

**LUCCHINI RS S.p.A.**

**CODE OF CONDUCT**

## PREFACE

### *To all Employees and Collaborators of LUCCHINI RS S.p.A. and Companies of the Group*

Lucchini RS, aware of its role within the market and society, intends divulging the fundamental ethical principles the Group has adhered to since it was founded as widely as possible. This code of conduct represents a further step forward in defining the company's responsibilities as regards the duties assigned and the monitoring of the conduct of those persons and services in areas most at risk of formal and substantial irregularities.

The company must adapt organising, or however, setting up again systems and structures able to define working and behavioural procedures that, in turn, must be monitored for their accurate application bearing in mind even the new regulations introduced on the subject of industrial health and safety by law No 123/2007.

I have never neglected to indicate that the company's fundamental objective is that of making a profit, as means of achieving, maintaining and improving the technical resources necessary to compete on the free market, especially at a time that has seen and sees rapid growth and radical change, both at economic and commercial level, in an ever increasing scenario of globalisation.

However, I would like to point out that said objective has always been subject to two basic principles:

- the research and the development of a structure based on the personal and professional improvement of those involved at every level of activity: company and group development is based on human resources;
- the inspiration for an ethics, unwritten up to now, but clear and mandatory for everyone, based on honesty and observance of the law, even when this could be a hindrance when competing on a highly demanding market.

I have reason to believe that these principles always applied have given Lucchini RS the good image and reputation that has enabled it to make a name for itself on international market.

Moreover, observance of this Code of Conduct constitutes an integral part of an Employee's contractual obligations, even in accordance with and to all intents and purposes of art. 2104 of the Civil Code<sup>1</sup>. A breach hereof on the part of those Recipients listed hereunder constitutes, depending on the case, a disciplinary misconduct (sanctioned in accordance with the applicable regulations) and/or contract default and may involve paying compensation to the Company for damages resulting from said breach (in accordance with the regulations in force and the collective contract applicable from time to time).

Recipients must observe the provisions set out in this Code of Conduct both in relationships among them (so-called internal relationships) and those with third parties (so-called external relationships).

Love, 12 February 2008

The Managing Director  
Engineer Erder Mingoli

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<sup>1</sup>“2104. *Employee diligence.* – *Employees must adopt the diligence required by the nature of the service rendered, the interest of the company and the higher interest of the national production. Moreover, they must observe those provisions governing work execution and regulations set out by employers and collaborators they hierarchically report to*”.

## **CODE OF CONDUCT**

### **1. INTRODUCTION**

This Code of Conduct (hereinafter referred to as the “**Code**”) contains principles of an ethical nature to inspire the activities of Lucchini RS S.p.A. and its subsidiaries in accordance with article 2359 of the Civil Code (hereinafter referred to as the “**Lucchini RS Group**”), both in Italy and abroad.

This Code is binding for directors, auditors, managers, cadres and employees of the Lucchini RS Group and external professionals, consultants and suppliers that, for whatever reason provide professional activities or services to the Lucchini RS Group (hereinafter referred to as the “**Recipients**”).

This Code has been drawn up to clearly define the fundamental ethical values of the Lucchini RS Group, constituting a key element of the company culture as well as a standard of behaviour for all Recipients in conducting their business and carrying out activities to the benefit of Lucchini RS Group.

### **2. GENERAL PRINCIPLES**

#### **2.1 Legality**

Lucchini RS Group activities and business is not only inspired by the company Code and internal regulations but also full observance of the laws and regulations in force in those Countries in which said activities and business are carried out, as well as honest collaboration with the public institutions and authorities of those countries.

Recipients, must fully know and observe all laws and regulations in those Countries in which they work when carrying out their functions contacting, in the event of interpretative doubts on the applicable standards, the competent offices and company bodies.

Recipients shall never justify any conduct in breach of the law or regulations claiming they acted in the interest or to the benefit of the Lucchini RS Group.

#### **2.2 Transparency, honesty and collaboration**

Transparency, honesty and collaboration are fundamental values for the Lucchini RS Group and, as such, they must form part of a Recipient's conduct when working both within and outside the Lucchini RS Group.

For the purposes of this Code, honesty value must be intended as keeping one's word, promises and agreements, sense of responsibility of action, making the most of and safeguarding company wealth and applying the rule of good faith in all activities and decisions.

Bearing in mind their importance in verifying respect of the principles of Recipient transparency and honesty, company function related information transmitted within the Lucchini RS Group or to third parties must be true, uniform, complete and prompt and expressed in forms – written or verbal – that facilitate understanding on the part of recipients.

### **2.3 Dignity and equality**

The Lucchini RS Group acknowledges and reports everyone's dignity, privacy and rights and rejects any form of discrimination.

### **2.4 Professionalism**

The Lucchini RS Group deems professionalism to be a value of fundamental importance for it to be successful on national and international markets and therefore asks Recipients to work with the professionalism and degree of diligence required by the nature of the duties assigned and functions exercised, doing their best to achieve the objectives set.

### **2.5 Traceability of Activities Carried Out**

All Recipients must keep appropriate documentation for all operations carried out so that the relative reasons and characteristics can be verified at any time during the authorisation, completion, registration and auditing phases.

## **3. COMPANY POLICIES**

### **3.1 Developing human resources**

The Lucchini RS Group safeguards and promotes the development of human resources, putting specific training instruments at the service of Recipients both within and outside its structures.

In selecting and managing its staff the Lucchini RS Group adopts criteria on the merits, ability and assessment criteria of individual skills and competencies and offering all Recipients equal opportunities at the same conditions, thus avoiding any form of discrimination based on racial, cultural, ideological, sexual, physical or religious factors.

Recipients are invited to carefully monitor their training and professional development, constantly increasing the contribution made to the Lucchini RS Group and helping it maintain and improve its image and good reputation. Therefore, collaboration between colleagues, both in a horizontal and vertical direction, should be constantly improved to promote efficiency and professionalism. All Recipients are trained and updated with training and mobility initiatives.

### **3.2 Health and safety**

The Lucchini RS Group takes all measures necessary to safeguard the health and physical integrity of its employees, adopting company organisation models based on the constant improvement in industrial health and safety. Smoking in the workplace, as well as the use of drugs and alcoholic substances is strictly forbidden. Anyone subjected to passive smoking in the workplace should inform their Manager or the relative Company control bodies.

Moreover, the Group complies with the regulations in force governing industrial hygiene and safety. All recipients must take the greatest of care in carrying out their activities, strictly observing all safety and accident prevention measures, so as too avoid any risks for themselves, colleagues and collaborators and for the whole community. In particular, they must observe all provisions set out in accordance with Decree Law No 626 of 19 September 1994, and Decree Law No 494 of 14 August 1996 and subsequent amendments and integrations as well as any other law applicable to the Company: all Recipients must follow those

instructions and directives provided by subjects to whom the Company has delegated fulfilment of safety related obligations.

The Lucchini RS Group sees to training and sensitizing its *management* and all personnel on safety issues in order to enforce its industrial safety policies.

### **3.3 Respecting the environment**

The Lucchini RS Group promotes production policies that reconcile the need for economic development and value creation distinctive of the company activities attributable to it with the need to respect and safeguard the environment.

## **4. REGULATIONS AND STANDARDS OF BEHAVIOUR**

### **4.1 Relationships with shareholders and company bodies**

The Lucchini RS Group *management* promptly provides, within the limits set out by the regulations in force, all information, clarifications, data and documents requested by partners, control bodies, auditors and, in general, those subjects acknowledged the right to obtain Lucchini RS Group related information.

The Lucchini RS Group provides internal procedures aimed at guaranteeing the aforementioned subjects, as well as the other internal control bodies obtain any company and management information they are entitled to receive promptly.

The Lucchini RS Group believes that providing complete and promptly company information is a guarantee of the transparency and honesty of its relationships with partners, company bodies and external subjects.

In the event that one of the Lucchini RS Group Companies is subject to the control of another company in accordance with article 2359 of the Civil Code, Lucchini RS Group *management* shall pursue the Company's main interest and remain independent in its assessments and decisions towards its partners.

### **4.2 Relationships with customers**

The Lucchini RS Group activities and business are based on quality, intended not only as value of the product but also dedication to particular customer needs, availability and promptness in responding to business requests, promptness in

dealing with complaints and, in general, attention to those aspects that determine a constructive relationship between customers and the Lucchini RS Group.

Recipients must adopt a clear and correct approach when dealing with customers, favouring, if possible, written communications so as to avoid misreadings and misunderstandings as to the contents of business relationships in force.

### **4.3 Relationships with suppliers**

The Lucchini RS Group selects its suppliers fairly and impartially, solely with the aim of constantly improving the quality/price ratio of that supplied.

Therefore, Recipients in charge of purchases must abstain from any form of favouritism or discrimination and behave in a balanced and irreproachable fashion, not succumbing to any form of pressure on the part of suppliers offering inappropriate benefits, in the event of doubt on how to behave, the direct superior or person in charge of the competent company function must be informed.

### **4.4 Relationships with business partners and other contract counterparties**

Relationships with business *partners* and other contract counterparties are kept in accordance with the fundamental principles set out in this Code and in the laws applicable from time to time.

Activities with contract counterparties must be conducted in the interests of honesty, loyalty, willingness and transparency and must be upheld by criteria of competence, professionalism, dedication and efficiency.

The principles set out in this Code must be respected in developing initiatives with business partners, in particular:

- relationships must be established only with *partners* that have a respectable reputation, involved only in legal activities and whose company ethical culture is comparable to that of the Group;

- transparency of agreement must be guaranteed abstaining from signing secret agreements or contracts that are in contrast with the law;
- transparent and collaborative relationships must be kept with *partners*;
- any *partner* conduct that appears to be in contrast with the ethical principles set out in this Code must be reported immediately to a direct superior or the Company's control body.

#### **4.5 Relationships with public bodies**

Relationships between the Lucchini RS Group and representatives of political institutions, unions, Public Administration officials and bodies as well as regulatory authorities are based on principles of integrity, transparency and honesty and limited to those functions in charge and appropriately authorised in observance of the provisions of law and regulations.

Recipients involved in said relationships must restrain from any conduct – even not of a criminal nature – that could be interpreted as actually, potentially or inappropriately influencing the activities of the aforementioned institutions and bodies. In particular, Recipients shall not promise, offer or provide, neither directly or indirectly, sums of money or goods or, in general, benefits aimed at promoting or favouring the interests of one or more of the companies of the Lucchini RS Group. Recipients shall not disregard the aforesaid prohibition resorting to other forms of help or contributions – such as but not limited to, sponsorship, consultancy work, company assignments – that have the same aforementioned objective.

#### **4.6 Relationships with Auditors**

In relationships with the Board of Auditors and the auditing company, all company structures or functions as well as all Recipients shall adhere, amongst other things to the provisions of the Code, in accordance with the respective institutional roles.

Requests to fulfil obligations or to provide documents shall be dealt with immediately, assuming clear responsibility as to the truth, completeness and

accuracy of the information provided. Data and documents requested are made available in a timely and exhaustive way. Information provided in this way must be accurate, complete, faithful and true avoiding and however reporting, in the most appropriate forms and ways, situations of conflict of interest.

The Board of Directors assesses the possible assignment of duties other than the mandatory audit to the company in charge of the audit in accordance with the law in force.

#### **4.7 Gifts, gratuities and other benefits**

In relationships with customers, suppliers, political institutions, Public Administrations and, in general, third parties Recipients shall not promise, accept or offer gifts, gratuities, benefits (both direct and indirect) and acts of generosity or hospitality of a quality or value exceeding normal business practice, local customs and ordinary kindness or, however, that are aimed at obtaining favours, or other inappropriate benefits with reference to the company operations attributable to the Lucchini RS Group.

When any gifts, gratuities, benefits or acts of generosity or hospitality are offered or promised to Recipients, they shall be reported to the competent company bodies immediately that will decide on the admissibility of that offered or promised.

Recipients shall not offer or promise customers, political institutions, Public Administrations and, in general, third parties, and if requested they shall report the circumstance to the competent bodies immediately – gifts, gratuities, benefits (both direct and indirect) and acts of generosity or hospitality that exceed the limits or have the aforesaid features.

#### **4.8 Preventing money laundering**

Recipients shall:

- check information available on business counterparties, suppliers, partners, collaborators and consultants beforehand to make sure they are

- respectable and their activities legitimate before establishing business relationships with them;
- avoid getting involved in any operation that could, even potentially, favour the laundering of money from illegal or criminal activities, acting in accordance with internal control procedures.

#### **4.9 Circulating information**

The Lucchini RS Group acknowledges the *media* plays a fundamental role in circulating information. Therefore, relationships with its interlocutors are managed in accordance with the principles of transparency, accuracy and promptness.

The Lucchini RS Group undertakes to correctly, constantly and promptly inform all those involved, directly or indirectly, in its activities.

The sensitivity of said task means that activities to communicate and divulge information regarding the work carried out by the Lucchini RS Group is solely reserved to the competent functions: informative reports, intended for both internal and external bodies (customers, suppliers, institutions) must be drawn up scrupulously in accordance with the aforesaid principles.

Therefore, all others are forbidden from divulging information with regards to the Company without prior authorisation.

#### **4.10 Handling information**

The Lucchini RS Group will handle information put at its disposal with the maximum confidentiality and, if necessary, in accordance with the *privacy* law, making sure Recipients respect the commitment to keep information confidential when carrying out activities to the benefit of the Lucchini RS Group.

A Recipients undertaking to keep information confidential shall also stand following termination, for whatever reason, of the working relationship, the co-operation or the consultancy to the benefit of Lucchini RS Group; therefore, Recipients shall not be authorised to use or divulge in any form, even as a summary, the information in their possession as a result of their work, even if it

has ceased, unless said use or disclosure is authorised in writing by the Lucchini RS Group.

#### **4.11 Confidential/privileged information**

Recipients shall keep privileged or confidential information, even that of third parties, that has come to their knowledge strictly confidential. All those working on behalf of the Company shall always act professionally, honestly and diligently in accordance with the confidentiality and the professional and industrial secret.

Said confidentiality obligation refers to all information of a confidential/privileged nature; obtained from customers or third parties, within and outside the Company, that are in a Subjects' possession as a result of their activities. Subjects may not communicate said confidential/privileged information to third parties within or outside the Company; privileged or confidential information may only be divulged between those really need to know it as a result of the working or professional activities or functions they carry out in the Company: said subjects shall be appropriately informed of the resulting duties and responsibilities, as well as the applicable sanctions in the event of abuse or unauthorised disclosure of the aforesaid information.

When Subjects have to disclose any confidential/privileged information to third parties in order to fulfil their professional obligations (for example in accordance with a consultancy contract in force) and in observance of applicable provisions of law and regulations, the confidential/privileged nature of the information must be communicated to said third party beforehand.

#### **4.12 Preventing conflicts of interest**

Recipients must carry out their activities on behalf of the Lucchini RS Group avoiding any potential or partial conflicts of interest, intending by this situations in which an interest other than that of the Lucchini RS Group is pursued or Recipients can gain unfair advantages, for themselves or others, from information obtained as a result of their role.

By way of example, but not limited to, the following situations constitute conflicts of interest:

- (a) possessing, even indirectly, shareholdings or taking on economic-financial interests in companies that are suppliers, customers or competitors of the Lucchini RS Group ; and
- (b) taking on company appointments or carrying out any type of activity at suppliers and customers.

Recipients shall immediately inform the competent company bodies of the Lucchini RS Group of any conflict of interest refraining from taking part in those company activities and decisional processes in which there may be a conflict of interest notwithstanding said competent bodies issue specific authorisation to act.

#### **4.13 Account related principles**

It is of fundamental importance for the Lucchini RS Group that its accounts and financial data is true, accurate, complete and clear so that it may provide partners and third parties with transparent, correct and comprehensive data on its company activities.

The accounts, and resulting documents, must be based on precise, comprehensive and verifiable information and reflect the nature of the operation they refer to, in accordance with the law and applicable national and international accounting principles. Moreover, said accounts and documents must come complete with the supporting documentation necessary to carry out objective analyses and audits.

## **5. SUPERVISORY BODY APPOINTED IN ACCORDANCE WITH D.LAW 231/2001 AND DISCIPLINARY SANCTIONS**

### **5.1. Supervisory Body Duties**

The Supervisory Body appointed in accordance with the organisation and management model is responsible for verifying that this Code is appropriate and enforced and observed by all companies of the Lucchini RS Group.

Moreover, the Supervisory Body is responsible for:

- (i) receiving complaints, requests for clarification and information on this Code, that shall be kept strictly confidential, in accordance with the applicable laws;
- (ii) investigating any potential breaches of this Code, communicating the relative outcomes to the competent company bodies and proposing the disciplinary sanctions to impose on those responsible;
- (iii) proposing updates and adjustments to the Code even on the basis of reports made by recipients.

## **5.2 Reporting breaches**

All Recipients must report any breach or suspected breach of this Code to the Supervisory Body.

Reports shall be provided solely in writing to the following Company address, Lucchini RS S.p.A., Via G. Paglia 45, 24065 Lovere – C.A. OdV or e-mail address [ODVlucchiniSM@lucchini.it](mailto:ODVlucchiniSM@lucchini.it).

## **5.3 Verifying breaches**

The Group undertakes to safeguard anyone who reports a breach from any prejudicial effect resulting therefrom. Members of the Supervisory Body shall keep the names of those reporting the breach and subject thereof strictly confidential, notwithstanding their legal obligations, penalty immediate loss of their position. The Supervisory Body operates impartially, with authority, continuity, professionalism and independency with the complete support of the Company's top management, with which it works in absolute autonomy.

All breaches of the aforementioned principles represents for Employees and Managers, if found to be true, a contract default of obligations resulting from their working relationship in accordance with arts. 2104 and 2106 of the Civil Code; as

for Administrators, all breaches represents non observance of those duties imposed by the law and by the articles of association in accordance with art. 2392 of the Civil Code, whilst for suppliers, collaborators, consultants and partners they constitute a contract default and therefore may justify termination of the contract, notwithstanding compensation for damages, in accordance with that set out in the respective contract clauses.

The Supervisory Body makes sure that specific procedures have been adopted to inform all the aforementioned subjects as to the existence and contents of this sanctionative apparatus as soon as they start working with the Group Company. All Recipients of the Model must work with the Supervisory Body to collect the additional information deemed necessary by the Supervisory Body to assess the report properly and completely, at the end of which disciplinary measures may be taken.

Once the Supervisory Body has conducted the appropriate investigations and assessments, assesses according to the existence of said breaches, and proposes the appropriate measures to the competent company Functions.

The Group undertakes to see and impose consistent, impartial and uniform sanctions that are proportionate to the breaches of this Code of Conduct and in accordance with the regulations governing working relationships.

#### **5.4 Sanctions**

The Companies of the Group see to imposing consistent, impartial and uniform sanctions that are proportionate to the breaches of this Code of Conduct and in accordance with the regulations governing working relationships and, in particular, these procedures set out in art. 7 Law 300/1970 through the bodies and functions in charge. In particular:

#### **5.5 Employee sanctions**

The individual regulations governing conduct set out in the Model constitute “provisions enforcing and disciplining the working imposed by employers” that, in

accordance with article 2104 of the Civil Code, all employees must observe, therefore, failure on the part of the worker to observe the Model constitutes contract default and therefore the employer may impose those disciplinary sanctions set out in the law and collective contract.

The Metal Workers' National Collective Employment Contract stipulated on 7 May 2003, disciplining the working relationship between Lucchini RS and its employees, lays down (article 23) the following disciplinary measures in the event of a contract default:

- (i) verbal warning;
- (ii) written warning;
- (iii) fine under three hours' pay calculated on the minimum scale;
- (iv) suspended from work and pay for up to a maximum of three days;
- (v) dismissal with prior notice, and
- (vi) dismissal without prior notice.

In accordance with that set out in article 7 of Law No 300 of 20 May 1970, and article 23 of the Metal Workers' National Collective Employment Contract, before applying a sanction, the charge must be notified in writing to the employee, who will have 5 (five) days to submit a defence and justification and that, upon request, must be heard.

In particular, except for verbal warnings, charges must be notified in writing and disciplinary measure only applied after five days, during the course of which employee may submit their defence or justifications in writing or ask to be heard, possibly with the assistance of union representative or a member of the joint bargaining unit. Disciplinary measure shall be justified and communicated in writing.

Workers may contest, at a union level, those measures set out in (ii), (iii) and (iv) in accordance with that laid down with regards to disputes in the applicable National Collective Employment Contract. Disciplinary dismissal, with or without prior notice, may be contested in accordance with art. 18 of Law No 300 of 20 May 1970.

In accordance with that set out in art. 7 of Law No 300 of 20 May 1970, and the principle of ranking sanctions according to the severity of the breach, it is noted that the type and entity of each sanction shall also be determined according to:

- whether said conduct was deliberate or not and any attenuating or aggravating circumstances;
- the position held by the employee;
- the involvement of more than one worker; and
- previous disciplinary measures within the two year period foreseen by the law.

Those disciplinary sanctions set out in (i) and (ii) are imposed on employees that, despite not operating in Areas at Risk, breach those procedures set out in the Model or do not behave in accordance with the Model.

Those disciplinary sanctions set out in (iii) and (iv) are impose on employees that, working in Areas at Risk, do not behave in accordance with the prescriptions of the Model set out for their specific activity.

Dismissal with prior notice is applied to employees that, in carrying out their activities, do not behave in accordance with the Model and their actions are aimed at committing a crime sanctioned by the Decree; moreover, dismissal with prior notice is also applied to those employees that, suspended twice from work and pay, breach once again those prescriptions set out for the specific Area at Risk in which they carry out their activities.

Dismissal without prior notice is applied to employees that, in carrying out their activities, do not behave in accordance with the prescriptions of the Model to such an extent that their actions lead to administrative sanctions, resulting from a crime provided for in the Decree, being applied to Lucchini RS.

In accordance with that set out in article 26 of the Metal Workers' National Collective Employment Contract of 7 May 2003, in the event of the requirements for dismissal without notice Lucchini RS may precautionary and not disciplinary suspend the worker, with immediate effect, for a period of not more than six days.

## **5.6 Manager sanctions**

Observance on the part of Lucchini RS managers of those organisational provisions and procedures set out in the Model as well as the fulfilment of obligations to make observe what set out in the Model constitutes a fundamental element of the relationship between them and Lucchini RS.

All managers shall receive a copy of the Organisational Model and sign a declaration of express acceptance thereof.

Lucchini Sidermecanica shall apply to all those managers that do not behave in accordance with that set out in the Model, or allow their direct subordinates to adopt behaviour in breach of the Model those sanctions it deems most appropriate, according to the severity of the manager's conduct and in accordance with that set out in the Industrial Managers' National Collective Employment Contract.

In particular:

- in the event of a serious breach of one or more of the prescriptions of the Model such to configure a significant default, the manager shall be dismissed with prior notice;
- in those cases where the breach of one or more of the prescriptions of the Model is so serious as to irreparably damage the relationship of trust, thus not permitting the working relationship to continue even temporarily, the manager shall be dismissed without prior notice.

The aforementioned sanctions shall be applied in accordance with that set out in art. 7 of Law No 300 of 20 May 1970.

## **5.7 Director sanctions**

The Supervisory Body shall inform the Board of Auditors and Chairman of the Board of Directors of any proven breaches on the part of one or more Lucchini RS directors of the organisational provisions and procedures set out in the Model, and, in particular of any crimes committed in accordance with the Decree resulting in the administrative liability of Lucchini RS whilst adopting the most appropriate initiative.

## **5.8 Sanctions applied to external collaborators and partners**

Any conduct on the part of external collaborators or Lucchini RS *partners* in contrast with that set out in this Model, and such to commit a crime provided for in the Decree in the interest of or to the benefit of Lucchini RS may result in, depending on that set out in the contract provisions included in the letter of assignment or *partnership* agreements, termination of the contract, as well as a claim for compensation for any damage caused to Lucchini RS.