

Novamont S.p.A.

ETHICAL CODE
(Legislative Decree 231/2001)

Approved by Board of Directors' resolution of 05/04/2012

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Introduction

NOVAMONT operates in many institutional, economic, political, social and cultural contexts that are experiencing constant and rapid change. All NOVAMONT activities must be performed in compliance with the law, according to the principle of fair competition, with honesty, integrity and good faith, with due respect for the legitimate interests of its customers, employees, shareholders, commercial and financial partners and the communities where the company is present. All NOVAMONT employees are, without distinction or exception, committed to respecting these principles in the performance of their roles and responsibilities and to making sure that others respect them. Under no circumstances can the belief that one is acting for the benefit of the company justify behaviours that conflict with these principles.

Due to the complexity of the situations in which NOVAMONT operates, it is important to define clearly the values that NOVAMONT recognises, accepts and shares as well as the responsibilities assumed by NOVAMONT both internally and externally. It is for this reason that this Ethical Code (hereinafter called the "Code") has been produced. Compliance with the Code by NOVAMONT employees is fundamentally important in securing the sound operation, reliability and reputation of NOVAMONT, all of which are crucial factors for its success.

Each employee is expected to be familiar with the Code and to contribute actively to its implementation and to report any shortcomings. The company undertakes to facilitate and promote knowledge of the Code among its employees and welcomes their constructive contribution to the content of the Code. Any behaviour contrary to the letter and the spirit of the Code shall be punished according to the rules herein defined.

The company shall check compliance with the Code by preparing suitable information, prevention and control instruments and shall ensure transparency in all operations and behaviours by taking corrective measures if and as required.

The Code shall be brought to the attention of every person or body which has business relations with NOVAMONT.

This Code expresses the ethical commitments and responsibilities assumed, in the conduct of company affairs and activities, by the directors and employees of all NOVAMONT Group Companies.

1. GENERAL PRINCIPLES

1.1 SCOPE OF APPLICATION OF THE CODE

Moral integrity is a constant duty of all those who work for NOVAMONT and must guide how the whole organisation operates.

In particular, the Ethical Code aims to govern and regulate behaviours and relations between the following categories:

- NOVAMONT employees
- Customers
- Public Sector
- Suppliers.

The Board of Directors sets the corporate objectives according to the principles of the Ethical Code.

The main aim of the Ethical Code is to set out and promote a system of common ethical values and behavioural rules in order to ensure a morally correct and legally compliant conduct in relations between all persons connected with NOVAMONT and stakeholders, customers and third parties with which it is involved. Among the subjects mentioned above, there is a special focus on relations with Public Officials and therefore with the Public Sector, both in Italy and elsewhere.

A further aim pursued by the provisions of this Ethical Code is to prevent the commission of offences or the adoption of irresponsible behaviour by persons working for or on behalf of the Company. Finally, the Code must enhance the company's image, reputation and credibility in its external dealings and be a source of inspiration and confidence for NOVAMONT customers.

It is the duty, firstly, of managers to give concrete expression to the values and principles contained in the Code, by assuming responsibilities both internally and externally and improving confidence, cohesion and group spirit. NOVAMONT employees shall, while continuing to comply with current laws and regulations, bring their actions and behaviours into line with the principles, objectives and commitments set out in the Code.

All actions, operations and negotiations carried out and, in general, all behaviours adopted by NOVAMONT employees in carrying out their work shall be based on maximum correctness from a management perspective, on completeness and transparency of information, on legitimacy in both form and substance and on clarity and accuracy in accounting entries according to current standards and internal procedures.

All company activities shall be carried out with professionalism and discipline. Each employee shall make professional contributions appropriate to the responsibilities assigned and shall act in such a way as to protect the prestige of NOVAMONT.

Relations between employees, at all levels, shall be based on the principles of correctness, cooperation, fairness and mutual respect.

It is the duty of each employee, including senior staff, to cooperate with the Supervisory Board, which is the body responsible for checking the adequacy and functioning of NOVAMONT's Ethical Code and compliance therewith, by reporting any inappropriate behaviours or breaches of the provisions contained herein.

1.2 NOVAMONT'S COMMITMENTS

NOVAMONT shall ensure directly or through specific internal departments:

- that the Code is disseminated to the maximum extent possible among employees and stakeholders¹
- that the Code is expanded and updated so that it is constantly in line with civil sensitivities and compliant with the laws applicable to the Code
- that every possible resource is made available to disseminate the Code and to provide clarification about the interpretation and implementation of the provisions thereof
- that checks are carried out into any reported breach of the provisions of the Code or the relevant provisions
- that the facts will be assessed and, in the case of a confirmed breach, that appropriate measures will be undertaken
- that no person will suffer retaliations of any kind for having supplied information about potential breaches of the Code or the relevant provisions.

1.3 OBLIGATIONS OF ALL EMPLOYEES

All NOVAMONT employees are asked to familiarise themselves with the provisions contained in the Code and with the relevant rules and procedures that govern the activities carried out within their own departments and must:

- not engage in any behaviour contrary to those rules and procedures
- contact their superiors, or the Supervisory Board, if they require clarifications about how these rules and procedures are applied
- report immediately to the Supervisory Board:
 - any information, directly observed or reported by others, in relation to possible breaches thereof
 - any request asking them to breach such rules and procedures
- cooperate with the bodies appointed to investigate possible breaches.

1.4 FURTHER OBLIGATIONS FOR UNIT AND DEPARTMENT MANAGERS

Each Unit/Department Manager must:

- set an example, through their own behaviour, to their employees
- instruct employees to observe the Code and urge them to raise any problems and queries with respect to the provisions thereof
- ensure that employees understand that compliance with the provisions of the Code forms an essential part of the quality of their work
- carefully select, insofar as it is possible, employees and external collaborators in such a way as to prevent work from being assigned to persons whose commitment to observing the provisions of the Code cannot be guaranteed
- report their findings immediately to their superior, or to the Supervisory Board, as well as any information supplied by employees about possible breaches of the Code
- adopt immediate corrective measures where the situation so requires
- prevent any kind of retaliation;
- follow the internal procedures regarding the performance of operational activities that allow suitable levels of efficiency to be achieved. It is therefore vitally important that everyone follows the procedures defined within the Company and formalised in specific documents.

¹ "Stakeholders" means anyone who holds an interest in the company

1.5 APPLICABILITY OF THE CODE TO THIRD PARTIES

In relation to third parties, all NOVAMONT employees shall, according to their responsibilities:

- inform them in an appropriate manner about the commitments and obligations imposed by the Code
- demand compliance with the obligations that are directly relevant to their activities
- take the appropriate internal actions and, where applicable, external actions if third parties fail to comply with the Code.

1.6 APPOINTED BODIES, IMPLEMENTATION AND CONTROL

1.6.1. SUPERVISORY BOARD

The Supervisory Board, which performs specific duties within NOVAMONT, is given responsibility for checking the integrity of behaviour at NOVAMONT and for managing the Code. The latter may be subject to subsequent revisions and additions proposed by the Supervisory Board itself and approved by the Board of Directors, as a result of organisational changes within NOVAMONT, changes in external circumstances and the introduction of legislative changes.

The characteristics of the Supervisory Board are contained in the document describing the Organisation, Management and Control (OMC) Model.

The Supervisory Board is assigned the role of supervisory body within the meaning of Legislative Decree no. 231 of 8 June 2001.

1.6.2. DUTIES OF THE SUPERVISORY BOARD

The Supervisory Board is assigned the following duties:

- distribute the Code among the Company's employees, customers, suppliers, shareholders, partners, subsidiaries and, in general, among all interested third parties
- provide support to company departments in the interpretation and implementation of the Code
- organise training programmes for employees designed to improve their knowledge of the objectives and content of the Code and the consequences of any breaches thereof
- receive and investigate reported breaches of the Code, by carrying out the appropriate checks
- check the implementation of the Code and compliance therewith and promote continual improvements in the company's ethical commitment through analysis and assessment of the control processes
- confirm breaches of the Code
- communicate to the competent authorities the audit results relevant to the adoption of possible disciplinary measures
- propose amendments and additions to be made to the Code for approval by the Board of Directors
- submit a yearly report on the implementation of the Code within NOVAMONT to the Chairman, who will then report to the Board of Directors.

These activities shall be performed by having free access to all documentation deemed useful or necessary.

1.7 BREACHES REPORTED BY STAKEHOLDERS

NOVAMONT shall set up, for each stakeholder, communication channels through which they can report breaches (for example, units responsible for dealings with consumer associations, environmental associations, suppliers, personnel, etc.).

Alternatively, all NOVAMONT stakeholders may report any breach or suspected breach of the Ethical Code, in writing and also anonymously, to the Supervisory Board of NOVAMONT which shall investigate that breach.²

The Supervisory Board guarantees that informants shall be safeguarded from any kind of retaliation by which is meant any act that is actually or merely suspected of being a form of discrimination or penalisation (for example, for suppliers: termination of business dealings). The identity of the informant shall also be kept confidential, without prejudice to legal obligations.

1.8 COMMUNICATION AND TRAINING

The Ethical Code is brought to the attention of internal and external stakeholders by means of suitable communication activities.

1.9 CONTRACTUAL VALUE OF THE CODE

Compliance with the provisions of the Code shall be regarded as an essential part of the contractual duties of NOVAMONT employees in accordance with Art. 2104 of the Civil Code³.

Breach of the provisions of the Code may constitute a violation of the primary duties of the employment relationship or a disciplinary offence, with all legal consequences, including in relation to the preservation of the employment relationship and may entail compensation for any damage resulting therefrom.

² Breaches may be reported:

- in hard copy: NOVAMONT S.p.A. – FAO: Secretariat of the Supervisory Board - Via Fauser no. 8, 28100 Novara
- in electronic format: odv@novamont.com

³ Art. 2104 – *Diligence of workers* – Workers must use the diligence required by the nature of the work they perform, by the interests of the company and by the superior interest of national production. They must also observe the instructions with regard to the performance of the work that are given by the employer and by the latter's managers.

2. GUIDELINES

2.1 IMPARTIALITY

In making decisions that impact on relations with its stakeholders (choice of customers to serve, relations with shareholders, personnel management or organisation of work, selection and management of suppliers, relations with the local community and its representative institutions), NOVAMONT shall avoid any kind of discrimination on the grounds of age, gender, sexual orientation, health, race, nationality, political opinions and religious beliefs of such stakeholders.

2.2 HONESTY

In their professional activities, NOVAMONT employees are required to comply diligently with current laws, the Ethical Code and internal rules and regulations. Under no circumstances can the pursuit of NOVAMONT's interests justify dishonest behaviour.

2.3 CORRECT CONDUCT IN THE EVENT OF POTENTIAL CONFLICTS OF INTEREST

In the conduct of any activity, situations must always be avoided where the persons involved in the transactions have or may appear to have a conflict of interest. By this is meant where an employee pursues an interest different from the company's mission and from the balancing of stakeholders' interests or benefits "personally" from the company's business opportunities and where representatives of customers or suppliers or public institutions act contrary to the fiduciary duties associated with their position.

2.4 SEGREGATION OF DUTIES

All activities and operations within the company must be carried out in accordance with the authorisations specified in the system of powers and delegations.

Operations must be clearly and correctly documented so that it is always possible to trace the decision-making process that preceded the operation, in particular identifying the specific reasons that prompted the appointed bodies to authorise, carry out and check the correctness of the operation.

In order to guarantee an appropriate segregation of duties at NOVAMONT and to ensure that the operations considered to be particularly important - based, *inter alia*, on their economic and financial aspects - are effectively managed, it is vital that operations are not devised and carried out by the same person.

The various stages of the process - authorisation, operation and monitoring - must be entrusted to different bodies so as to ensure that the aforementioned principles of transparency and clarity are applied.

2.5 CONFIDENTIALITY

NOVAMONT guarantees the confidentiality of the information in its possession and does not use confidential data, except where express and informed consent is given and it is necessary to comply with current legal provisions. Furthermore, NOVAMONT employees must not use confidential information for purposes unconnected with the performance of their duties, as in the case of insider trading.

2.6 RELATIONS WITH SHAREHOLDERS

Shareholders, including potential shareholders, are not just a source of funding but individuals with moral opinions and preferences of various kinds. In order to make investment decisions and adopt company resolutions, it is necessary to have all important information to hand.

NOVAMONT creates the conditions to ensure that shareholder participation in decisions for which they are responsible is widespread and informed and promotes equality of information.

2.7 PROMOTION OF HUMAN RESOURCES

NOVAMONT employees are key to the Group's success.

For this reason, NOVAMONT protects and promotes the value of human resources in order to improve and increase the wealth and competitiveness of the skills possessed by each employee.

2.8 FAIRNESS OF AUTHORITY

In the signing and management of contractual relations that involve the establishment of hierarchical relations - especially with employees - NOVAMONT undertakes to ensure that authority is exercised fairly and correctly and avoiding any abuse thereof.

In particular, NOVAMONT guarantees that the exercising of authority will not harm the dignity and autonomy of the employee and that organisation of work choices safeguard the value of employees.

2.9 PERSONAL INTEGRITY

NOVAMONT guarantees the physical and moral integrity of its employees, working conditions respectful of individual dignity and healthy and safe working environments.

There shall be no toleration of demands or threats aimed at inducing individuals to act contrary to the law and the Ethical Code or to behave in a manner that is harmful to the personal and moral beliefs and preferences of others.

2.10 TRANSPARENCY AND COMPLETENESS OF INFORMATION

NOVAMONT employees are required to provide information that is complete, transparent, understandable and accurate so that, when entering into relations with the company, stakeholders are able to take informed and independent decisions about the interests concerned, the alternatives and the important consequences. In particular, when entering into any contracts, NOVAMONT is responsible for bringing to the contractor's attention, in a clear and understandable manner, the behaviours that are expected in all the circumstances envisaged.

2.11 DILIGENCE AND ACCURACY IN THE PERFORMANCE OF DUTIES AND CONTRACTS

Contracts and work assignments must be performed in accordance with the provisions knowingly agreed by the parties. NOVAMONT agrees not to take advantage of the lack of knowledge or incapacity of its counterparties.

2.12 CORRECTNESS AND FAIRNESS IN THE MANAGEMENT AND RENEGOTIATION OF CONTRACTS

As far as existing relations are concerned, the situation must be avoided whereby anyone acting for and on behalf of NOVAMONT seeks to take advantage of contractual shortcomings or unforeseen events in order to renegotiate the contract with the sole aim of exploiting the position of dependence or weakness in which the other party finds itself.

2.13 QUALITY OF SERVICES AND PRODUCTS

NOVAMONT aims to satisfy and protect its customers by listening to their requests which may help to improve the quality of products and services.

For this reason, NOVAMONT bases its research, development and marketing activities on high standards of quality for its services and products.

2.14 FAIR COMPETITION

NOVAMONT intends to protect the value of fair competition by not adopting any collusive, predatory or abuse of dominant position behaviour.

2.15 COMMUNITY RESPONSIBILITY

NOVAMONT is aware of the direct and indirect influence that its activities may have on the conditions, the economic and social development and the general welfare of the community, as well as the importance of the social acceptance of the communities in which it operates.

For this reason, NOVAMONT intends to carry out its investments in an environmentally sustainable manner, with respect for local and national communities, and to support cultural and social initiatives with the aim of enhancing its reputation and social acceptance.

2.16 ENVIRONMENTAL PROTECTION

NOVAMONT's mission is to develop biodegradable plastic materials from renewable sources which create economic and environmental advantages within the framework of sustainable development.

Protection of the environment is therefore at the heart of NOVAMONT's operational philosophy. The environment is an important resource that NOVAMONT is committed to protecting. To that end, in planning its activities, it aims to strike a balance between economic initiatives and environmental needs in order to protect the rights of future generations.

In addition to preventing risks to the population and to the environment, NOVAMONT is committed to improving the environmental and landscape impact of its activities not only by complying with current legislation but also by taking advantage of developments in scientific research and best practices.

3. CRITERIA OF CONDUCT

Section I

3.1 BUSINESS CONDUCT

In conducting its business, NOVAMONT is inspired by the principles of fairness, correctness, transparency, efficiency and an open market.

NOVAMONT employees and external collaborators whose actions may in some way be connected to NOVAMONT must act correctly when conducting business in the interests of NOVAMONT and in dealings with the Public Sector, regardless of the market competitiveness and importance of the business in question.

Bribes, illegitimate favours, collusive behaviours, improper payments and misappropriations (particularly in relation to Public Sector bodies), inducements, either directly and/or via third parties, for personal or career benefits for oneself or for others, are prohibited.

NOVAMONT acknowledges and respects the right of its employees to take part in investments, business affairs or other activities besides those carried out in the interests of NOVAMONT, provided that these are activities permitted by law and compatible with the duties assumed in the capacity of employees.

NOVAMONT employees shall in all cases avoid all situations and activities where a conflict may arise with the company's interests or which may interfere with their ability to make impartial decisions in the company's best interests and in full compliance with the Code. Any situation that may constitute or give rise to a conflict of interest shall be immediately reported to the superior.

At the time of reading the content of this Code, any employees who find themselves in situations which may constitute or give rise to a conflict of interest, shall report that situation to the Supervisory Board.

In particular, all NOVAMONT employees are required to avoid conflicts of interest between their personal and family economic activities and the tasks that they carry out within the department to which they belong. For example, conflicts of interest are created by the following situations:

- the employee and/or his family holds economic and financial interests in the activities of suppliers, customers and competitors;
- the employee uses his position in the company or information acquired during his work in such a way that may create a conflict between his personal interests and those of the company;
- the employee carries out work, of any kind, for customers, suppliers and competitors;
- the employee accepts money, favours or benefits from persons or firms who have or intend to enter into business relations with NOVAMONT;
- the employee buys or sells shares in Group companies or external companies on the basis of important information not in the public domain which is acquired in the course of his duties.

In any case, trading in the shares of Group companies shall always be guided by a sense of absolute transparency with respect not only to the issuing Company and the Group but also to investors and shall be such that it does not generate expectations, alarm and errors of judgment on the part of third parties.

It is prohibited to pay or offer, directly or indirectly, money and material benefits of any kind to third parties, public officials or private individuals, in order to influence or reward an act of their office. Acts of commercial courtesy, such as small gifts or forms of hospitality, are allowed if they are of modest value and do not compromise the integrity or reputation of one of the parties and cannot be construed, by an impartial observer, as aimed at obtaining improper advantages. In any case, expenses of this kind must always be authorised by the position defined by the procedures and adequately documented.

Any employee who receives gifts or favourable treatment not directly ascribable to normal courteous relations shall inform his superior.

External collaborators (including consultants, representatives, brokers, agents, etc.) are asked to comply with the principles contained in the Code. To that end each employee shall, in accordance with their duties, ensure to:

- observe the principles and internal procedures governing the selection of external collaborators and the management of the respective relationship;
- select only those persons and firms that are qualified and enjoy a good reputation;
- take due account of information from any source about the appropriateness of using specific external collaborators;
- report immediately to the Supervisory Board any doubts as to possible breaches of the Code by external collaborators;
- include in the external partnership contracts, where specified by the procedures, an express obligation to abide by the principles of the Code.

In any event, the consideration to be paid shall be exclusively commensurate with the services to be provided under the contract and payments may not be made to a person other than the contractual counterparty nor in a third country other than that of the parties or where the contract is performed.

3.1.1 RELATIONS WITH CUSTOMERS

NOVAMONT strives for business success on the markets by offering quality products and services under competitive conditions and in compliance with the rules protecting fair competition.

NOVAMONT recognises that the satisfaction of the beneficiary of the products or services is vitally important for its business success. NOVAMONT employees shall:

- observe the internal procedures regarding customer relations;
- supply, both efficiently and courteously, within the limits of the contractual stipulations, high quality products that meet or exceed the customer's reasonable expectations and needs;
- supply accurate and detailed information about products and services so that the customer can make informed decisions;
- make truthful statements in advertising or other communications.

3.1.2 RELATIONS WITH THE PUBLIC SECTOR

Particular attention must be paid to relations with the State and with Public Bodies (Public Sector in general).

The offering of money or gifts to Public Sector Managers, Officials or Employees is always prohibited, regardless of the economic value attributable to such.

In the conduct of business negotiations and any relationship with the Public Sector, NOVAMONT staff shall not try to influence the decision or behaviour of any Managers, Officials and Employees who act for and on behalf of the Public Sector.

In addition, it is not permitted to offer or accept services or favours of value with the aim of obtaining favourable or more favourable treatment with respect to any relation entered into with the Public Sector.

All negotiations must be conducted in accordance with the law and with the rules that govern business activity.

Access to public funds shall comply strictly with the requirements, purposes and conditions for which such funds were set aside and granted.

Strict penalties shall be imposed on any NOVAMONT employee who commits fraud or attempted fraud against the State or another Public Body, regardless of whether NOVAMONT obtains an actual advantage therefrom.

3.1.3 RELATIONS WITH SUPERVISORY AUTHORITIES, AUDIT COMPANIES, INFORMATION BODIES

The individuals appointed to conduct relations with Supervisory Authorities, Audit Companies and Information Bodies shall maintain a conduct based on maximum transparency.

Indeed, only employees who are authorised to enter into relations with these particular types of bodies are permitted to supply information about NOVAMONT's activities and organisational, economic and financial situation.

The information supplied shall be truthful and notified in a timely and correct manner without any reluctance.

3.1.4 RELATIONS WITH SUPPLIERS

With regard to the procurement and, in general, the supply of goods and/or services to NOVAMONT, NOVAMONT employees shall:

- follow the internal procedures concerning the selection of suppliers and the management of relations with suppliers;
- not deprive any supply company that meets the stated requirements the possibility of bidding for the contract, by adopting objective selection criteria based on established and transparent conditions;
- secure the cooperation of suppliers in ensuring that the requirements of NOVAMONT customers are constantly met in terms of quality, cost and delivery times and according to their expectations;
- satisfy the contractual conditions;
- maintain a frank and open dialogue with suppliers, in line with sound commercial practices.
- enter into commercial relations only with those companies that guarantee respect for the basic human rights of their employees, i.e. those which:
 - offer adequate pay and guarantee the current mandatory national minimum wage;
 - comply with the maximum number of working hours laid down by the applicable laws;
 - do not employ workers under the age of 15 or, in countries subject to the derogation for developing countries under ILO Convention 138, do not employ workers under the age of 14.

3.1.5. PRESENTS, GIFTS AND BENEFITS

No form of gift is allowed if it can be construed as exceeding normal commercial practices or courtesies, or aimed at obtaining favourable treatment in the conduct of any activity connected with NOVAMONT. That rule, which is not subject to exception even in those countries where the offering of gifts to business partners is customary, concerns gifts promised or offered and those received. By gift is meant any kind of benefit (free participation in conferences and/or events, payment of personal expenses, promise of a job offer, etc.). Under no circumstances shall NOVAMONT engage in practices that are not permitted by law, by commercial practices or by the ethical codes - if known - of the companies or bodies with which it has dealings.

NOVAMONT gifts are distinctive because they aim to promote social and cultural initiatives or to promote the Group's corporate image.

Gifts offered - except those of modest value - shall be adequately documented to allow checks to be

made and authorised by the relevant department manager, who shall notify the NOVAMONT Legal Affairs Department in a timely manner.

3.1.6. PROHIBITION ON INITIATIVES WITH TERRORIST AIMS

It is prohibited to promote, set up, organise, manage or finance, directly or indirectly, associations whose mission, either abroad or against a foreign state, an international institution or organisation, is to carry out acts of violence against individuals or property, for the purposes of terrorism or subversion of the democratic order.

3.1.7. PROHIBITION OF COUNTERFEITING ACTIVITIES

NOVAMONT S.p.A. condemns any form of activity that may lead to the commission of the offence of counterfeiting currency laid down in Arts. 453 et seq of the Criminal Code.

In order, additionally, to prevent the company's image from being harmed, it is therefore prohibited for Employees, members of the Corporate Bodies, Consultants and External Collaborators, to:

- engage in the counterfeiting of national/foreign currencies having legal tender within or outside of the State;
- alter genuine currency in any way to give the latter the appearance of being worth more;
- obtain or receive counterfeit or forged currency from the counterfeiter or forger or from an intermediary, in order to put that currency into circulation;
- forge national or foreign currency having legal tender within or outside of the State by reducing its value;
- purchase or hold counterfeit or forged currency in order to put it into circulation;
- spend or put in circulation counterfeit or forged currency, even if received in good faith;
- make counterfeits or forgeries of revenue stamps;
- introduce into State territory, purchase, hold or put in circulation counterfeit revenue stamps;
- make counterfeits of watermarked paper which is used for the manufacture of legal tender or revenue stamps;
- purchase, hold or dispose of such counterfeit watermarked paper;
- manufacture, purchase, hold or forge watermarks, computer programs or tools intended exclusively for the forgery or counterfeiting of currencies, revenue stamps and watermarked paper.

Section II

3.2 ACCOUNTANCY AND FINANCIAL STATEMENTS

3.2.1 TRANSPARENCY OF ACCOUNTING RECORDS

Accounting transparency is based on the use of true, accurate and complete information in the respective accounting records. Each employee shall cooperate to ensure that operational events are represented in a correct and timely manner in the accounts. For each operation, appropriate support documentation shall be kept about the activities performed, so that such activities can be easily recorded, the different levels of responsibility can be identified and the operation can be accurately reconstructed to reduce the probability of errors of interpretation. Each record shall reflect exactly what is shown in the supporting documentation. It is the duty of each employee to ensure that the documentation is easily retraceable and ordered logically. Employees who become aware of omissions, falsifications or acts of carelessness in the accounts or in the documentation on which the accounting records are based, shall report those facts to their superior or to the Supervisory Board.

3.2.2 AUDITING

NOVAMONT's financial statements are externally audited by a leading audit company. The appointed audit company shall have free access to the data, documentation and information that are useful and necessary to carry out the audit.

Section III

3.3. PERSONNEL POLICIES

3.3.1 PERSONNEL SELECTION

An assessment of the personnel to be recruited is carried out by matching up the candidates' profiles with the qualities expected of the successful candidate as well as company requirements, in accordance with the principle of equal opportunity for all concerned.

Requests for information shall be strictly for the purpose of checking the aspects required according to the professional profile and aptitude testing, while respecting the privacy and opinions of the candidate.

The Human Resources Department, within the limits of the information available, shall adopt appropriate measures to avoid favouritism, nepotism or forms of patronage in the selection and recruitment stages (for example, ensuring that the person making the selection is not related to the candidate).

3.3.2. ESTABLISHMENT OF THE EMPLOYMENT RELATIONSHIP

Personnel shall be recruited under a proper contract of employment. No form of illegal work shall be tolerated.

At the time of establishing the employment relationship, each employee shall receive detailed information about:

- job characteristics and the duties to be performed;
- conditions and pay, as governed by the national collective labour agreement;
- rules and procedures to be adopted to avoid possible work-related risks to health.

This information shall be presented to the employee so that acceptance of the job is based on effective understanding.

3.3.3 PERSONNEL MANAGEMENT

NOVAMONT avoids any form of discrimination with respect to its employees.

In staff management and development processes, as in selection, decisions are taken by matching up the expected profiles with those possessed by the employees (for example, in the case of promotion or transfer) and/or on considerations of merit (for example, awarding bonuses according to results achieved).

Staff appraisal is an extended process that involves managers, the personnel department and, as far as possible, the persons who come into contact with the appraisee.

Each manager is required to make maximum use of the working time of employees by calling for performances consistent with the exercise of their duties and with the work schedules.

The requesting of services, personal favours or any behaviour that represents a breach of the Code, as a duty owed to an immediate superior, shall constitute an abuse of a position of authority.

3.3.4 ORGANISATION OF WORK INITIATIVES

If it is necessary to reorganise work, the value of human resources shall be safeguarded and provision made, where necessary, for training and/or professional redeployment activities.

3.3.5 HEALTH AND SAFETY

NOVAMONT is committed to spreading and establishing a culture of safety by developing risk awareness and promoting responsible behaviour on the part of all employees. Furthermore, it aims to preserve, especially through preventive actions, the health and safety of workers, as well as the interests of other stakeholders.

NOVAMONT's aim is to protect the Group's human, property and financial resources, by constantly seeking out the necessary synergies not only within the Company but also with the suppliers, companies and customers that are involved with the Group's activities.

In particular, the basic principles and criteria on the basis of which decisions of any kind and at any level are made in relation to health and safety at work are as follows:

- a) avoid risks;
- b) evaluate risks that cannot be avoided;
- c) combat risks at source;
- d) adapt the work to the individual, especially as regards the design of workplaces, the choice of work equipment and the choice of working and production methods, with a view, in particular, to alleviating monotonous work and work at a pre-determined work rate and to reducing their effect on health;
- e) adapt to technical progress;
- f) replace the dangerous by the non-dangerous or the less dangerous;
- g) develop a consistent overall prevention policy which covers technology, organisation of work, working conditions, social relationships and the influence of factors relating to the working environment;
- h) give collective protective measures priority over individual protective measures;
- i) give appropriate instructions to employees.

These principles are used by NOVAMONT to take the measures necessary to protect the health and safety of workers, including prevention of occupational risks, information and training activities and the preparation of the necessary organisation and resources.

3.3.6 PRIVACY PROTECTION

The employee's privacy is protected by adopting standards that specify the information that the company requires from the employee and the respective procedures for the processing and retention of that information in accordance with current legislation.

Any survey into the ideas, preferences, personal tastes and, in general, the private life of employees is excluded. These standards also stipulate, without prejudice to the situations prescribed by law, that it is prohibited to communicate/disseminate personal data without the prior consent of the data subject and lay down the rules whereby each employee can check the privacy protection rules.

3.3.7 PERSONAL INTEGRITY AND PROTECTION

NOVAMONT is committed to protecting the moral integrity of its employees by guaranteeing their right to working conditions that are respectful of personal dignity. For this reason, it safeguards workers from acts of psychological violence and condemns any discriminatory or harmful attitude or

behaviour on the part of any person, his beliefs and preferences (for example, insults, threats, isolation or excessive intrusiveness, professional limitations) and prohibits, in both internal and external working relations, any form of harassment, by which is meant:

- the creation of an intimidating, hostile or isolating working environment in relation to individual groups of workers;
- unjustified interference with the work of others;
- the hindering of the individual job prospects of others for simple reasons of personal competitiveness.

No sexual harassment is permitted by which is meant:

- the making of decisions which are important to the working life of the person concerned conditional upon the acceptance of sexual favours;
- the making of proposals for private interpersonal relations, despite the fact that these are expressly or reasonably obviously unwelcome, which have the capacity, depending on the specific nature of the situation, to upset the peace of mind of the person concerned with objective implications for that person's working life;

and behaviours or conversations that may affect personal sensitivities (for example, the exposure of images with explicit sexual references or insistent and continual allusions) must be avoided.

Any NOVAMONT employee who believes that he or she has been the subject of harassment or discrimination on the grounds of age, gender, sexual orientation, race, health, nationality, political opinions and religious beliefs, etc. can report the incident to the Supervisory Board which will assess whether there has actually been a breach of the Code. Differences are not however considered discriminatory if they are justified or objectively justified.

3.3.8 DUTIES OF EMPLOYEES

NOVAMONT employees must not only comply with the general duties of fairness, correctness and performance of the employment contract in good faith but also refrain from carrying out activities in competition with those of NOVAMONT, observe company rules, provide the services requested and comply with the stipulations of the Code.

INFORMATION MANAGEMENT

The employee must be familiar with and implement the company's information security policies in order to guarantee the integrity, confidentiality and availability of that information. Employees are required to draw up documents using clear, objective and exhaustive language so that checks can be made by colleagues, managers or external partners authorised to request such.

CONFLICT OF INTERESTS

All NOVAMONT employees are required to avoid situations where conflicts of interest may arise and to refrain from taking personal advantage of business opportunities which present themselves during the performance of their duties.

By way of example, the following situations, *inter alia*, may cause a conflict of interests:

- occupying a senior position (managing director, director, department manager) while holding economic interests with suppliers, customers or competitors (ownership of shares, professional appointments, etc.) including via family members;
- having responsibility for dealings with suppliers while carrying out work, directly or via a family member, for those suppliers;
- accepting money, favours or benefits from persons or firms who have or intend to enter into business relations with NOVAMONT.

If the mere appearance of a conflict of interests arises, the employee shall notify his manager, who, according to the specified procedures, shall inform the Supervisory Board and the latter shall investigate whether such a conflict actually exists on a case-by-case basis. The employee is also required to provide information about his activities outside of working time, where these may appear to create a conflict of interests with NOVAMONT.

USE OF COMPANY RESOURCES

All employees are required to take care to protect company resources by adopting responsible behaviours in line with the operating procedures governing the use of those resources, and documenting precisely the use of such resources. In particular, each employee must:

- use the resources entrusted to him conscientiously and parsimoniously;
- avoid improper uses of company resources that may cause damage or reduced efficiency or conflicts with the company's interests.

Each employee is responsible for protecting the resources entrusted to him and has the duty to inform the appointed units immediately of any threats or harmful events for the Group.

NOVAMONT reserves the right to prevent distorted uses of its resources and infrastructures through the use of accounting systems, financial control reporting systems and risk analysis and prevention systems, without prejudice to compliance with the provisions of current laws (privacy law, workers' statute, etc.).

COMPUTER OFFENCES

As far as computer applications are concerned, each employee shall:

- comply strictly with the company's security policies, in order not to compromise the functionality and protection of the computer systems;
- not send threatening or insulting electronic mail messages, not use low-level language, not express inappropriate comments that may cause offence to individuals and/or harm to the company's image;
- not browse on websites for indecent or offensive content;
- not adopt any behaviour that constitutes a computer offence and, in particular, those computer offences that may entail administrative liability for NOVAMONT pursuant to Legislative Decree 231/2001, such as, for example, unlawful access of computer or data processing systems or unlawful holding of computer credentials.

Section IV

3.4 ENVIRONMENTAL POLICY

NOVAMONT is aware that the environment can offer a competitive advantage in a market that is increasingly global and demanding in terms of quality and behaviour.

The Group's strategy is based on investments and activities that meet the principles of sustainable development.

Section V

3.5 EXTERNAL RELATIONS

3.5.1 EXTERNAL COMMUNICATION

NOVAMONT's communication towards its stakeholders (including via the mass media) is based on respect for the right to information. Under no circumstances is it permitted to disclose false or biased information or comments.

All communication activities must comply with laws, rules and practices of professional behaviour and must be carried out in a clear, transparent and timely manner, safeguarding confidential information and trade secrets.

Personnel must not release formal or informal external communications in any manner or form.

Relations with the mass media are the exclusive preserve of those employees who are vested with representative powers or who are specially appointed for that purpose. Personnel cannot supply information to representatives of the mass media nor promise to do so without the authorisation of the competent company department.

3.5.2 RELATIONS WITH INTEREST-HOLDING ASSOCIATIONS

NOVAMONT believes that dialogue with associations is strategically important for the correct development of its business. It therefore opens a permanent channel of communication with the associations representing its stakeholders in order to cooperate with respect for their mutual interests, to present the Group's stances and to prevent possible situations of conflict.

To that end, NOVAMONT:

- responds to the observations of all associations;
- where possible, shall inform and involve the most qualified and representative trade associations, on subject-matters that concern specific classes of stakeholders.

3.5.3. GRANTS AND SPONSORSHIPS

NOVAMONT may agree to requests for grants from non-profit bodies and associations provided that they have proper articles of association and incorporation.

Sponsorships, in the areas of society, environment, sport, entertainment and art, can only be given for events that offer a guarantee of quality or in which NOVAMONT may assist in the planning, so that it can guarantee the originality and effectiveness of such events.

In choosing the events in which to participate, NOVAMONT shall always take care to avoid any possible personal or company conflict of interest (for example, blood relationship with the persons concerned or connections with organisations that may, given the work that they carry out, favour in some way the Group's activities).

3.5.4 INSTITUTIONAL RELATIONS

Relations with State or international institutions are exclusively based on forms of communication that assess the implications of legislative and administrative activities with respect to NOVAMONT, that respond to informal requests and acts of scrutiny (questioning, interpellations, etc.) or that make know its stance on important matters for the Group.

To that end, NOVAMONT agrees to:

- establish, without any kind of discrimination, permanent channels of communication with all institutional partners at international, community and local level;

- represent the interests and positions of Group companies in a transparent, rigorous and consistent manner, avoiding collusive behaviours.

3.5.5 RELATIONS WITH POLITICAL ORGANISATIONS AND TRADE UNIONS

The Company cannot make direct or indirect grants in breach of current rules under any form to political parties, political movements and organisations and trade unions or to their representatives and candidates.

4. CONFIDENTIALITY

Information about stakeholders is processed by NOVAMONT with full respect for the confidentiality and privacy of the data subjects.

To that end, specific policies and procedures for the protection of information are applied and constantly updated.

In particular NOVAMONT:

- defines information processing procedures which ensure a correct separation of roles and responsibilities;
- classifies information according to increasing levels of importance, and adopts appropriate countermeasures in each stage of processing;
- requires third parties involved in information processing to sign non-disclosure agreements.

It is the duty of all employees to ensure the confidentiality required by the circumstances for all information that they learn by virtue of carrying out their work.

NOVAMONT undertakes to protect any information about its employees and third parties, generated or acquired internally and in business dealings, and to avoid any improper use of such information.

Information, knowledge and data acquired or processed by employees during their work or by virtue of their duties belongs to NOVAMONT and cannot be used, communicated or disclosed without specific authorisation from one's superior.

Without prejudice to the prohibition to disclose information regarding the organisation and production methods of the company or to make use thereof in such a way that may cause harm to the company, all NOVAMONT employees shall:

- acquire and process only those data which are necessary and expedient for the purposes of the Unit to which they belong and which are directly connected with their duties;
- acquire and process such data in accordance with specific procedures only;
- look after the data so that other unauthorised persons cannot have access thereto;
- communicate the data in accordance with agreed procedures and/or with the express authorisation of their superiors and, in all cases, after ensuring that the data in question are disclosable;
- ensure that there are no absolute or relative constraints on the disclosability of information concerning third parties connected to NOVAMONT by a relationship of any kind and, where appropriate, obtain their consent;
- associate the data with methods such that any person authorised to access such data can easily gain an understanding thereof in the most precise, exhaustive and truthful manner possible.

5. SANCTION SYSTEM

A duly established breach of the provisions of the Ethical Code constitutes a valid and sufficient reason for the application of disciplinary sanctions against the person responsible for that breach.

It is important to point out that any breach could cause serious economic loss to NOVAMONT, on the basis of the general principles relating to civil liability and as a result of the possible imposition of the sanctions laid down in Legislative Decree 231/01 governing the liability of legal persons for administrative offences.

Beside the application of disciplinary sanctions, NOVAMONT reserves the right to undertake any other action necessary to protect its interests.

5.1 DETERMINATION OF SANCTIONS

Save as otherwise provided in the following articles, the body responsible for establishing breaches of the Ethical Code and for determining the respective disciplinary sanctions is the Supervisory Board. Disciplinary sanctions are determined in accordance with the national collective labour agreements enforced by the company.

If the breach is committed by a Manager of the company, the Board of Directors shall be informed.

5.2 DISCIPLINARY SANCTIONS FOR MEMBERS OF THE SUPERVISORY BOARD

If breaches of the Ethical Code by members of the Supervisory Board are reported, the body responsible for establishing the breach and for determining the sanctions is the Board of Directors.

Anyone who becomes aware of a breach of the Code by members of the Supervisory Board must report it in writing to the Board of Directors.

5.3 SANCTIONS FOR EXTERNAL PERSONS

Disciplinary sanctions for persons outside of the company and having contractual relations with the latter, whether they are natural or legal persons, consist of the suspension or termination of the existing contractual relations, without prejudice to the right to claim damages. As regards the activity of other persons bound by the Code, the provisions of Art. 2049 of the Civil Code shall apply.

5.4 SANCTIONS FOR DIRECTORS AND AUDITORS

If breaches attributable to directors and auditors are observed, the body responsible for establishing the breach and for determining the sanctions is the Board of Directors, excluding any members involved.

If the breaches involve at least half of the number of Directors, a Shareholders' Meeting shall be called.

5.5 RIGHT OF DEFENCE

The bodies that apply the disciplinary sanctions must guarantee that the person concerned receives suitable, timely and confidential notification of the breaches observed and has an adequate period of time - no less than 15 days - in which to collect his arguments and defences and in which to ask for a hearing.

5.6 TIME-LIMIT

Disciplinary proceedings cannot be commenced more than three years after the act committed and, in any case, cannot last more than 12 months from full notice of the facts. Disciplinary proceedings shall end with a written and reasoned decision signed by the chairman of the deliberating body.

6. SYSTEM OF DELEGATIONS

The System of Delegations and Powers aims to define the company organisation, to assign roles and responsibilities to each sector of the company, to identify the natural persons who can carry out specific company activities, on their own authority or delegated by third parties, and to formalise the allocation of decision-making powers and their economic scope.

In setting up that system, which is also useful for preventing the commission of any offences, the following must be considered and put into effect:

- a clear and organic allocation of duties, in order to avoid overlapping of power or power vacuums,
- a concrete segregation of responsibilities and interests, to avoid concentrations of power within a single subject and in accordance with the Organisation, Management and Control (OMC) Model required under Legislative Decree 231/01 as amended and supplemented.

7. INTERACTION BETWEEN ETHICAL CODE AND OMC

NOVAMONT believes that the Ethical Code forms an integral part of the current system of company organisation.

The values that inspire the Ethical Code and the rules contained herein also represent a starting point for the effective implementation, within the Company, of the Organisation, Management and Control Model that the Company has set up and approved by resolution of the Board of Directors of 25 November 2008 as amended and supplemented.