

Organisation and Management
Model
pursuant to Italian Legislative
Decree

No. 231, dated June 8th 2001



CAVIRO Soc. Coop. Agricola

Organisation and Management Model
pursuant to Italian Legislative Decree No. 231, dated 8th June 2001

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GENERAL INFORMATION

INTRODUCTION

The rules of conduct included in this Model complement the ones set forth in the Code of Ethics, even though the scope of the Model is different from the Code, due to the purposes to be served by this Model in accordance with the provisions established in the Decree.

The Code of Ethics is an instrument adopted independently that is intended to be applied in general terms by the Company in order to express the principles of "corporate ethics," which are recognised as their own principles to be observed by all employees.

The Model, on the other hand, responds to specific requirements included in the Decree, which are aimed at preventing certain types of offences from being committed (for actions apparently taken for the benefit of the company, and which may entail an administrative liability according to the provisions of such Decree).

1. ITALIAN LEGISLATIVE DECREE No. 231/2001

1.1 The framework governing the administrative liability of legal entities, companies and associations

Italian Legislative Decree No. 231, entitled "Regulation of the administrative liability of legal entities, companies and associations, including entities devoid of legal personality" (hereinafter referred to as the "Decree"), was issued on 8th June 2001, and came into effect on 4th July in order to adapt the national regulations regarding the liability of legal entities to certain international Conventions to which Italy has already adhered, such as:

- § the Brussels Convention on 26th July 1995 on the protection of the European Communities' financial interests;
- § the Convention signed also in Brussels on 26th May 1997 on the fight against corruption involving officials of the European Community or officials of Member States of the European Union;
- § the OECD Convention of 17th December 1997 on combating bribery of foreign public officers in international business transactions.

Under the decree in question, corporations (including companies, consortia, etc., hereinafter referred to as "Corporations") may now be held liable (substantially in terms of criminal liability) within the Italian legal system for certain offences committed in their interest or for their benefit by:

- § individuals in charge of the representation, administration or management of the Entity or one of its organisational units that are financially and operationally independent, as well as individuals who, even if only de facto, manage and exercise control over the Entity in question,
- § individuals subjected to the management or supervision of one of the above-mentioned individuals.

Such liability is additional to the liability of the individual who materially committed the offence.

The extension of the liability aims at inflicting the punishment for some criminal offences on the Entities that have profited from commission of the offence. Among the foreseen sanctions, the most serious ones are prohibitive measures such as the suspension or revocation of licences and permits, disqualification from contracting with the Public Administration, disqualification from engaging in business, disqualification from financing and other contributions, disqualification from advertising goods and services.

The liability set forth in such Decree is also applicable in relation to offences committed abroad, as long as the State of the place in which the offence has been committed does not take any action.

As regards the types of offences for which the Entities are to be held administratively liable, the Decree, in its original text, refers to a series of offences committed in the course of relations with the Public Administration, and, specifically:

- improper obtainment of contributions, loans or other funds from the State or from another public body (art. 316-ter of the Italian Criminal Code);
- fraud to the detriment of the State or of another public body (Art. 640, first paragraph, No. 1, Italian Criminal Code);
- aggravated fraud aimed at obtaining public funding (Art. 640-bis of the Italian Criminal Code);
- computer fraud to the detriment of the State or of another public body (Art. 640-ter of the Italian Criminal Code);
- corruption in the performance of official duties (Art. 318 of the Italian Criminal Code);
- corruption in the performance of acts against official duties (Art. 319 of the Italian Criminal Code);
- corruption in judicial proceedings (Art. 319-ter of the Italian Criminal Code);
- incitement to corruption (Art. 322 of the Italian Criminal Code);
- extortion (Art. 317 of the Italian Criminal Code);
- embezzlement to the detriment of the State or of another public body (Art. 316-bis of the Italian Criminal Code);

Subsequently, Article 6 of Italian Law No. 409 dated 23rd November 2001, specifying "Urgent provisions in view of the introduction of the Euro," integrated Article 25-bis into Italian Legislative Decree 231/2001, with the aim of punishing offences regarding "forgery of money, public credit notes and revenue stamps."

More recently, Article 3 of Italian Legislative Decree No. 61 dated 11th April 2002, in force since 16th April 2002, within the scope of the new Company Law Reform, introduced the new Article 25-ter in Italian Legislative Decree 231/2001, extending the administrative liability of Entities to instances where the so-called corporate offences are committed, as set out in Italian Legislative Decree no. 61/2002 (false corporate communications, false corporate communications to the detriment of shareholders or creditors, false accounting, false statements in the reports or communications to the audit firm, obstruction to control activities, improper reimbursement of contributions, illegal distribution of profits and reserves, unlawful transactions on the shares or stocks of the company or of the controlling company, transactions damaging creditors, fictitious capital formation, improper distribution of corporate assets by liquidators, unlawful influence over the shareholders' meeting, market rigging, obstruction to public surveillance in the performance of their duties).

1.2 The adoption of the "Organisation and Management Model" as possible exemption from the administrative liability

Article 6 of the Decree, when introducing the concept of administrative liability, provides, however, for a specific form of exemption from that liability if the Entity can prove that:

- a) the Entity managing body has adopted and effectively put into practice, before the offence was committed, organisation and management models capable of preventing offences of the same kind as those that have been committed;
- b) the task of ensuring that the models work and are observed, and that they are kept up-to-date has been entrusted to a department of the Entity with autonomous powers of initiative and control;
- c) the individuals who have committed the offence have fraudulently eluded the above-mentioned organisation and management models;
- d) there has not been insufficient or lack of supervision by the surveillance department indicated in point b) above.

As regards the powers devolved and the risk of committing offences, the Decree also states that the models described in point a) must meet the following requirements:

1. identification of the activities in the context of which the offences set out in the Decree may be committed;
2. provision of specific protocols aimed at planning and implementing the decisions the Entity must make in relation to the offences to be prevented;
3. identification of methods to manage the financial resources that are necessary for preventing such offences from being committed;
4. ensuring that the department in charge of checking that the model works and is observed makes all the necessary information available;
5. introducing an internal disciplinary system capable of imposing sanctions for failure to comply with the measures indicated in the model.

The Decree also states that organisation and management models can be adopted if they guarantee the above-mentioned needs, on the basis of codes of conduct drawn up by associations representing the business sector, and notified to the Ministry of Justice, which, together with the rest of competent Ministries, may, within 30 days, express an opinion on the suitability of the models to prevent offences.

Finally, in small-sized Entities, the surveillance activity may be performed directly by the managing body.

2. CAVIRO'S ADOPTION OF THE MODEL

2.1 Caviro's intended objectives by adopting the Model

In compliance with its own corporate policies, Caviro has decided to implement the organisation and management model set forth by Italian Legislative Decree 231/2001 (hereinafter referred to as the "Model"), in order to ensure correctness and transparency when conducting corporate activities, preserving its position and corporate image, as well as protecting its shareholders' expectations and its employees' work.

Such choice, together with the issuance of the Code of Ethics, has been made in the conviction that adopting this Model can constitute a valid awareness instrument for all those who operate on behalf of Caviro, so that they behave correctly when performing their activities, thus preventing the risk of committing the offences indicated in the Decree.

This Model has been adopted by the Board of Directors through the resolution dated 09/19/2005.

Always in compliance with the provisions set forth in the Decree, the Board of Directors, when adopting this Model, has entrusted the task of assuming the internal control functions (Compliance Officer - CO) to Martina Liverani, Francesco Randi and Roberto Zama, all of them are Caviro's employees, with the support of external consultants. Such Compliance Officers shall be in charge of overseeing the effective functioning of and compliance with the Model, as well as of updating the latter.

2.2 Purpose of the Model

The purpose of the Model is developing a structured operational system of procedures as well as control activities, to be put into practice also in a preventive way, aimed at preventing the commission of the different types of offences considered in the Decree.

In particular, the Model has the following purposes:

- § determine, in all those who operate in the name and on behalf of Caviro in "risk areas of activity," the awareness that by breaching the provisions hereof, they might incur in an offence implying criminal and administrative sanctions, to be levied not only towards them but also towards the company;
- § reassert that Caviro shall not tolerate any such illegal behaviour (even in case the Company were able to benefit), as it is opposed to the applicable law, as well as to the social ethical principles inspiring the Company in the fulfilment of its own company mission;
- § allow the Company, by means of monitoring the "risk areas of activity," to take immediate action in order to prevent or counter the commission of offences.

The Model purpose is the observance of such principles through its key characteristic elements:

- § activities to raise awareness and spread the rules of conduct and the procedures implemented at all company levels;

- § the map of the “risk areas of activity” in the company, i.e., those activities carried out in a context in which offences are more likely to be committed;
- § the assignment of specific surveillance tasks in relation to the efficient and correct functioning of the Model to the internal control Body;
- § checking the documentation about the operations at risk and their traceability at all times;
- § compliance with the principle of functions, especially in those areas considered to be at greater risk;
- § definition of authorisations coherent with the responsibilities that are assigned;
- § checking corporate behaviour, as well as the Model functioning, and subsequently updating the latter periodically.

2.3 Sensitive activities

The activities in whose context the Offences set forth in Italian Legislative Decree 231/2001 may be committed when adopting the Model are related to:

- a) relations with the Public Administration (P.A.);
- b) corporate offences, introduced by the aforementioned Italian Legislative Decree 61/2002.

The acts and operations at risk related to such activities are called “Sensitive activities”.

In the specific reality of Caviro, the Sensitive activities are mainly the following ones:

- a) participation in competitions organised by the Public Administration;
- b) relations with the P.A. for the concession of grants, authorisations, deals, etc.;
- c) Italian or Community public financing requests;
- d) choosing a Partner with whom to operate when the activity in question involves a constant relation with the P.A.;
- e) financial statement, relation, statement and corporate communication formation activities provided by law;
- f) information flows to and from the audit firm;
- g) relationship with shareholders as regards their right to control;
- h) control activities on the administrators' operations.

From time to time, the Supervisory Body will identify the activities that – according to the evolution of law – shall be included in the group of hypotheses, also making sure that the necessary measures are taken.

2.4 Model Outline

This Model consists of a “General Part” and of several “Special Parts” referring to the different types of offences provided for in the Decree.

The first Special Part, which is called Special Part "A," refers to the specific types of offences for the purposes of Articles 24 and 25 of the Decree, i.e., for offences to the detriment of the Public Administration.

The second Special Part, which is called Special Part "B," refers to the specific types of offences for the purposes of Article 25-ter of the Decree, i.e., the so-called corporate offences.

The Board of Directors of Caviro Soc. Coop. Agricola shall – at a future stage and through a suitable resolution –integrate this Model with further Special Parts related to other types of offences that, due to other regulations, are added or otherwise connected to the field of application of the Decree.

2.5 Amendments and integrations to the Model

Since this Model is "issued as an act of the managing body" (in accordance with the provisions of Article 6, paragraph I point a) of the Decree), any subsequent substantial amendments and integrations are referred to the competence of the Board of Directors of Caviro Soc. Coop. Agricola.

However, the President of Caviro Soc. Coop. Agricola shall have the right to introduce any possible formal amendments or integrations.

In addition, the Model requires – in certain parts –the exclusive competence of the President of Caviro Soc. Coop. Agricola; whereas in other parts the exclusive competence of the Internal Control Body is required in order to introduce specific integrations.

3. BOARD OF DIRECTORS

The Board of Directors keeps all the powers and responsibilities set forth in the Italian civil code and in the company's articles of association; in addition, the Board of Directors also has the following functions:

- § it is responsible for adopting the Model, controlling its efficiency, and setting up the Control Body;
- § it gives the General and Top Management tasks that do not cause and/or determine contrasts to the control system provisions;
- § it puts into operation a suitable delegation system consistent with the preventive control system requirements.

4. INTERNAL CONTROL COMMITTEE

Within the scope of the Board of Directors, there is a suitable Internal Control Committee, which is in charge of providing advice and proposals, as it is indicated in the Code of Ethics.

Such functions are integrated into the task of:

- § assessing the Model suitability, and its consistency with the Internal Control System and the Code of Ethics.

For that purpose, the Internal Control Committee is constantly informed by the Internal Control Body through the transmission of periodical reports about the Model implementation.

The Committee may also convene the Internal Control Body at any time for updates according to the Model functioning or to specific related situations.

5. GENERAL MANAGEMENT

Without prejudice to the powers and functions assigned to the General Management by all the previous resolutions issued by the Company Board of Directors, the Management:

- § informs all the company components about the importance of complying with every system provision without reservations, as it is aimed at the company self-governing powers;
- § promotes management policies in compliance with the control system;
- § makes sure that the financial resource management is in line with the control system provisions;
- § ensures the certainty of the authority and responsibility limits dependant upon different individuals;

- § organises the corporate activities in such a way that suitable documentation is produced before, during and after every management action;
- § favours responsibility sharing also through the use of plurality of signatures, where appropriate;
- § provides for the separation and contrast of functions also, where possible, within the scope of the same procedures;
- § ensures that the management complies with the transparency principles;
- § carries out the system review in due course or whenever it is necessary to do so;
- § ensures the availability of the necessary resources for applying and updating the preventive control system.

6. INTERNAL CONTROL BODY (CO - COMPLIANCE OFFICER)

6.1 Identification of the internal control body

Pursuant to the provisions of Article 6, point b, of Italian Legislative Decree 231/01, the task of overseeing the effective functioning of and compliance with the models, as well as of updating the latter is entrusted to a body of the Co-operative endowed with autonomous powers of initiative and control.

Such body shall be endowed with:

- § Autonomy and independence
- § Professionalism
- § Continuous action

The task of fulfilling the internal control body functions is assigned to Martina Liverani, Francesco Randi and Roberto Zama, all of them are Caviro's employees.

Such choice is based on the fact that these employees have been recognised as the most suitable individuals to take on this role, given the autonomy, independence, professionalism and continuous action requirements that are requested.

External consultants have been identified in order to provide adequate support to carry out the activities to be performed by the internal control body according to the Model, and which require specific skills that are not present inside the Company.

6.2 Functions and powers of the internal control body

The Internal Control Body is in charge of overseeing:

- § that the Model requirements are observed by addressees, which are identified in the Special Parts in relation to the different types of offences considered in the Decree;
- § the Model actual efficiency and effective capacity, in relation to the company structure, to prevent the commission of the offences set forth in the Decree;

- § the opportunity to update the Model, wherever it is necessary to adjust it in relation to new company conditions.

At the operational level, the following tasks are entrusted to the Internal Control Body:

- § activate the control procedures, it being understood that an essential responsibility over the control of the activities, even for those related to the risk areas of activities, is still required from the operational management and is an integral part of the corporate process;
- § scout around the corporate activities in order to keep the mapping of risk areas of activities up-to-date;
- § periodically perform targeted checks on certain operations existent within the risk areas of activity, as defined in the Model Special Parts;
- § promote suitable initiatives for increasing awareness of the Model and its understanding;
- § prepare the necessary internal organisational documents for the Model functioning;
- § collect, create and keep the relevant information related to the compliance with the Model, as well as update the list of information that must be necessarily transmitted to the Internal Control Body or kept it at its disposal;
- § get organised with the people in charge of the other company functions for better monitoring the activities in the risk areas and for the different aspects related to the implementation of the Model (definition of the standard clauses, training of personnel, disciplinary measures, etc.). For that purpose, the Internal Control Body is constantly informed about the evolution of the activities in such risk areas, and has free access to all the relevant corporate documentation. The Internal Control Body must also be informed by the management of any possible situations of the corporate activity that may expose the company to the risk of offence;
- § check the actual presence, the regular keeping and the efficiency of the requested documentation in compliance with the provisions of the Model Special Parts for the different types of offences. In particular, the Internal Control Body must be informed of the activities set forth in the Special Parts, and the documentation update data must be made available, in order to enable the execution of controls;
- § conduct internal investigations in order to verify alleged breaches of the provisions of this Model;
- § make sure that the elements specified in the Model Special Parts for the different types of offences (adoption of standard clauses, execution of procedures, etc.) are suitable and comply with the requirements set forth in the Decree; otherwise, it shall be necessary to update such elements.

Refer to the law provisions in force for information not contained herein.

6.3 Reporting Functions by the Internal Control Body to the company bodies

The Internal Control Body is assigned two reporting lines regarding the implementation of the Model:

- § the first one, which is continuous, directly with the President of the Board of Directors;
- § the second one, which is periodical, with the Internal Control Committee of the Board of Directors, through its President, and with the Board of Statutory Auditors.

The Internal Control Body may be convened at any time by such bodies, or, in turn, it may request to be convened, to refer to the Model functioning or to specific situations.

7. PERSONNEL SELECTION, TRAINING AND INFORMATION

7.1 Personnel selection

The Control Body – in agreement with the General Management – suggests, if necessary, specific systems aimed at personnel selection and training, which take into account the company requirements in terms of the application of the Decree.

7.2 Personnel training

Personnel training for the purpose of implementing the Model is managed by the Human Resources Manager in strict collaboration with the Internal Control Body, and shall be divided into the following levels:

- § Executive management personnel with representation powers and related responsibilities: initial seminary extended, from time to time, to all the new people that are appointed; annual training initiatives; access to documentation dealing with the topic (but only in electronic format) and updated by the Internal Control Body; update e-mails; information in the letter of appointment for new employees; training within the admittance training activity; insertion of specific documentation in the “Welcome Book.”
- § Other personnel: internal informative note; information in the letter of appointment for new employees; access to documentation dealing with the topic (but only in electronic format) and updated by the Internal Control Body; update e-mails; training within the admittance training activity; insertion of specific documentation in the “Welcome Book.”

7.3 Selection of External Employees and Partners

If proposed by the Control Body, it will be possible to establish within the company, with the President’s decision, suitable assessment systems to select representatives, consultants or the like (“External Employees”), as well as partners with which the company intends to establish any form partnership (for example, a joint venture, also as a temporary association of companies, a consortium, etc.), which shall cooperate with the company in the execution of the risk activities (“Partners”).

7.4 Information to External Employees and Partners

Subjects external to the Company (Representatives, Consultants and Partners) may receive appropriate information about the policies and procedures adopted by the company according to this Model, as well as the documents of the contract clauses that are currently used on the matter.

8. INFORMATION FLOWS TO THE INTERNAL CONTROL BODY

8.1 Notifications from within the company or by third parties

Within the scope of the company, the Control Body shall receive – apart from the documentation specified in the Model Parts according to the procedures therein established – any other information, of any kind, coming even from third parties, and related to the implementation of the Model in the risk areas of activity.

In this regard, the following provisions are applicable:

- § the Control Body shall assess the notifications received, and shall suggest possible subsequent actions, listening, if necessary, to the author of the notification and/or to those responsible for the alleged breach, and indicating in writing any possible reason for refusing to carry out an internal investigation;
- § the notifications, in line with the provisions set forth in the Code of Ethics, may be submitted in writing and deal with any breach or suspected breach of the Model. The Control Body shall take the necessary actions in order to protect those who inform such breaches against any form of retaliation, discrimination or penalty, while also ensuring their confidentiality, except for the legal obligations and the protection of the rights of the company or of the people who are accused of something erroneously and/or in bad faith;
- § the Internal Control Body shall implement “dedicated informative channels” with a twofold function: to facilitate the flow of notifications and information to the Control Body, and to quickly resolve cases of doubt.

8.2 Obligations related to the disclosure of official acts

In addition to the notifications mentioned in the previous chapter, all information concerning the following shall be necessarily reported to the Control Body:

- § measures and/or information coming from judicial authorities, or from any other authority, from which it may be inferred that investigations on known or unknown parties for the offences set out in the Decree are being performed;
- § requests for legal assistance made by executives and/or by employees in relation to the beginning of judicial proceedings for the offences set forth in the Decree;
- § reports drawn up by the people in charge of other company functions within their control activity, and from which, facts, acts, events or omissions showing highly critical profiles with regard to the compliance with the provisions of the Decree may emerge;
- § news on the actual implementation, at all company levels, of the organisation Model, with specific attention to any disciplinary proceedings and any sanctions

inflicted (including the measures towards employees), or any act of dismissal of such proceedings with the corresponding reasons.

The Control Body periodically assess whether the premises are still valid in order to propose possible amendments to the above-mentioned list to the President.

8.3 Delegation system

The Control Body shall be informed about the delegation system adopted by the company and all the corresponding updates.

9. DISCIPLINARY SYSTEM

9.1 Sanctions for employees

In compliance with the regulations in force related to this matter, any behaviour of employees which constitutes a breach of any rule of conduct drawn from this Model and from the Code of Ethics shall be defined as a disciplinary offence.

These sanctions expand the disciplinary measures included in the national collective labour agreement for employees of farm co-operatives and consortia, and in Italian Law No. 300 dated 20th May 1970.

In particular, it is provided that:

a) VERBAL OR WRITTEN REPRIMANDS shall be applied to

Workers who:

§ breach the internal procedures established by this Model (for example, those who do not comply with the established procedures, omit to notify the required information to the Control Body, omit to carry out controls, etc.) or adopt a conduct that is not in line with the provisions of the Model while carrying out activities in risk areas,

as such behaviour shall be construed as a breach of the provisions informed by the Company through service orders or any other suitable means.

b) FINES shall be applied to

Workers who:

§ breach the internal procedures established by this Model several times or adopt a conduct that is not in line with the provisions of the Model in several occasions while carrying out activities in risk areas,

as such behaviour shall be construed as repeated breaches of the provisions informed by the Company through service orders or any other suitable means before such breaches have been individually verified and contested.

c) SUSPENSION FROM WORK AND PAY shall be applied to

Workers who:

§ when breaching the internal procedures established by this Model or when adopting a conduct that is not in line with the provisions of the Model while carrying out activities in risk areas, as well as when performing acts that are contrary to the interests of the Company, cause damage to the latter or expose it to an objectively dangerous situation for the integrity of the company goods,

as such behaviour shall be construed as damage or dangerous situation for the integrity of the company goods or as the execution of acts contrary to its interests resulting from the breach of the provisions informed by the Company through service orders or any other suitable means.

d) DISMISSAL WITH NOTICE SUBSTITUTIVE PAYMENT AND WITH SEVERANCE PAY shall be applied to

Workers who:

§ adopt a conduct that is not in line with the provisions of this Model and which is univocally aimed at committing an offence that is penalized by the Decree while carrying out activities in risk areas;

such behaviour shall be construed as considerable damage or as a considerably dangerous situation.

e) DISMISSAL WITHOUT NOTICE AND WITH SEVERANCE PAY shall be applied to

Workers who:

§ adopt a conduct that is openly in breach of the provisions of this Model and is such as to determine that the Company takes the specific the measures set forth in the Decree,

such behaviour shall be construed as the execution of acts causing the Company not to trust its worker any longer, or as the existence of the breaches indicated in the previous points causing serious damage to the company.

The type and the extent of each of the above-mentioned sanctions shall be applied according to:

§ the intentionality of the behaviour or the degree of negligence, imprudence or inexperience regarding also the predictability of the event;

§ the worker's overall behaviour specially regarding the existence or inexistence of disciplinary background, within the limits provided by law;

§ the worker's tasks;

§ the functional position of the people involved in the facts constituting the breach;

§ any other special circumstances related to the disciplinary breach.

As regards verification of such infringements, the disciplinary proceedings and the infliction of sanctions, the powers that are already granted, within the corresponding limits, to the company Management remain unchanged.

The disciplinary system is constantly monitored by the Internal Control Body and by the Human Resources Management.

9.2 Measures towards executives

In the event of any breaches of the internal procedures established by this Model on the part of executives, or the adoption of a conduct that is not in line with the provisions of the Model while carrying out activities in risk areas, it shall be necessary to decide whether to terminate the employment relationship for just cause, as such behaviour shall be construed as an instance of noncompliance that is detrimental to the relationship of trust with the Company.

10. OTHER PROTECTION MEASURES IN CASE OF NON COMPLIANCE WITH THE MODEL PROVISIONS

10.1 Measures towards directors and statutory auditors

In the event of any breaches of the Model on the part of directors or members of the Board of Statutory Auditors, the Internal Control Body shall inform the Board of Directors and the Board of Statutory Auditors, which shall proceed to adopt the suitable measures foreseen by the regulations in force.

10.2 Measures towards External Employees and Partners

Any behaviour adopted by External Employees or Partners that is in contrast with the lines of conduct indicated in this Model and which entails the risk of committing one of the offences penalized by the Decree may determine, by application of the specific contract clauses set forth in the letters of appointment or in the partnership agreements, the termination of the contractual relationship, except for the possible claim for damages whenever such behaviour results in concrete damage to the company, as in the case of the application on the part of the court of the measures set out in the Decree.

SPECIAL PART "A"

OFFENCES IN THE RELATIONSHIPS WITH THE PUBLIC ADMINISTRATION

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and Report of Evidence

A.4.2 Instructions and audits of the Internal Control Body

A.1 TYPES OF OFFENCES IN THE RELATIONSHIPS WITH THE PUBLIC ADMINISTRATION (ARTICLES 24 AND 25 OF THE DECREE)

This Special Part A includes a brief description of the types of offences provided for in Articles 24 and 25 of Italian Legislative Decree 231/01

Embezzlement to the detriment of the State or the European Union (Article 316-bis of the Italian Criminal Code)

The offence is committed by anyone who, after having obtained certain contributions or funds from the Italian State or from the European Union, does not use the obtained sums for the purposes they were intended (in fact, this offence is also committed if only a part of the funds is misused, without proving that the scheduled activity has been completed).

Taking into account that the moment in which the offence is committed coincides with the execution phase, the offence may also refer to funds that were already obtained in the past and which now are not used for the purposes they were granted.

Improper obtainment of public grants to the detriment of the State or the European Union (Article 316-ter of the Italian Criminal Code)

The offence is committed in the cases in which – by using or submitting false statements or documents, or by omitting due information – one obtains grants, financing, subsidised loans or other similar contributions granted or issued by the State or other Public Authorities, or by the European Union, without being entitled to them.

In this case, contrary to what is indicated in the previous point (Article 316-bis), the offence is committed regardless of the way in which the contributions are used, due to the fact that the offence is committed at the time in which such contributions are obtained.

Finally, it is important to highlight that this offence is residual in relation to the case of fraud to the detriment of the State, in the sense that it is only committed in the cases in which the relevant conduct does not fall within the scope of fraud to the detriment of the State.

Extortion (Article 317 of the Italian Criminal Code)

This offence occurs when a public official or a person engaged in public service, by taking advantage of his/her position, compels anybody to illegally give to himself/herself or to a third party, money or other benefits

This offence may be purely residual in relation to the cases considered in the Decree; in particular, such form of offence could occur, within the field of application of the Decree itself, in the cases in which a Company Employee or Agent contributes to the offence of the public official, who, taking advantage of such event, requests improper consideration to third parties (as long as such conduct results in some type of benefit for the Company).

Corruption in official acts or acts contrary to official duties (Articles 318 and 319 of the Italian Criminal Code)

This offence occurs when a public official receives, for himself/herself or for third parties, money or other advantage for performing, omitting or delaying acts that are part of his/her official duties (resulting in an advantage in favour of the tenderer).

The offence occurs both when the public official carries out an act that is part of his/her office (for example, speeding up paperwork which falls within the sphere of his/her competence), and when he/she carries out an act that is in breach of his/her duties (for example, accepting money for guaranteeing the illegitimate award of a tender).

Such types of offences differ from extortion, insofar as they involve an agreement between the bribed official and the briber, aimed at achieving a mutual benefit, while extortion by a public official involves a private party being victimized by the demands of a public official or person in charge of public service.

Incitement to corruption (Article 322 of the Italian Criminal Code)

The offence occurs when someone offers or promises money to a public official and the latter rejects the offer or promise that was illegally made.

Corruption in judicial proceedings (Article 319-ter of the Italian Criminal Code)

This offence occurs when money or other benefits are offered or promised to a public official (not only magistrates, but also clerks or other officials) in order to favour or advantage the Company in judicial proceedings.

Fraud to the detriment of the State, another Public Entity or the European Union (Article 640, second paragraph, No. 1 of the Italian Criminal Code)

The offence occurs when, by resorting to devices or deception and therefore misleading someone, an unfair profit is achieved, to the detriment of the State (or another Public Entity or the European Union).

This offence may occur, for example, in the case in which, when preparing documents or data in order to take part in tender procedures, incorrect information (for instance, information supported by false documentation) is given to the public administration in order to be awarded the tender.

Fraud aimed at obtaining public funding (Article 640-bis of the Italian Criminal Code)

This offence occurs whenever the fraud is aimed at obtaining public funding illegally. The offence may occur when resorting to devices or deception, for example, by providing false data or preparing false documentation, in order to obtain public funding.

Computer fraud to the detriment of the State or of another public body (Article 640-ter of the Italian Criminal Code)

This offence occurs when someone, by altering the operation of a computer or telematic system, or manipulating the data contained therein, obtains an unfair profit to the detriment of third parties.

Actually, the offence may occur if, once the financing is obtained, the computer system were infringed upon in order to enter a financing amount higher than the amount that was legally obtained.

A.2 RISK AREAS

The above-mentioned offences presuppose the existence of relationships with the Public Administration (considered in a broad sense and also including the Public Administration of foreign States).

For the purposes of this Model, the activity areas that are most specifically at risk have been limited to the areas that are involved in relationships with the specific relevant Entities belonging to the Public Administration in each sector (AGEA – acronym in Italian for the Agricultural payments Agency, Central Inspectorate for Fraud Repression, Technical Department of Financial Policy), in the obtainment of contributions or funds or in the participation in competitive procedures.

The following areas of activity are deemed to be at risk:

1. management of relationships with specific relevant Entities belonging to the Public Administration in each sector (AGEA – acronym in Italian for the Agricultural payments agency, Central Inspectorate for Fraud Repression, Technical Department of Financial Policy), in order to obtain the discharge of the fulfilment of the requirements and obligations foreseen by the regulations in force;
2. participation in procedures to obtain contributions, loans or funds from Italian or Community public bodies and the concrete use thereof;
3. participation in tender or direct negotiation procedures organised by Italian or foreign Public Bodies for the assignment of job orders (contract, supply or services), licences, partnerships, assets (business groups, shareholdings, etc.) or other similar operations characterised by the fact that they are performed in a potentially competitive context, which is also understood as a context in which, even when there is only one competitor in a particular procedure, the contracting body would have had the possibility of choosing also other companies present in the market;

Special attention should be given to the following situations within the field of the above-mentioned risk areas of activity:

- § participation in the procedures (indicated in the previous points) in association with a Partner (e.g., joint ventures, also as temporary association of companies, consortia, etc.);
- § the assignment, for the purpose of participating in the procedures (indicated in the previous points), of one specific task to provide consultancy or representation to a third party.

Possible integration of the above-mentioned risk areas of activity may be provided for by the President, who is instructed to identify the corresponding hypotheses and to define the suitable operational measures.

A.3 RECIPIENTS - GENERAL PRINCIPLES OF CONDUCT AND IMPLEMENTATION OF THE DECISION-MAKING PROCESS IN RISK AREAS OF ACTIVITY

This Part refers to the conducts adopted by directors, executives and employees (“Company Representatives”) operating in risk areas of activity, as well as External Employees and Partners (hereinafter collectively referred to as “Recipients”).

The purpose of this Part is to make all Recipients, as they have been identified above, adopt the rules of conduct in compliance with the corresponding provisions in order to prevent the offences set forth in the Decree from being committed.

This Part provides for the explicit prohibition, on the part of the Company Representatives, in a direct way, and on the part of External Employees and Partners, through specific contract clauses, to adopt the following conducts:

- § conducts that may integrate the types of offences described above (Articles 24 and 25 of the Decree);
- § conducts that, even though they do not represent the types of offences described above, may potentially become such offences;
- § conducts which are such as to favour any conflict of interest vis-à-vis the Public Administration in relation to the above-mentioned types of offences.

In the context of the above-mentioned conducts, in line with the sanctions set out in the Code of Ethics, it is explicitly forbidden to:

- a) give any sums of money to public officials;
- b) distribute gifts or presents, except as provided by corporate practice (i.e. any form of present offered or received that exceeds the normal commercial or courtesy practice, or anyway intended to obtain preferential treatment in conducting any company activity). In particular, any form of present to public officials, whether Italian or foreign (including Countries where giving presents is common practice), or their relatives, that might influence the independence in a decision or induce to grant any advantage whatsoever to the company is prohibited. Gifts are allowed if they are of a modest value or because they are intended to promote artistic initiatives (for example, the distribution of art books and/or objects), or the company brand image. Offered gifts – except those of a modest value – must be properly documented for the purposes of the prescribed assessments;
- c) grant any other advantage whatsoever (promise of employment, etc.) in favour of Public Administration representatives that may determine the same consequences provided for in point b) above;
- d) provide services in favour of Partners when they do not find adequate justification in the context of the relationship of association built with them;
- e) recognise compensation in favour of External Employees when they do not find adequate justification in relation to the type of task to be performed and the current local practices;
- f) file false statements before national or European public bodies in order to obtain public funding, grants or subsidised loans;
- g) allocate sums received from national or European public bodies by way of grants, contributions or funding, for purposes different from the ones they had been intended for.

For the purposes of implementing the above behaviours:

1. Relationships with the Public Administration in the context of risk areas of activity must be consistently managed, by appointing a suitable manager for each operation or for several operations (in case of particular repetitiousness) carried out in the risk areas of activity;
2. Association agreements with Partners must be defined in writing specifying all the terms of the agreement – in particular, as regards the economic conditions agreed upon for the joint participation in the procedure – and must be proposed, checked or approved by at least two individuals belonging to the Company;
3. The tasks assigned to External Employees must also be defined in writing, indicating the agreed payment, and must be proposed, checked or approved by at least two individuals belonging to the Company;
4. No type of payment, whether in cash or in kind, can be made;
5. The statements submitted to national or European public bodies in order to obtain grants, contributions or funding must only include absolutely true elements, and, in case of obtaining such grants, the corresponding statement must be issued;
6. Whoever carries out a control and supervision function on the requirements connected to the performance of the above-mentioned activities (payment of invoices, allocation of funding received from the State or from European bodies, etc.) must pay specific attention to the implementation of such requirements, and immediately refer any irregular situation to the Internal Control Body.

A.4 RISK AREAS OF ACTIVITY: ESSENTIAL ELEMENTS OF THE DECISION-MAKING PROCESS

A.4.1 Individual risk operations: appointment of the Internal Manager and Report of Evidence

It is necessary to give proof of all risk operations (participation in tender or direct negotiation procedures or public financing requests from national or European bodies).

For that purpose, the company President, or an executive appointed by him, shall appoint an internal individual (the “Internal Manager”) responsible for each single operation.

The Internal Manager:

- § becomes the referent and the person in charge of the risk operation;
- § is especially responsible for the relationships with the Public Administration, within the scope of the procedure to be executed.

For each single risk operation, the Internal Manager must fill in an appropriate Report of Evidence (hereinafter referred to as "Report") to be kept updated during the execution of the procedure, making use of the adequate "check list" which includes:

- a) the description of the risk operation, specifying, even if it is done approximately, the economic value of the operation;
- b) the Public Administration that has authority over the procedure involved in the operation;
- c) the name of the operation Internal Manager (with attached copy or with the details of the letter of appointment), specifying his/her position within company organisation;
- d) the statement made by the Internal Manager, indicating that the latter is fully aware of the tasks to be executed and of the obligations to be complied with when performing the operation, and that he/she is not involved in any of the offences set out in the Decree;
- e) information about the main initiatives and the main tasks fulfilled when executing the operation.

In particular, for the participation in tender or direct negotiation procedures:

- § sending the statement indicating the interest in participating in the procedure,
- § sending the non-binding offer,
- § sending the binding offer,
- § other significant passages of the procedure,
- § granted warranties,
- § outcome of the procedure,
- § conclusion of the operation;

for the participation in funding granting procedures:

- § funding request,
 - § significant passages of the procedure,
 - § outcome of the procedure,
 - § statement indicating the use of the sums obtained from the funds, contributions or public funding;
- f) information about possible External Employees in charge of assisting the company in the participation in the procedure (indicating the reasons for choosing such Employees, the type of task assigned, the corresponding compensation, any possible special conditions applied);
 - g) the statement made by the above-mentioned External Employees and included in the contract related to the task assignment, in which it is clear

- that such Employees are fully aware of the tasks to be executed and of the obligations to be complied with when performing the operation;
- h) information about possible Partners identified for the purposes of the joint participation in the procedure (indicating the reasons for choosing such Partners, the type of partnership agreement executed, the agreed economic conditions, any possible special conditions applied);
 - i) the statement made by the above-mentioned Partners and included in the corresponding partnership agreement, in which it is clear that the parties acknowledge the reciprocal obligation to take on the behaviours aimed at implementing the common initiative to the principles of transparency and correctness, and strictly complying with the provisions of Law;
 - j) other elements and circumstances concerning the risk operation (such as, movements of money performed within the procedure itself).

The Internal Manager shall specially:

- § inform the Internal Control Body of the Company about the opening of the operation, while also transmitting the initial data of the Report;
- § have the Report itself and the documents attached to it available for the Control Body of the Company, taking care of updating such documents during the execution of the procedure;
- § give information to the Internal Control Body about the closing of the operation. Such closing must be recorded in the Report by the Internal Manager.

The Internal Control Body of the Company shall authorise the filling in of cumulative Reports in case the company participates in multiple repetitive public procedures.

In exceptional cases in which there is an emergency situation and there are no valid alternatives, the Internal Control Body of the Company shall establish the derogation in relation to the compliance with the requirement to make a statement described in points g) and i) above.

Such derogation will be possible when the President and the Internal Control Body of the Company have formed the justified impression that the counterparty (Representative, Consultant or Partner) and the operation in question do not involve concrete elements of risk. The reason for such impression shall be formulated in writing.

The Control Body of the Company shall prepare further control mechanisms in order to monitor the operation in question.

Such further control mechanisms shall be recorded in writing.

The Internal Control Body of the Company shall exercise a specific control over such derogations, and such derogations shall be recorded in the periodical reports.

A.4.2 Instructions and audits of the Internal Control Body

The Control Body of the Company has the following tasks:

- a) ensure the issuing and update of standardised instructions (written and kept in hard copy or electronic support) related to:
 - an homogeneous and coherent compilation of the Reports;
 - the attitudes to be taken within the scope of the risk activities and, in general, in the relationships to be established with the Public Administration;
 - the limits within which it is not necessary to use some of the items of the Report.
- b) periodically check – with the support of the other competent functions – the system of delegations in force, recommending amendments in case the managing power and/or the qualification does not match the representation powers conferred to the Internal Manager;
- c) periodically check, with the support of the other competent functions, the validity of the standard clauses aimed at:
 - § compliance with the Decree provisions on the part of Recipients;
 - § the possibility of the Company to carry out efficient control actions towards the Recipients of the Model in order to assess compliance with the provisions thereof;
 - § the implementation of penalty mechanisms (such as withdrawal from the contract with Partners or External Employees) when infringements of the provisions are ascertained;
- d) inform the management about the suitable actions for managing the incoming and outgoing financial resources, by adopting certain tactics with which it is possible to notice the existence of possible atypical financial flows characterised by greater discretion margins in relation to what is regularly provided for, wherever it is necessary.

SPECIAL PART "B"

CORPORATE OFFENCES

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B.1 TYPES OF CORPORATE OFFENCES (Article 25-ter of the Decree)

This Special Part B includes a brief description of the types of offences provided for in Article 25-ter of Italian Legislative Decree 231/01 (hereinafter referred to as "Corporate Offences"), which are divided into five different groups for the purposes of this analysis.

1. FALSENESS IN COMMUNICATIONS, STATEMENTS AND REPORTS

False Corporate Communications (Articles 2621 and 2622 of the Italian Civil Code)

This offence may occur when a certain conduct either results in damage to the property of shareholders or creditors (Article 2622 of the Italian Civil Code), or does not result in such damage (Article 2621 of the Italian Civil Code).

These offences occur when a) untrue facts are included in statements, reports or other corporate communications required by law and addressed to the shareholders or to the public, even though subject to assessment, or b) there is an omission, in such documents, of information on the economic, assets or financial position of the company or of the group it belongs to, which is required to be communicated by law; in the above-mentioned conduct (commissive or omissive), there must be, in both cases, an intention of deceiving shareholders or the public, and the conduct must also be capable of misleading the recipients of the corporate communications, being, after all, aimed at obtaining an unfair profit for the benefit of the individual who committed the offence or of third parties.

It is noted that:

- the false or omitted information must notably distort the representation of the economic, assets and financial position of the company or of the group it belongs to;
- the responsibility also subsists when the information is related to assets owned or administered by the company on behalf of third parties;
- the offence set out in Article 2622 of the Italian Civil Code is prosecutable under a private action, unless it has been committed to the detriment of the State, other Public Bodies, the European Union, or it involves listed companies, in which case it is considered as an indictable offence.

Active parties in this offence are directors, general managers, auditors and liquidators.

False Reports (Article 2623 of the Italian Civil Code)

This offence consists in including false information, or concealing data or news in reports (i.e., the documents requested for the purposes of the investment request or the admission to quotation in controlled markets, or to be published in takeover bids or exchange offers) according to the suitable modalities, and in deceiving the recipients of such reports.

It is noted that:

- there must be awareness of the falseness and the intention of deceiving the recipients of the reports;
- the conduct must be aimed at obtaining an unfair profit for the benefit of the individual who committed the offence or of third parties;
- this offence is considered as a crime or as a contravention depending on whether it has caused or not damage to the property of the recipients of reports.

The offence is considered as a common offence that can be committed by "anyone" who adopts the criminal conduct.

Falseness in the reports or communications of the Audit Firm (Article 2624 of the Italian Civil Code)

The offence consists in false declarations or concealment of information, in the reports or in other communications of the audit firm, concerning the economic, asset or financial position of the company being audited, according to the suitable modalities, and in deceiving the recipients of such reports

It is noted that:

- there must be awareness of the falseness and the intention of deceiving the recipients of the communications;
- the conduct must be aimed at obtaining an unfair profit for the benefit of the individual who committed the offence or of third parties;
- this offence is considered as a crime or as a contravention depending on whether it has caused or not damage to the property of the recipients of the communications.

Active parties in this offence are the individuals in charge of the audit firms, but the members of the management and control bodies of Caviro Soc. Coop. Agricola and its employees may be involved in the offence as accomplices. In fact, it is imaginable the possible participation, pursuant to the provisions of Article 110 of the Italian Criminal Code, of directors, auditors, or other individuals of the company being audited, who have determined or incited the illegal conduct of the individual in charge of the audit firm.

2. ILLEGAL PROTECTION OF CAPITAL STOCK

Unlawful return of contributions (Article 2626 of the Italian Civil Code)

This offence is committed, with the exception of the cases considered to represent legitimate reductions of the capital stock, through returning – including simulated return – contributions to shareholders, or releasing the latter from their obligations to do so.

Active parties in this offence are only the directors. That is, the law has not intended to punish also the shareholders who receive the return or who are released from that obligation, excluding the necessary participation. It is still imaginable the possible participation, pursuant to the provisions of Article 110 of the Italian Criminal Code, according to which the shareholders who have determined or incited the illegal conduct of the directors will also be responsible for the offence.

Illegal division of profits or stocks (Article 2627 of the Italian Civil Code)

This offence is defined as the division of profits (or advances of profits) that have not actually been accrued or which the law requires to be paid to stocks, or the division of stocks (including those that are not made up of profits) that cannot be allocated according to the law.

It is noted that:

- returning profits or restoring stocks before the limit foreseen for approving the statement extinguishes the offence.

Active parties in this offence are the directors. That is, the law has not intended to punish the shareholders who benefit from the division of profits and from the stocks, excluding the necessary participation. It is still imaginable the possible participation, pursuant to the provisions of Article 110 of the Italian Criminal Code, according to which the shareholders who have determined or incited the illegal conduct of the directors will also be responsible for the offence.

Illegal transactions concerning the company or the controlling company shares or stocks (Article 2628 of the Italian Civil Code)

Such offence occurs upon the purchase or subscription of shares or stocks issued by the company (or by the controlling company) – with the exception of the cases provided for by law – to the detriment of the integrity either of the capital stock or of the stocks that may not be allocated according to law.

It is noted that:

- if the capital stock or the stocks are restored before the limit foreseen for approving the statement corresponding to the accounting period to which the conduct related, the offence will be extinguished.

Active parties in this offence are the directors. Besides, the directors of the controlling company are responsible as accomplices together with the managers of the controlled company, in the cases in which the illegal operations of the controlling company are carried out by the latter at the former's instigation.

Operations to the detriment of creditors (Article 2929 of the Italian Civil Code)

This offence consists in reducing the capital stock or merging with other companies or splitting up – which is in breach of provisions of law for protecting creditors – causing damage to creditors.

It is noted that:

- The payment of compensation for the damage caused to creditors before proceedings begin extinguishes the offence.

Active parties in this offence are the directors.

Fictitious setting up of capital (Article 2632 of the Italian Civil Code)

This offence occurs in the following cases: a) fictitious formation or increase of the capital stock by means of the allocation of shares or stocks of the company for an amount lower than their nominal value; b) reciprocal subscription of shares and stocks; c) significant over-evaluation of the company general assets, credits, or the company property in case of change of legal status.

It is noted that:

- however, the failure to check and possibly review – on the part of directors and auditors, and pursuant to the provisions of Article 2343, third paragraph, of the Italian Civil Code – the evaluation of the general assets included in the assessment report drawn by the expert appointed by the Court is not indicted.

Active parties in this offence are directors and contributor shareholders.

Improper distribution of company assets by liquidators (Article 2633 of the Italian Civil Code)

This offence occurs when company assets are divided among shareholders before the payment of company creditors or before the money necessary to meet their debt has been set aside, thus causing damage to the creditors.

It is noted that:

- the payment of compensation for the damage caused to creditors before proceedings begin extinguishes the offence.

Active parties in this offence are exclusively the liquidators.

3. ILLEGAL PROTECTION OF THE REGULAR FUNCTIONING OF THE COMPANY

Obstruction of control (Article 2625 of the Italian Civil Code)

This offence consists in obstructing or preventing – by concealing documents or through other suitable devices – the performance of control or audit activities legally attributed to shareholders, corporate bodies or to the audit firm, whenever such conduct causes damage to shareholders.

The offence can only be committed by directors.

Unlawful influence over the shareholders' meeting (Article 2636 of the Italian Civil Code)

This offence occurs when the majority in a meeting is obtained by simulation or fraud, with a view to achieving an unfair profit for the offender or for others.

The offence is considered as a common offence that can be committed by "anyone" who adopts the criminal conduct.

4. ILLEGAL PROTECTION AGAINST FRAUDS

Market rigging (Article 2637 of the Italian Civil Code)

This offence is committed when false information is disseminated or when simulated transactions or other artifices that are concretely likely to cause a considerable alteration of the price of financial instruments or to have a significant effect on the public's reliance on the financial stability of banks or bank groups are carried out.

This offence is also considered as a common offence that can be committed by "anyone" who adopts the criminal conduct.

5. ILLEGAL PROTECTION OF THE SURVEILLANCE FUNCTIONS

Obstruction of public surveillance in the performance of their duties (Article 2638 of the Italian Civil Code)

This offence may occur in two different ways depending on the conduct adopted and the moment at which it is done:

- on the one hand a) by including untrue facts, even though subject to assessment, on the economic, asset or financial situation of the individuals under surveillance, in the communications provided by law to the Public Surveillance Authorities (in order to obstruct such authorities in the performance of their duties), and, on the other hand, b) by concealing, through other fraudulent means, facts that should have been communicated regarding such economic, asset or financial situation.

The responsibility also subsists when the information is related to goods owned or administered by the company on behalf of third parties;

- the second one occurs by simply obstructing the Public Surveillance Authorities in the performance of their duties, acting knowingly and, in any way, also omitting the due communications to such authorities.

In this offence, active parties in both cases are directors, general managers, auditors and liquidators.

B.2 RISK AREAS

In relation to the above-mentioned offences and criminal conducts and for the purposes of this Special Part "B", the areas that are considered to be mainly at risk are the following ones:

1. the preparation of direct communications to shareholders or to the general public regarding the Company economic, asset and financial situation (statement of assets and liabilities, consolidated statements, quarterly and biannual report, etc.);
2. the management of the relationships with the audit firm;
3. the preparation and publication of data or news (in addition to the ones mentioned in point 1) related to the Company;
4. the preparation of communications to the Public Surveillance Authorities and the management of the relationships with them (Authority controlling competition and market, etc.).

Possible integration of the above-mentioned risk areas may be provided for by the President, who is instructed to analyse the current control system and to define the suitable operational measures.

B.3 RECIPIENTS – GENERAL PRINCIPLES OF CONDUCT AND IMPLEMENTATION

This Special Part refers to the conducts adopted by directors, auditors, liquidators, executives and employees (“Company Representatives”) of the Company, as well as by External Employees and Partners, as already defined in the General Part (hereinafter collectively referred to as “Recipients”).

The purpose of this Special Part is to make all Recipients, as they have been identified above and in so far as they can be involved in the development of activities in the risk areas, abide by the rules of conduct in compliance with the provisions set forth herein in order to prevent Corporate Offences from being committed.

In particular, this Special Part has the following purposes:

- a) to provide a set of general principles and specific procedures to be observed by Recipients for a correct application of the Model;
- b) to provide the necessary operating instruments to perform the foreseen control, monitoring and auditing activities to the Internal Control Body, and to the people in charge of the other corporate functions that are requested to cooperate with it.

When performing all the operations concerning corporate management, in addition to the rules set out in this Model, in general, Recipients must know and observe all the rules and principles included in the following documents:

- the Code of Ethics;
- the corporate governance rules;
- the Regulations for the contribution of brandy and sediment (approved by the shareholders’ meeting on 21st January 1998);
- the Regulations for the contribution of wines by the wine producers’ cooperatives adhering to Caviro’s bottling management (approved by the shareholders’ meeting on 24th October 2000);
- the Regulations for the financing from shareholders (approved by the shareholders’ meeting on 4th November 2002);
- the Articles of Association (approved by the shareholders’ meeting on 10th October 2004);
- the operative instructions for drafting financial statements;
- any other documentation related to the internal control system existing in the Company;
- the procedures related to accounting processes.

In particular, when performing risk activities, Recipients shall observe the following general principles of conduct:

- a) refrain from adopting conducts that may constitute the above-mentioned Corporate Offences;

- b) refrain from adopting conducts that, even though they do not represent the types of offences described above, may potentially become such offences;
- c) adopt a correct and transparent conduct, ensuring full compliance with the provisions of law and regulations, as well as with the internal corporate procedures, when developing all the activities aimed at the formation of financial statements, periodical accounting reports and other corporate communications, in order to provide true and appropriate information about the economic, asset and financial situation of the Company to shareholders and the general public.
- d) strictly follow all the provisions set out in the law for the protection of the integrity and effectiveness of the capital stock, and always observe the internal corporate procedures on which such provisions are based, so as not to prejudice the corresponding warranties of creditors and third parties in general.
- e) ensure the regular functioning of the Company and of the corporate bodies, assuring and facilitating all forms of internal control over the corporate management foreseen by the law, as well as the free and correct formation of the collective will.
- f) refrain from putting into action simulated or fraudulent operations, as well as from spreading false or incorrect news;
- g) make – with promptness, accuracy and thoroughness – all the communications foreseen by law and by regulations to the Public Surveillance Authorities, without interposing any obstacle to the performance of their duties.

B.4 SPECIFIC PROCEDURES

This section includes the specific procedures that, in relation to every single risk area (as identified in section B.2), must be observed by all Recipients together with any other existing corporate procedures:

1. The procedure below must be followed in the activities of preparing the communications addressed to shareholders and to the public, and, in particular, for the purposes of the formation of the financial statement and other interim accounting reports of the Company in the course of the year:
 - a) in each of the companies of the Group, the Director of the Administration, Finance and Control department, where present, or, in his absence, the Director of the Administration, Finance and Control department of Capo Group shall issue an adequate statement – validated by the President – certifying:
 - § the veracity, correctness, accuracy and thoroughness of the data and information included in the financial statement or in the other accounting documents mentioned above, and in the related documents, as well as of the informative elements provided by the Company itself;

- § the lack of elements from which it would be possible to deduce that the statements and data collected include incomplete or inaccurate elements;
- § the preparation of an adequate control system aimed at giving reasonable certainty to the data included in the financial statement;
- § the compliance with the procedures set forth in this section;

- b) the statement described in letter a) must be:
- § submitted to the Board of Directors on the occasion of the resolution to approve the financial statement project pertaining to civil law;
 - § sent – its copy – to the Internal Control Body of the Company;
2. The provisions below must be observed in the management of the relationships with the audit firm:
- a) identification of the personnel within the Administration and Finance (or Control and Auditing) department appointed for submitting the documentation to the audit firm;
 - b) possibility for the individual in charge of the audit firm of contacting the Internal Control Body in order to jointly verify situations that may present critical aspects in relation to the types of offences considered;
 - c) ban on assigning, to the audit firm or to any other company belonging to the same “network”, consultancy tasks;
 - d) need of a preventive authorisation from the Internal Control Committee for assigning to such audit firm any task, even those that are included in the audit activities;
 - e) preventive information to the Internal Control Body regarding all the proposed tasks mentioned in point d);
 - f) ban on entering into contracts of services or paid employment contracts with employees of the companies in charge of the mandatory audit during the 36 months following:
 - § the termination of the contract between Caviro and the audit firm, or
 - § the end of the contractual relationship between the employee and the audit firm.
3. In the activities related to the processing, management and outgoing communication of news or data regarding the Company, it is forbidden to:
- a) publish or spread false news, or put into action simulated operations or any other fraudulent or deceptive conducts.
4. The procedures below must be observed in the management of the operations related to the contribution, distribution of profits or stocks, shares or stocks subscription or purchase, operations on the capital stock, mergers and demergers, allocation of assets after liquidation:
- a) all the activities related to the establishment of new companies, the purchase or alienation of stakes, as well as those related to contributions, distribution of profits or stocks, operations on the capital stock, mergers and demergers, allocation of assets after liquidation must be subjected to the Board of Directors of the Company;
 - b) the documentation related to the operations mentioned in point a) shall be kept at the Internal Control Body's disposal.

5. In the preparation of communications to the Public Surveillance Authorities and the management of the relationships with them (Authority controlling competition and market, etc.), special attention shall be paid to the following:
- a) the law provisions and requirements concerning the communications, periodical or not, to be sent to such Authorities;
 - b) the obligations to submit to such Authorities the data and documents foreseen by the regulations in force or specifically requested by the above-mentioned Authorities;
 - c) the obligations to cooperate during possible inspections.

In addition, the Company adopts procedures for managing and controlling the communications to the Public Surveillance Authorities.

B.5 INSTRUCTIONS AND CHECKS OF THE INTERNAL CONTROL BODY

The Internal Control Body's surveillance tasks in relation to the compliance with the Model as regards Corporate Offences are as follows:

- a) ensure the issue and update of standardised instructions (written and kept in hard copy or electronic support) related to the conducts to be adopted in risk areas, as they have been identified in this Special Part;
- b) as regards the financial statement, the reports and the other corporate communications provided for by law, given the circumstance that Caviro's financial statement is checked by an audit firm, the Internal Control Body shall perform the following tasks:
 - § monitoring the efficiency of the internal procedures for preventing the offence of false corporate communications;
 - § examination of possible specific suggestions coming from control bodies or from any employee, and execution of the verifications deemed necessary or appropriate according to the suggestions received;
 - § controlling the efficient application of the necessary conditions to ensure the audit firm concrete autonomy in the performance of its control duties over the corporate activities;
- a) as regards the rest of the risk activities:
 - § periodical checks on the compliance with internal procedures;
 - § periodical checks on the fulfilment of the communications to the Public Surveillance Authorities and on the compliance with the procedures adopted during possible inspections performed by officials from such authorities;
 - § monitoring the efficiency of the checks in order to prevent offences from being committed;

- § examination of possible specific suggestions coming from control bodies or from any employee, and execution of the verifications deemed necessary or appropriate according to the suggestions received.