must also be provided about transactions that, while on their own involve amounts lower than the threshold listed above or that trigger the exclusive jurisdiction of the Board of Directors, are linked together in a strategic or executive project and taken together exceed the materiality threshold.

9.4. TRANSACTIONS ENTAILING A POTENTIAL CONFLICT OF INTEREST

9.4.1 INTRAGROUP TRANSACTIONS

Information about intraGroup transactions must explain the underlying interest and the logic justifying each transaction within the context of the Group, as well as the manner in which it is being implemented (including terms and conditions, financial and otherwise), describing in detail the valuation processes applied.

Specific mention must be made of transactions valued at more than 50 million euros and transactions executed on nonstandard terms, even if their value is less than 50 million euros. (1) Information must also be provided about transactions that, while on their own involve amounts lower than the threshold listed above, are linked together in a strategic or executive project and taken together exceed the materiality threshold.

For the purposes of this Code, intraGroup transactions are transactions (2) between Parmalat or one of its subsidiaries and:

- a) companies that, directly or indirectly (i.e., through nominees or intermediaries) control Parmalat pursuant to Article 2359, Sections 1 and 2, of the Italian Civil Code and Article 93 of the Uniform Finance Law;
- b) companies that, directly or indirectly (i.e., through nominees or intermediaries) are controlled by Parmalat pursuant to Article 2359, Sections 1 and 2, of the Italian Civil Code and Article 93 of the Uniform Finance Law;
- c) companies that, directly or indirectly (i.e., through nominees or intermediaries) are controlled by the same companies that control Parmalat pursuant to Article 2359, Sections 1 and 2, of the Italian Civil Code and Article 93 of the Uniform Finance Law;

- d) companies linked with Parmalat pursuant to Article 2359, Section 3, of the Italian Civil Code and companies that exercise a significant influence over Parmalat. There is no linkage when the connection occurs with the affiliated company of an affiliated company.

(1.) For the purposes of this Code, transactions are deemed to have been executed on standard terms when the terms are the same as those that the Company applies to all other parties.

(2.) For the purposes of this Code, relevant acts of disposition include disposing, for or without consideration, of personal and real property and salable rights that convey economic benefits, providing goods and services, granting and receiving loans and guarantees, and entering into cooperation agreements for the exercise and expansion of the Company's business.

9.4.2 TRANSACTIONS WITH RELATED PARTIES OTHER THAN INTRAGROUP TRANSACTIONS

Information about transactions with related parties, other than intraGroup transactions, must disclose the interest underlying the transactions, the manner in which the transactions were executed (including financial and other terms and conditions) and, in particular, the valuation methods applied.

For the purposes of this Code, transactions with related parties (3) are transactions between Parmalat or its subsidiaries and parties related to Parmalat directly or indirectly.

Parties directly related to Parmalat include:

- a) individuals who, directly or indirectly (i.e., through nominees or intermediaries), hold an interest of 5% or more in Parmalat's common stock;
- b) individuals who, while holding directly or indirectly (i.e., through nominees or intermediaries) an interest smaller than the percentage mentioned in a) above, are parties to shareholder agreements that enable them, alone or together with other parties to the shareholder agreements, to appoint a majority of Parmalat's Board of Directors;
- c) individuals who, while holding directly or indirectly (i.e., through nominees or intermediaries) an interest smaller than the percentage mentioned in a) above, are parties to shareholder agreements that enable them, alone or together with other parties to the shareholder agreements, to cast a majority of the votes at Parmalat's Ordinary Shareholders' Meetings;
- d) Parmalat's Directors and Statutory Auditors;
- e) Parmalat's General Managers, the Secretary to the Board of Directors and the executives in charge of Business Units, Central Departments and Operating Units who report directly to the Chairman and the Board of Directors (so-called first reporting level).

Parties indirectly related to Parmalat include:

- f) spouses, who are not legally separated, of the individuals referred to in letters a) through e) above;
- g) relatives and kindred individuals up to the second degree of the individuals referred to in letters a) through e) above;
- h) companies in which the individuals referred to in letters a) through g) above hold directly or indirectly (i.e., through nominees or intermediaries) an interest equal to 5% or more (for publicly traded companies) or 10% or more (for privately held companies) of the shares that convey the right to vote at the Company's Ordinary Shareholders' Meetings;
- i) companies in which the individuals referred to in letters a) through g) above, while holding directly or indirectly (i.e., through nominees or intermediaries) an interest smaller than the percentage mentioned in h) above, are parties to shareholder agreements that enable them, alone or together with other parties to the shareholder agreements, to appoint a majority of the members of these companies' Boards of Directors;
- j) companies in which the individuals referred to in letters a) through g) above, while holding directly or indirectly (i.e., through nominees or intermediaries) an interest smaller than the percentage mentioned in h) above, are parties to shareholder agreements that enable them, alone or together with other parties to the shareholder agreements, to cast a majority of the votes at these companies' Ordinary Shareholders' Meetings;
- k) companies in which the individuals referred to in letters a) through g) above serve in a strategic management capacity, and subsidiaries of these companies;
- l) companies who share with Parmalat the majority of their Directors.

The Board of Directors must be informed of any transactions valued at more than 1 million euros and transactions on nonstandard terms involving a smaller amount that are executed, directly or through intermediaries, with parties that are directly or indirectly related to Parmalat. Information must also be provided about transactions that, while on their own involve amounts lower than the

threshold listed above, are linked together in a strategic or executive project and, taken together, exceed the materiality threshold.

9.4.3 ATYPICAL OR UNUSUAL TRANSACTIONS AND OTHER TRANSACTIONS

Information must be provided about atypical or unusual transactions and about any other type of activity or transaction the disclosure of which appears to be appropriate, describing the interest underlying the transactions, the manner in which the transactions were executed (including financial and other terms and conditions) and, in particular, the valuation methods applied.

For the purposes of this Code, atypical or unusual transactions are those transactions the purpose or nature of which is extraneous to the Company's regular business operations or that raise particular issues due to their characteristics or inherent risks, the nature of the counterpart or their timing.

9.4.4 (4)

In order to ensure faithful compliance with disclosure requirements, the necessary information must reach the Chairman in accordance with a procedure expressly approved by the Board of Directors. This procedure will become an integral and substantive part of this Code of Conduct.

(3) See previous note.

(4) Transactions completed shortly before the end or start of the fiscal year.¹

10. MANAGEMENT OF CONFIDENTIAL INFORMATION AND INTERNAL DEALING CODE OF CONDUCT

10.1 The management of confidential information is handled by the Reporting Officer appointed by the Board of Directors, who is required to apply the procedures developed to process information internally and release documents and information about the Company to the public, particularly when the information involves price-sensitive data.

10.2 The Company has adopted a Code of Conduct that governs information requirements and actions concerning transactions in financial instruments by persons who, because of their position at the Company, have access to insider information (the Internal Dealing Code). Insider information is information about events that could have a material impact on the operating and financial outlook of the Company and the Group and which, when made public, could have a material impact on the price of publicly traded Company securities.

A copy of the Internal Dealing Code is attached to this Code and is an integral and substantive part of it.

11. APPOINTMENTS AND COMPENSATION COMMITTEE

11.1 The Board of Directors shall establish an internal Appointments and Compensation Committee. This Committee, which must comprise Directors without executive authority (at least one of them must be from a slate filed by minority shareholders pursuant to the Bylaws), submits proposals to the Board of Directors regarding the appointment of a Managing Director, the names of Directors that will be coopted by the Board when necessary, and the names of Managing Directors and Chairmen of the Group's main subsidiaries. This Committee also submits proposals to the Board of Directors regarding the compensation of Managing Directors and Directors who perform special tasks. A portion of the overall compensation paid to the abovementioned individuals may be tied to the operating performance of the Company and the Group and may be based on the achievement of specific predetermined targets.

11.2 Based on indications provided by the Director entrusted with this assignment, the Committee also submits proposals for determining the compensation criteria applicable to the Company's senior management and the adoption of stock option and share award plans or other financial instruments that can be used to provide an incentive to and increase the loyalty of senior management.

12. INTERNAL CONTROL

- 12.1 The Company's internal control system is designed to ensure the efficient management of its corporate and business affairs; make management decisions knowable and verifiable; provide reliable accounting and operating information; ensure compliance with all applicable laws and regulations; protect the Company's integrity; and prevent fraud against the Company and the financial markets in general.
- 12.2 The Board of Directors, acting for the entire Group, defines the guidelines of the internal control system and verifies its effectiveness in managing business risks.
- 12.3 A Director specifically entrusted with this assignment will define the tools and procedures needed to implement the internal control system in a manner consistent with the guidelines established by the Board of Directors, ensuring that the overall system is adequate, functions correctly and is updated in response to changes in the operating environment and regulatory framework.
- 12.4 The Board of Directors exercises its oversight over the internal control system through the Internal Control and Corporate Governance Committee and appoints one or more officers who must possess sufficient independence and resources to perform this function.
- 12.5 The Director entrusted with jurisdiction over this area will make changes to the internal control system that become necessary as a result of the oversight function referred to above and may appoint one or more officers to implement them.
- 12.6 The internal control system defined by the Board of Directors must have the following characteristics:
 - a) at the operating level, authority must be delegated in light of the nature, the typical size and the risks involved for each class of transactions, and the scope of authority must be consistent with the assigned task;
 - b) the organization must be structured to avoid function overlaps and concentration under one person, without a proper authorization process, of multiple activities with a high degree of danger or risk;
 - c) each process must conform with an appropriate set of parameters and generate a regular flow of information that measures its efficiency and effectiveness;
 - d) the professional skills and competencies available within the organization and their congruity with the assigned tasks must be checked periodically;
 - e) operating processes must be geared to produce adequate supporting documents, so that their congruity, consistency and transparency may be verified at all times;
 - f) safety mechanisms must provide adequate protection of the Company's assets and ensure access to data when necessary to perform required assignments;
 - g) risks entailed by the pursuit of stated objectives must be identified and adequately monitored and updated on a regular basis, and negative elements that can threaten the organization's operational continuity must be assessed carefully and protections adjusted accordingly;
 - h) the internal control system must be supervised on an ongoing basis and reviewed and updated periodically.

13. INTERNAL CONTROL AND CORPORATE GOVERNANCE COMMITTEE

- 13.1 The Board of Directors shall establish an Internal Control and Corporate Governance Committee. This Committee, which will serve a consulting and proposal-making function, must comprise independent Directors (at least one of them must be from a slate filed by minority shareholders pursuant to the Bylaws). Sessions of the Committee will be attended by the Chairman of the Board of Statutory Auditors or another Statutory Auditor designated each time by the former. When appropriate in light of the items on the Agenda, the Internal Control and Corporate Governance Committee and the Board of Statutory Auditors will meet in joint session.
- 13.2 The specific functions of the Internal Control and Corporate Governance Committee include the following:
 - a) assist the Board of Directors in performing the tasks described in Article 17 of the Bylaws;
 - b) evaluate the work plans prepared by the Internal Control Officers and review the reports these Officers are required to submit on a regular basis;

- c) evaluate, together with the Company's accounting officials and the independent auditors, the effectiveness of the accounting principles and their consistent use in the preparation of the consolidated financial statements;
- d) evaluate proposals put forth by independent auditors who are seeking the award of the audit assignment, their audit work plans and the findings contained in the audit report and the suggestion letter;
- e) report to the Board of Directors at least semiannually (in conjunction with the approval of the annual and semiannual reports) on the work done and the adequacy of the internal control system;
- f) perform any additional assignments it receives from the Board of Directors, particularly with regard to the relationship with the independent auditors.

13.3 The Committee is also responsible for supervising compliance with the rules of corporate governance and for updating them regularly.

14. TRANSACTIONS WITH RELATED PARTIES

14.1 Express reference is hereby made to the provisions of Article 9.4 above.

14.2 The Company conducts its operations in a manner consistent with the principles of substantive and procedural fairness and transparency. Accordingly, transactions with related parties, including intraGroup transactions, must comply with standards of substantive and procedural fairness and must be properly disclosed to the financial markets.

Substantive fairness, particularly with regard to nonrecurring or otherwise material transactions, is achieved by following action guidelines that are consistent with best international practices, which have found widespread acceptance in Italy, and include the use of advisors for the preparation of fairness opinions and outside counsel for the issuance of legal opinions. When highly significant transactions are involved, in keeping with the principles of independence, the Board of Directors must use different experts for each related party.

14.3 The approval of the Board of Directors is required prior to executing transactions with related parties, including intraGroup transactions, except for typical or customary transactions carried out on standard terms.

14.4 Typical or customary transactions are transactions the purpose or nature of which is consistent with the Company's regular business operations and do not raise particular issues because of their characteristics or inherent risks, the nature of the counterpart or their timing. Transactions on standard terms are those executed on the terms that the Company applies to all other counterparts.

14.5 The Board of Directors must be provided with adequate information about the nature of the relationship with the counterpart, the transaction implementation method, the transaction's financial and other terms, the valuation process used, the underlying interest and the logic justifying the transaction, and the risks involved for the Company. If the relationship is with a Director or a related party linked with a Director, the affected Director is required to explain the situation and leave the Board meeting before voting begins.

14.6 Based on the nature, value and other characteristics of the transaction, the Board of Directors will rely on the advice of one or more experts to determine if the terms of the transaction are fair. Depending on the circumstances, these experts will be called upon to express an opinion about the financial terms and/or lawfulness and/or technical aspects of the transaction.

14.7 In the case of transactions with related parties, including intraGroup transactions, for which the approval of the Board of Directors is not required because they are typical or customary and are executed on standard terms, the Directors entrusted with oversight in this area and the managers who are handling the transactions must collect and preserve, for each transaction or type or class of transactions, adequate information about the nature of the relationship with the counterpart, the transaction implementation method, the transaction's financial and other terms, the valuation process used, the underlying interest and the logic justifying the transaction, and the risks involved for the Company. In these cases as well, the Company may appoint one or more experts in the manner described above.

14.8 In choosing the abovementioned experts, the Board of Directors must approach individuals of proven professional skill and competence in the applicable subject area, and their independence and lack of conflict of interest must be checked carefully. In the most significant cases, in keeping with the principles of independence, the Board of Directors must use different experts for each related party.

15. RELATIONS WITH INSTITUTIONAL INVESTORS

The Company's stated objective is to maintain and develop a constructive dialog with its shareholders and institutional investors based on an understanding of roles that each must play. To achieve this objective, the Company has established a special Department charged with handling relations with the Italian and international financial community on behalf of the entire Group. This Department has been provided with adequate professional and technical resources. Under no circumstances can a dialog with institutional investors occasion the disclosure of material facts before they are communicated to the financial markets.

16. SHAREHOLDERS' MEETING

- 16.1 The Company encourages and facilitates the largest possible attendance by its shareholders of Shareholders' Meetings, providing shareholders with all of the information and documents needed to attend the Meeting easily and with sufficient knowledge.
- 16.2 The Board of Directors may ask the Shareholders' Meeting to approve Regulations to ensure the orderly and efficient progress of Ordinary and Extraordinary Shareholders' Meetings and guarantee the right of each shareholder to request the floor and discuss the items on the Agenda.
The abovementioned Regulations may address such issues as the maximum time allotted to each speaker, the order in which shareholders must speak, the voting method used, the presentations of Directors and Statutory Auditors and the powers of the Chairman, which include the power to settle or prevent the occurrence of conflicts during the Meeting.
- 16.3 If there are significant changes in the value of the Company's capital stock or its shareholder base (i.e., the number of shareholders), the Board of Directors can submit motions to amend those sections of the Bylaws that deal with the ownership percentages needed to initiate certain actions or exercise the protective rights available to minority shareholders.

17. STATUTORY AUDITORS

Statutory Auditors act autonomously and independently of everyone, including the shareholders who elected them.

Statutory Auditors are required to treat as confidential the documents and information they receive in the performance of their duties and must comply with the procedures adopted by the Company with regard to the release of documents and information.