



**PARMALAT**

**CODE OF ETHICS**

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## **SCOPE OF IMPLEMENTATION AND STRUCTURE OF THE CODE OF ETHICS**

The operations of the Parmalat Group are governed by total compliance with the rule of law and the provisions of this Code of Ethics (hereinafter the “Code”).

The Code encompasses all of those principles that, having been enunciated in general form, must then be embodied in the rules, standards and procedures that govern Parmalat’s individual operations.

Thus, the Code of Ethics provides a standard of behavior that all associates (including Directors, employees and all those who, irrespective of the legal nature of their relationship with the Group, operate under its management or oversight) are required to comply with and cause others to abide by.

The Code’s values and rules of conduct provide the foundation for the Group’s corporate culture, which emphasizes attention to qualitative excellence pursued through continuous technological innovation, with the goal of providing consumers with maximum guarantees and protection.

The provisions of the Code constitute a tool that can be used to safeguard the Group’s reliability, assets and reputation and ensure that all counterparts are treated with respect. Therefore, the Code should be applied by all Group companies in Italy and abroad, taking into account cultural, political, social, economic and commercial differences.

The Code of Ethics is divided into three sections:

1. Mission and Values, which sets forth the fundamental principles of the Parmalat corporate culture, thereby creating the foundation for appropriate implementation of individual policies and procedures.
2. Rules of Ethics, which outlines the areas of responsibility and the behavior that should be followed to remain consistent with the Group’s values and stresses the importance of complying with statutory requirements.
3. Implementation, Control and Updates, which identifies the parties responsible for implementing the Code of Ethics and explains in practical terms how the Code’s values and rules should be implemented and made part of daily practice.

In this Code, the expressions “Parmalat Group,” “Parmalat” and the “Group” mean all of the companies included in the Parmalat Group, which is understood to be a corporate entity in the internationally accepted meaning of this expression.

# PART ONE

## MISSION AND VALUES

### 1. MISSION

The Parmalat Group is an Italian food-industry group with a multinational strategy that seeks to increase the well-being of consumers throughout the world. The ultimate purpose of the Group is to create value for its shareholders while adhering to ethical principles of business conduct, to perform a useful social function by fostering the professional development of its employees and associates, and to serve the communities in which it operates by contributing to their economic and social progress.

We intend to establish Parmalat as one of the top players in the global market for functional foods with high value added, which deliver improved nutrition and wellness to consumers, and attain clear leadership in selected product categories and countries with high growth potential for the Group.

Milk and dairy products and fruit-based beverages, foods that play an essential role in everyone's daily diet, will be key categories for the Group.

### 2. VALUES

**Value added:** Create value added for shareholders, consumers and the communities in which Parmalat operates.

**Focus on the customer:** Consumers expect us to anticipate their needs. Parmalat will accomplish this task by providing true customer satisfaction through the strength of products that create wellness. This effort will be measurable and not just wishful thinking.

**Personal development:** The value of each individual is enormous. Consequently, Parmalat attaches the utmost importance to individual development, personal dignity, tolerance, transparency and safety. We all work very closely and must retain a sense of humor.

**Quality:** Quality is essential in our business. Our consumers expect it and we demand it of ourselves. We must take responsibility for quality assurance in all of our endeavors, consistent with our long-term strategy.

**Integrity:** Our future success is predicated on our ability to assume personal responsibility. Parmalat must show that it has integrity, must work to provide an example in this area and must be judged by its performance in this area. All laws, regulations and policies that apply to our operations must be complied with.

**Innovation:** Innovation is essential for our growth to continue. Each employee has an opportunity to innovate and is expected to do so. This means that we must learn from each other, no matter where we are in the world, and that we must be willing to take risks and confront challenges.

**United in diversity:** We must seize the advantages of our multiculturalism to create value added for the Group.

International synergies constitute a competitive advantage: Parmalat has common objectives, uses constant communications and encourages discussion of differing points of view. The ability to work together as a group, across different functions and countries, is essential if the Group's employees are to express their full potential.

**Social responsibility:** Parmalat takes into account the needs of the community. Parmalat contributes to the economic, social and civil development of the communities in which it operates.

**Passion:** Passion for success, passion for making a difference, passion for excellence. Parmalat's values serve the purpose of focusing this passion on achieving our mission.

## **PART TWO**

### **RULES OF CONDUCT**

The rules of conduct outlined in this section of the Code serve to explain the behavior that must be followed while pursuing the Group's business endeavors. The rules of conduct derive from the values that are the foundation of this Code.

These rules are organized by the individuals and organizations with which the Parmalat Group interacts in the course of its business activities.

#### **1. ASSOCIATES**

##### **1.1 FAIR AND TRANSPARENT CONDUCT**

All associates (including Directors, employees and all those who, irrespective of the legal nature of their relationship with the Group, operate under its management or oversight) are required to behave fairly and transparently in the performance of their work, thereby contributing to the effectiveness of the system of internal controls and protecting the Group's values. In keeping with statutory requirements, associates must display a collaborative attitude in their interaction with partners, shareholders, the Board of Statutory Auditors, other corporate governance bodies, the independent auditors and the regulatory authorities.

In relations with third parties, the associates agree to act in a fair and transparent manner, avoiding any deceptive information and behaviour from which they could derive undue advantage, directly or indirectly, from weaker or less-informed position of others.

##### **1.2 CONFLICTS OF INTEREST**

All associates must ensure that all decisions made in the course of their activity are in the Group's interest. Conflicts of interest must be reported in order to adopt the behavior necessary to retain independence of judgment and choice.

##### **1.3 GRATUITIES AND BENEFITS**

Acts of commercial courtesy, such as tokens of appreciation or acts of hospitality, are allowed, provided they comply with official Company procedures.

It is not permissible to offer (or receive), directly or indirectly, money, gifts or benefits of any type on a personal basis to (from) third parties (public administration, associations, other organizations of a similar type, customers or suppliers) for the purpose of obtaining an undue advantage either personally or for the Group by attempting to influence the recipient's independent judgment.

##### **1.4 TRANSPARENCY IN ALL TRANSACTIONS AND ACTIVITIES**

All transactions and/or activities must be lawful, authorized, documented, verifiable and consistent with the principle of traceability and with Group procedures, and must be carried out prudently and to protect Parmalat's interests.

- Company procedures must be designed to allow oversight of transactions, authorization processes and the execution of transactions.
- Any associate who executes transactions that involve money, assets or other items of measurable economic value that belong to the Company must, within reason, provide the documentation necessary to review such transactions.

## **1.5 USE OF CORPORATE ASSETS**

All associates are required to work diligently to protect the Group's assets and to behave responsibly and in a manner consistent with Company policies. In the management of company property, the company is committed to safeguarding its own information systems and data and those of others, and guarantees respect of the regulations on the subject of copyright safeguards where applicable; in that sense, all associates are strictly prohibited from violating these principles by altering company property received for use or by making unauthorized access to the information systems.

All associates are responsible for protecting and preserving the Group assets that are entrusted to them in the course of their work and must use them appropriately, in a manner consistent with the Company's interest, by adopting a behavior that will reasonably prevent misuse of those assets by third parties.

## **1.6 TREATMENT OF INFORMATION**

### **1.6.1 Transparency and Accuracy of Information**

To the best of their knowledge, associates are required to ensure that the documents and information they provide when performing the tasks entrusted to them are truthful, transparent, accurate and complete.

The Parmalat Group condemns any behavior the purpose of which is to alter the accuracy or truthfulness of the data contained in financial statements, reports or other corporate communications that must be provided to partners, shareholders, the public, regulatory authorities, the Board of Statutory Auditors and the independent auditors pursuant to law.

All individuals who participate in the production of the abovementioned documents (particularly members of the Boards of Directors and the top managers of each Group company) are required to apply due diligence in verifying the accuracy of the data and information that will be incorporated in the abovementioned documents and to provide such data and information in a timely fashion.

The Group, acting through its corporate governance bodies and its representatives, strives to handle its relationship with the independent auditors with the utmost transparency and care.

### **1.6.2 Confidentiality of Information**

Parmalat ensures that all confidential information is handled properly, guaranteeing strict compliance with current statutes and Company procedures and demanding that associates hold any confidential information about the Company they may become privy to in the course of their work or while performing contractual obligations in absolute confidence.

### **1.6.3 Insider Information**

Confidential information includes insider information (or price sensitive information), which is information of a specific type not in the public domain that:

- concerns, either directly or indirectly, one or more issuers of financial instruments or one or more financial instruments;
- if made public, could have a material impact on the prices of financial instruments, so that they could be used by a reasonable investor as a basis for making investment decisions.

By way of example, the following list not being exhaustive, insider information includes information about operating and financial data, projects, acquisitions, mergers and marketing strategies that concern the Group's operations.

Parmalat ensures that insider information is handled properly and securely by defining appropriate procedures and establishing a register that lists the names of all those who have access to such information.

#### **1.6.4 Market Manipulation**

With a view to ensuring the proper operation of the financial markets, it is forbidden to intentionally disseminate, either inside or outside the Group, false information concerning the Group or its associates.

It is also forbidden to execute transactions the sole purpose of which is to influence the financial markets, causing an artificial increase or decrease in the price of securities or other financial instruments.

#### **1.6.5 Protection of Personal Data**

In the course of its operations, the Parmalat Group protects the personal data of its associates and that of third parties, avoiding any improper use of such data, in accordance with relevant statutes and Company procedures.

#### **Information systems**

The Parmalat Group, in the performance of its activities, adopts suitable security measures to protect its data and information systems with respect to unauthorized access and damage of any kind. The Group also adopts suitable measures to prevent any abuse of the information system by third parties to which the associates have access in the performance of their duties.

### **1.7 SELECTION, DEVELOPMENT AND PROTECTION OF HUMAN RESOURCES**

The Parmalat Group is aware of the central role played by its human resources and believes that the main factor in the success of any business is the professional contribution of its employees, within a framework of mutual loyalty and trust. Therefore, in selecting, hiring and developing the careers of its associates, the Group's evaluation process is based exclusively on a comparison between expected profiles and required profiles and on transparent and verifiable considerations of merit, in a manner consistent with established procedures. The handling of employment relationships is designed to provide equal opportunities and foster the professional development of Group associates.

The work environment must be suitable in terms of safety and personal health. The Group is committed to ensuring that all employees are treated respectfully and that they are protected from any improper pressure, discomfort or prejudice.

### **1.8 PLANNING CORPORATE OBJECTIVES**

The Parmalat Group identifies general and specific corporate objectives that require the achievement of targets that are feasible, well defined, concrete, measurable, achievable within the allotted timeframe and consistent with the values stated in this Code.

## **2. SHAREHOLDERS**

### **2.1 SUSTAINABLE VALUE**

The Group's aim is to maximize shareholder value by striving to compensate risk taking adequately and thus increase the Company's financial strength in a manner that is sustainable over the intermediate term, in accordance with market rules and the principles of fairness and transparency.

Parmalat protects and recognizes the overriding interest of the Company and of the collective interest of those who hold investments in its equity capital (shareholders) over the specific interests of individual shareholders or groups of shareholders.

### **2.2 RULES OF CORPORATE GOVERNANCE**

Parmalat has adopted a system of corporate governance that is consistent with current statutes, with the recommendations and provisions of the Code of Conduct for Listed Companies published by Borsa Italiana and with domestic and international best practices in this area. The Group's system of corporate

governance defines the principles of sound management in order to increase the Group's ability to protect all shareholders and other stakeholders.

### **2.3 INFORMATION AND DIALOG**

The Parmalat Group discloses its choices with the utmost transparency and pursues the goal of maintaining and developing a constructive dialog with its shareholders. Therefore, consistent with established procedures, it provides its shareholders, in a timely fashion, with all information that could affect their investment decisions and may be necessary to make informed and rational choices. Parmalat guarantees the accuracy and clarity of its information and provides equal access to its information, as required by law, in order to prevent the unfair use of insider information.

Respectful of the fundamental right of all shareholders to obtain clarifications on the various issues that affect the Group's operations and to express their opinions, Parmalat has taken all steps necessary to establish a fruitful relationship with its shareholders.

## **3. CONSUMERS**

### **3.1 QUALITY, SAFETY AND EFFECTIVENESS**

Parmalat uses the utmost care in ensuring the quality, safety and cleanliness of its manufacturing processes and food ingredients, and pursues a path of continuous innovation, which it supports with a steady stream of significant investments in research and development that are designed to steadily improve the quality and competitiveness of the products it offers to consumers, both nutritionally and in terms of taste, both through systematic quality control and monitoring of the safety of the products sold. Parmalat also pursues the goal of creating products that can meet the needs of consumers who are intolerant of certain types of foods or have special nutritional needs, such as children and senior citizens.

### **3.2 INFORMATION AND DIALOG**

Parmalat provides accurate, complete and truthful information that enable consumers to make rational and informed decisions.

In addition, being aware of the importance of using advertising media appropriately, it encourages the adoption of high standards of responsibility in promoting its products and it designs its advertising campaigns to be transparent, as regards the characteristics of the goods produced and sold, respectful of the dignity of individuals and protective of children.

Parmalat has adopted a style of communications that is based on efficiency, collaboration, courtesy and dialog with consumers.

## **4. FINANCIAL INSTITUTIONS**

Parmalat bases its relationships with financial institutions on fairness and transparency, with the goal of creating value for the Group, its shareholders and all other stakeholders. Accordingly, financial institutions are chosen on the basis of their reputation and their willingness to adopt values that are consistent with those stated in this Code.

## **5. WHOLESALERS AND DISTRIBUTORS**

Transactions with distributors and wholesalers who deliver Parmalat products to retail customers are handled in the utmost spirit of cooperation and transparency and in a manner that is advantageous for all parties involved, also taking account of the peculiarities of the geographical area where the plant is located.

The Group establishes contractual relationships on the basis of fairness and good faith and on the respect of the shared values that are embodied in this Code.

## **6. SUPPLIERS OF GOODS AND SERVICES**

### **6.1 COLLABORATIVE RELATIONSHIPS**

The Parmalat Group establishes collaborative relationships with its suppliers that comply with the applicable national and international statutes and the principles of this Code and are consistent with the best professional standards and best practices with regard to ethics, health, safety and respect for the environment.

The company devotes the maximum attention to respect, by its suppliers of goods and/or food products, of high quality standards in the production processes.

### **6.2 OBJECTIVE EVALUATION**

Suppliers are chosen on the basis of declared, transparent and verifiable criteria, also taking account of the peculiarities of the geographical area of origin.

### **6.3 FAIRNESS IN DEALINGS AND CONTRACTS**

Parmalat executes contracts with its suppliers that are consistent with the principles of fairness and good faith. In major contracts, Parmalat requires suppliers to undertake to comply with the principles of the Universal Declaration of Human Rights and the values stated in this Code.

## **7. PARTNERS**

In order to address the growing complexity of its business, Parmalat is increasingly promoting initiatives such as joint ventures or investments in other companies with business partners, who are selected, taking account of the peculiarities of the geographical area of origin, on the basis of their reputation and reliability and on their acceptance of values that are comparable with those stated in this Code.

Transactions with partners are based on transparent agreements and on a constructive dialog, the purpose of which is the achievement of common objectives in a manner that is consistent with the applicable statutes and the principles of this Code.

## **8. COMPETITORS**

The Parmalat Group believes that it is absolutely important that the market be based on fair and loyal competition. Parmalat is committed to scrupulously observing all relevant laws and to cooperating with the authorities that have oversight of the market. With regard to unfair competition, the Parmalat Group never knowingly violates the industrial or intellectual property rights of others.

## **9. PUBLIC ADMINISTRATION**

### **9.1 FAIRNESS AND HONESTY**

When dealing with the Public Administration, the conduct of the Parmalat Group is inspired by and follows the principles of fairness and honesty.

The individuals selected by the Group to follow any negotiation, application or institutional dealing with the Public Administration in Italy or abroad must not attempt in any way to improperly influence the decision-making process or engage in such unlawful behavior as offering money or other benefits that could alter the impartial judgment of a representative of the Public Administration.

The use of altered or false statements or documents, the omission of information or, more generally, the use of trickery or fraud to obtain concessions, permits, financing or grants from the European Union, the government or any other public institution constitutes unlawful conduct. Moreover, it is forbidden for anyone to condition unduly any persons acting as witnesses in civil, criminal, administrative and fiscal processes of law. No one may induce persons called upon to testify in criminal procedures not to make statements or to make untrue statements, in particular when they may legitimately refuse to respond to the questions asked by the judicial authorities.

### **9.2 EMPLOYMENT RELATIONSHIPS WITH FORMER EMPLOYEES OF THE PUBLIC ADMINISTRATION**

The hiring of former employees of the Public Administration who in the exercise of their functions had dealings with the Parmalat Group or of individuals who are related to them by blood or by marriage must be carried out in strict compliance with the standard personnel selection procedures established by the Company.

The creation of other types of employment relationships with former employees of the Public Administration or with individuals who are related to them by blood or by marriage must also be handled in strict compliance with standard procedures.

### **9.3 GRANTS AND FINANCING**

Grants, subsidies or financing provided by the European Union, the government or another public institution, including those of modest value and/or amount, must be used for the purposes for which they were requested and received.

## **10. POLITICAL PARTIES AND INTEREST GROUPS**

### **10.1 RELATIONS WITH REPRESENTATIVES OF POLITICAL PARTIES AND INTEREST GROUPS**

The Parmalat Group deals transparently with all political parties in order to effectively present its positions on issues and topics of interest.

The Parmalat Group entertains relationships with trade associations, unions, environmental organizations and similar associations, with the goal of developing its activities, establishing forms of cooperation that are mutually beneficial and presenting its positions. The presentation of specific Group positions to political parties and/or associations requires the approval of senior management or of the Department with jurisdiction over such issues.

### **10.2 CONTRIBUTIONS AND SPONSORSHIPS**

The Parmalat Group is willing to provide contributions and sponsorships (in a manner that complies with established procedures and provides adequate disclosure) to support projects proposed by public or private entities or by non-profit organizations duly established pursuant to law that promote values consistent with those embodied by this Code. Sponsorships and contributions can be provided for events of a social, political, cultural, athletic or artistic nature. They may also be finalized to carry out studies, research, conventions or seminars on subjects that are of interest to the Group.

## **11. MASS MEDIA**

Relationships with the mass media are based on respect for the right to information. Communication outside the Group of data and information must be truthful, accurate, clear, transparent, respectful of the honor and privacy of individuals, coordinated, and consistent with Group policies. Information about Parmalat that is addressed to the mass media may be provided only by Company Departments specifically authorized to do so or with their authorization, in accordance with established procedures.

## **12. ENVIRONMENT**

The Parmalat Group respects the environment as a resource that must be protected for the benefit of the community and of future generations. While complying with current regulations, the Group adopts those measures that are best suited to protecting the environment, promotes and programs the development of activities that are consistent with this goal and promotes initiatives that increase awareness of environmental issues.

## PART THREE

### IMPLEMENTATION, CONTROL AND UPDATES

#### 1. IMPLEMENTATION, CONTROL AND UPDATING PROCESS

The associates of the Parmalat Group (including Directors, employees and all those who, irrespective of the legal nature of their relationship with the Group, operate under its management or oversight) are required to comply with and cause others to comply with the principles of this Code of Ethics. Compliance with the principles of this Code is an essential part of the Group's contractual obligations, in accordance with and for the purposes of current laws.

Under no circumstances may the pursuit of the Group's interests justify the failure to respect the abovementioned principles.

Directors and senior managers have an obligation to lead by example, exhibiting daily conduct that is consistent with the principles of this Code.

All Group companies have designated the Departments that will be responsible for correct implementation, effective control and timely updating of the provisions of this Code.

Specifically, Parmalat S.p.A. has individuated in the Supervisory Board, whose nominations are based on the dispositions of law decree 231/01, the body designated to supervise the implementation of the Code within Group's parent company.

The reports of suspect violations of the Code can be sent via the dedicated electronic mail address [organismo.vigilanza@parmalat.net](mailto:organismo.vigilanza@parmalat.net). The company guarantees the identity of the person reporting the violation will remain confidential and shielding that person from any form of retaliation.

All reports will be properly investigated, and if a violation is discovered, the Company will take the measures that are most appropriate, in accordance with established procedures.