

Soc. Coop. VECCHIA CANTINA DI MONTEPULCIANO

Società Agricola

**ORGANISATION, MANAGEMENT AND AUDIT MODEL PURSUANT TO
LEGISLATIVE DECREE 231/01**

Annex 1: Code of Ethics

Rev. of 21 December 2017

Part I – General provisions

Art. 1 Nature of the Code

The Code of Ethics and Conduct (hereinafter the "Code") is an official document of "Società Cooperativa VECCHIA CANTINA DI MONTEPULCIANO Società Agricola" (also known as VE.CA.M in abbreviated form) approved by the Management Body, which contains the behavioural principles and rules with which VE.CA.M. identifies for the pursuit of the goals set out in art. 2. The Code also outlines the general regulations to which all those who operate within and with the Cooperative Company are subject.

Art. 2 Content and purpose

The main purpose of the Code is to declare and disseminate the values and rules of conduct to which VE.CA.M. intends to make constant reference in the exercise of its statutory activities.

Art. 3 Addressees

The addressees of this Code are:

- a) the corporate bodies (management body, executive bodies, board of statutory auditors);
- b) staff (executives, employees, agents, other workers);
- c) advisors, external collaborators and suppliers of goods and services, including those of a professional nature, and anyone who carries out activities on behalf of VE.CA.M.

Art. 4 Obligations

1. The addressees of the Code, as referred to in art. 3, are obliged to observe and respect its principles and to comply with its rules of conduct.
2. Knowledge of and compliance with the provisions of the Code are an indispensable requisite for the establishment and maintenance of collaborative relations with third parties, to whom VE.CA.M. undertakes to disseminate all relevant information.
3. The parties indicated under letters a) and b) of art. 3 who breach the provisions of the Code are liable to sanctions pursuant to the disciplinary system which is an integral part of the Organisation, Management and Audit Model adopted by VE.CA.M. in compliance with Legislative Decree no. 231/01.

4. For the parties indicated under letter c) of art. 3, breach of the Code may be considered as just cause for withdrawal from or termination of the contract.

Art. 5 Entry into force

1. The Code enters into force on the date of its approval by the Management Body of VE.CA.M., such date being indicated in the copies to be distributed.

Art. 6 Advertising of the Code

1. The Code is shared within VE.CA.M. by means of delivery of a copy thereof to the parties indicated in art.3.

2. A copy of the Code is posted on the company notice board and published on the company's Intranet and on the VE.CA.M. website.

3. The Human Resources Department provides employees with a suitable training and ongoing awareness programme regarding issues relating to the Code of Ethics.

Art. 7 Updates

1. The Management Body has the power to amend, supplement and update the Code, immediately notifying and informing the parties required to apply it.

Part II - Principles of business ethics

Art. 8 Correctness

1. VE.CA.M ensures that all the parties indicated in art. 3 above comply with the principles of correctness and loyalty in the performance of their duties, also for the purposes of maintaining the image of VE.CA.M as well as the relationship of trust established with customers and third parties in general.

Art. 9 Business integrity

1. All the parties identified in art. 3 must adopt a correct and honest attitude, both in the performance of their duties and in relations with the other members of VE.CA.M., avoiding the pursuit of illicit or illegitimate goals and the generation of potential conflict of interest in order to obtain an undue advantage, either for themselves or for third parties.

2. In no case may the interest or advantage of VE.CA.M. induce and/or justify dishonest behaviour.

3. VE.CA.M. supervises the conformity of grapes supplies with respect to their origin, source, quality and quantity, in compliance with the production regulations and the Articles of Association, and implements all actions and measures necessary to ensure the conformity of the cellar registers and the subsequent processing phases through to bottling.

Art. 10 Transparent and complete information

1. Respecting the principle of transparency, VE.CA.M. undertakes to disclose correct, truthful and complete information on its activities to third parties.

Art. 11 Fair competition

1. In compliance with national and EU antitrust laws and regulations, as well as the guidelines and directives of the National Competition and Market Authority, VE.CA.M. does not engage in behaviour or sign agreements that could negatively influence the system of competition and equal opportunities on the reference market.

2. VE.CA.M. protects its intellectual property (patents, commercial designations, trademarks, copyrights and trade secrets).

3. It does not breach the contracts under which third-party intellectual property rights are licensed and does not make unauthorised use of them.

Art. 12 Impartiality

1. VE.CA.M. undertakes to respect the principles of impartiality and loyalty, not only in the pursuit of tasks assigned to individuals, but also in internal relations and in relations with third parties.

Art. 13 Confidentiality and protection of privacy

1. VE.CA.M. pays particular attention to the implementation of measures to protect personal data envisaged by Legislative Decree no. 196/2003 containing the privacy code.

2. Each collaborator is required to comply with the policy for the security of personal data adopted by VE.CA.M.

3. In particular, performance, either directly or indirectly, of the following actions is not allowed:

- disclosure of internal information to others, including other employees, unless they need this information for the pursuit of their work;
- use of internal information for any purpose other than that for which it is intended;
- making copies of documents containing internal information or taking documents or other archived material or copies thereof from workstations, except in cases where this is necessary to perform specific tasks;
- inappropriate destruction of information belonging to VE.CA.M.

4. All internal documents are the property of VE.CA.M. and must be returned to the latter at its request or at the end of the working relationship.

Art. 14 Diligence and accuracy

1. VE.CA.M. ensures that all members of staff perform their duties independently with the necessary diligence and accuracy, also in compliance with the directives issued by their hierarchical superiors and/or managers.

2. VE.CA.M. ensures that accurate checks are carried out on the entire production cycle: from the delivery of the grapes to the release of the wines produced onto the market.

3. Employees, agents, advisors and collaborators are invited to immediately report any problems they may have concerning the quality and safety of the products to their superior and/or manager and to the directors of the company.

Art. 15 Fairness and equality

1. VE.CA.M. is intent on developing the cooperative and reciprocal spirit of belonging and condemns any form of discrimination and/or abuse in both internal and external relations.

Art. 16 Hierarchical principle

1. VE.CA.M conforms to the principle according to which each individual, on the basis of their position in the VE.CA.M organisation, is meritocratically assessed and is competent and responsible for their own actions and omissions.

2. Those with managerial and representational functions, also at sector or department level, exercise direction, coordination and control over the activities of those working under and/or coordinated by them.

Art. 17 Environmental protection

1. VE.CA.M. contributes to the dissemination and awareness of environmental protection issues and manages the activities assigned to it in compliance with the national and EU regulations in force.

2. VE.CA.M. meets the expectations of its customers with regard to environmental issues, implementing every appropriate measure for protection and caution and condemning all forms of damage and disruption of the surrounding environment and the eco-system.

Part III - Behavioural criteria

Art. 18 Shareholder structure

1. VE.CA.M. ensures that the Shareholders do not enter into a conflict of interest with the Company, pursuing their own interests or those of third parties, extraneous and contrary to the corporate purpose.
2. VE.CA.M. involves all the Shareholders in the adoption of the corporate decisions falling within their competence, also taking into account and guaranteeing the interests of the minority in compliance with the provisions in force and the Articles of Association.

Art. 19 Management body and Proxies

1. The management body carries out its own functions with professionalism, autonomy, independence and responsibility towards VE.CA.M, the Shareholders, Creditors and Third Parties.
2. The Directors shall not prevent or hinder the exercise of auditing activities by the pertinent bodies.
3. The directors are required to avoid situations in which conflicts of interest may arise and to refrain from taking personal advantage of opportunities linked to the performance of their duties.
4. To this end, the directors must comply with the obligations envisaged by article 2391, paragraph 1 of the Italian Civil Code.
5. The Management Body undertakes to ensure compliance with the values set out in this Code, promoting their sharing and dissemination, also to third parties, as well as the behavioural requirements contained in the Organisation, Management and Audit Model adopted by VE.CA.M.

Art. 20 Board of Statutory Auditors

1. The formally appointed members of the Board of Statutory Auditors currently in office shall perform their duties with impartiality, autonomy and independence, in order to guarantee effective control and constant monitoring of the economic-financial situation of VE.CA.M., as well as the compliance and adequacy of the organisational and administrative structure adopted.
2. The Board of Statutory Auditors is also responsible for reporting and interaction between the various internal and external corporate bodies.
3. The Board of Statutory Auditors is guaranteed free access to the data, documents and information necessary to fulfil the mandate.

Art. 21 Independent auditor

1. VE.CA.M. engages an independent auditor, enrolled in the appropriate register, for the performance of the auditing and accounting oversight functions established by the Italian Civil Code.
2. The Independent Auditor is guaranteed free access to the data, documents and information necessary to fulfil the mandate.

Art. 22 Oversight Committee

1. In compliance with the provisions of Legislative Decree no. 231/01 and subsequent amendments/additions, VE.CA.M. has set up the Oversight Committee which, in the exercise of its inspection functions, is granted extensive autonomy.
2. The Oversight Committee is guaranteed free access to the data, documents and information necessary to fulfil the mandate.

Art. 23 Selection and Recruitment of staff

1. VE.CA.M offers all staff the same job opportunities, ensuring that everyone can enjoy fair treatment based on criteria of merit, without any form of discrimination, in keeping with the legal requirements in this area, the Labour Statute and the applicable National Collective Labour Agreement.
2. Hierarchical power is exercised with full respect for the rights of staff, with impartiality and fairness. Likewise, staff members shall cooperate fully in observing the instructions given by “management”, employing the utmost diligence and expertise in the performance of the tasks assigned to them.
3. Staff members are obliged to remain loyal to VE.CA.M., refraining from working for third parties, i.e. collaborating without prior authorisation, and may not perform activities that are contrary to the interests of VE.CA.M. or incompatible with their professional duties.

Art. 24 Use of the Cooperative Company's assets

1. The documents, work tools, systems and equipment and all other tangible and intangible assets (including intellectual property rights and trademarks) owned by VE.CA.M. are used exclusively for the fulfilment of institutional goals, in the manner established by VE.CA.M.; they may not be used by staff for personal reasons, nor be transferred or made available to third parties, and must be used and kept with the same diligence as their own property.
2. The Cooperative's assets also include business strategies and plans, client lists, data on human resources, marketing and sales programmes, organisation charts, product pricing policies, financial and accounting data and any other information relating to the business, clients and employees of VE.CA.M.

Art. 25 Ban on the acceptance of gifts and/or other assets

1. VE.CA.M shall ensure that the parties referred to in art. 3 do not offer, accept or promise, on their own behalf or that of others, any form of gift or compensation, utility or service of any kind, even those not of an economic nature, aimed at influencing actions and shall refrain from offering favourable treatment during the performance of their duties. Specifically, employees, collaborators and independent advisors of VE.CA.M. may not accept from any third-party gifts or other benefits with a value exceeding € 100.00 (Euro one hundred/00). Gifts of a value higher than this amount must be returned with an appropriate accompanying letter which must be drafted in advance by agreement with the company's directors.

2. In all cases in which gifts are made to clients, public or private bodies or organisations of any kind, when assessing whether or not they are appropriate, VE.CA.M. applies the so-called criterion of "benefit for the company". A "benefit for the company" is gained when the actions are aimed at promoting the products. As a rule, gifts are not permitted under circumstances other than those indicated above. In any case, the risk of creating compromising situations for VE.CA.M. should not be taken. Courtesy services such as transport, catering, free tickets and the like, must not exceed a value of € 500.00 (Euro five hundred/00) and must, in any case, be directly related to a legitimate commercial purpose, such as demonstrating and providing explanations in relation to the products. Giving benefits or gifts to anyone who is responsible for purchasing decisions is forbidden if this is done with an explicit or implicit obligation to use or purchase products marketed by VE.CA.M.

3. Discounts, ancillary services, product samples, refunds and loans of equipment are permitted only if they occur in the normal course of business.

Art. 26 Absence of discrimination

1. VE.CA.M shall ensure that none of its members discriminate or bully a person on the basis of age, gender, ethnic origin, political and religious beliefs, health, sexual preference or other status protected by law.

2. VE.CA.M. also punishes any manifestation, including the use of terms or gestures, that is harassing, offensive or intimidating.

3. Any member of VE.CA.M. who becomes aware of situations of this kind must report them to the person in charge of HR management.

Art. 27 Foreign staff

1. VE.CA.M undertakes, in compliance with the regulations on the subject, not to establish any working relationship with individuals without a residency permit and not to carry out any activity aimed at encouraging the unlawful entry into Italy of illegal immigrants.

Art. 28 Safety in the workplace

1. VE.CA.M. complies with the regulations on safety and hygiene in the workplace pursuant to Consolidated Law no. 81/08.
2. VE.CA.M. constantly monitors its plants, wherever they are located and operating, over and above the legal obligations and the protection against imminent risks, in order to guarantee the utmost safety and quality of its services.
3. The staff and collaborators of VE.CA.M. ensure the utmost willingness and collaboration towards the Manager or anyone who comes to carry out inspections and audits on behalf of the appointed bodies.
4. Should VE.CA.M. staff encounter any anomalies or irregularities, they shall promptly inform the Head of the Risk Prevention and Protection Service and the Employer.
5. No VE.CA.M. employee shall put other employees at unnecessary risk which may cause damage to their health or physical safety.
6. All those who work for VE.CA.M. shall be responsible for the proper management and respect of the procedures implemented with regard to health and safety in the workplace.

Part IV – Relations with the Public Administration (P.A.)

Art. 29 Informative principles

1. Giving, offering or promising money or other benefits, such as services, performances or favours that can be reasonably interpreted as exceeding the normal practices of courtesy, or exerting illicit pressure on public officials, public service appointees, managers, officials or employees of the Public Administration or public service concession holders, and their relatives and cohabitants, be they Italian or foreign, to induce them to perform any act that does not comply with or is contrary to their official duties, is forbidden.
2. VE.CA.M shall not be represented by third parties in its relations with the Public Administration or with public service concession holders when this may create conflicts of interest.

Art. 30 Tenders and public contracts

1. When participating in tenders issued by the P.A. for the supply of goods and/or services, VE.CA.M maintains relations in compliance with the requirements of the tender and the applicable regulations.
2. Favours, pressure or other forms of privilege by all those who operate in the name or on behalf of VE.CA.M. in operations and relations with the Public Administration to induce it to take attitudes or make decisions in favour of VE.CA.M. in an unlawful manner, contrary to the principles of this Code, are forbidden.

Art. 31 Relations with the Public Regulatory Authorities

1. Within the scope of its relations with the Public Regulatory Authorities, VE.CA.M. ensures maximum willingness and cooperation, also during inspections and audits, also providing, if due and/or requested, complete information, production of data and documentation in compliance with the principles of transparency, completeness and correctness and their institutional functions.

Art. 32 Public funding

1. VE.CA.M. monitors and opposes all artifice or deception undertaken with any means by one of its members in order to illegally obtain funding of any kind, granted by national and/or EU public bodies, subsidies or funds payable by the Public Administration.
2. VE.CA.M. forbids the deviation or use of public money and funds received for purposes other than those originally intended.

Art. 33 Relations with the Legal Authorities

1. VE.CA.M. actively cooperates with the legal authorities, law enforcement agencies and any public official within the framework of inspections, audits, investigations or judicial proceedings.
2. Helping anyone who has committed a criminal offence to evade the authority's investigations, or to evade the authority's researches, is prohibited.

Part V - External Relations

Art. 34 Relations with customers

1. VE.CA.M. pursues the goal of fully meeting the end customer's expectations and considers it essential for its customers to be treated correctly and honestly at all times. Consequently, it requires its employees and other addressees of the Code to ensure that every relationship and contact with customers is based on honesty and professional fairness.

Art. 35 Relations with suppliers and advisors

1. The choice of suppliers is based on careful technical-economic assessment in consideration of the following parameters: product analysis; range of products; cost-effectiveness; technical and professional suitability; competence and reliability.

2. The products and/or services supplied must always be compliant with and justified by specific internal requirements, motivated and explained in writing by the respective managers responsible for making the commitment of expenditure, within the limits of the resources available.

3. In force of ongoing supply relationships, VE.CA.M. shall maintain relationships founded on the principles of good faith and transparency and on respect for the values of fairness, impartiality, loyalty and equal opportunities.

4. VE.CA.M.'s relations with independent advisors and collaborators are based on the same principles and selective criteria referred to in the previous paragraphs.

5. In order to protect its image and its resources, VE.CA.M. does not entertain any kind of relationship with parties who do not intend to operate in strict compliance with the legislation in force or who refuse to comply with the ideals and principles envisaged by the Code and comply with the procedures of VE.CA.M.

Art. 36 Commercial Partners and Competitors

1. VE.CA.M. bases its relations with its business partners and competitors on the precise observance of laws, market rules and the principles that inspire fair competition, opposing any form of agreement or conduct that is potentially illegal or collusive.

2. Every VE.CA.M. operator must refrain from supplying the competition with information concerning the product pricing policy, sales and marketing plans and, generally speaking, any type of information that may reduce or jeopardise the competitive advantages of the Cooperative Company.

Art. 37 Trade unions

VE.CA.M maintains constant relations with the Trade Unions, in order to guarantee an interactive exchange and shared decisions on social issues concerning the Cooperative Society.

Part VI - Accounting and financial management

Art. 38 Management of cash flows

1. Replacing or transferring money, goods or other benefits resulting from a crime, or carrying out, in relation to said operations, other operations in such a way as to hinder the identification of their criminal origin, is forbidden. The use of the aforesaid goods in economic or financial activities is also forbidden.
2. VE.CA.M. and its employees must check the information available (including financial information) on commercial counterparties and suppliers in advance, in order to ascertain their respectability and the legitimacy of their business before entering into business relations with them.

Art. 39 Accounting entries

1. VE.CA.M. provides a clear, correct and truthful representation of its accounts, in compliance with the Italian Civil Code, accounting standards and the tax regulations in force, to ensure transparency and prompt auditing.
2. Every financial operation and transaction must be correctly recorded, authorised, auditable, legitimate, consistent and appropriate.
3. It must be possible to verify the decision-making, authorisation and implementation process of each operation.
4. Directors, general managers, statutory auditors and independent auditors, in particular, are expressly forbidden from indicating untrue information in the financial statements, company books and communications to shareholders and/or third parties, and from omitting information required by law concerning the economic, equity and financial situation of VE.CA.M., in such a way as to mislead the addressees, or to cause financial damage to shareholders and creditors.

Art. 40 Capital transactions

1. Any kind of operation that may cause damage to creditors is forbidden.

Art. 41 Communications to Public Regulatory Authorities

1. All communications that VE.CA.M must issue to Public Regulatory Authorities in compliance with the law must be issued promptly, transparently, truthfully and completely, and must not hinder the exercise of the functions of the aforementioned Authorities.

The following, in particular, are forbidden:

- disclosure, in such communications and in the documentation transmitted, of untrue facts, or concealment of facts concerning VE.CA.M's economic, equity or financial situation;
- engagement in any behaviour that hinders the exercise of the functions of the Public Regulatory Authorities, also during inspections (specious refusals, obstructive behaviour or lack of cooperation);
- omission of necessary communications to the aforementioned Authorities.

Art. 42 Contributions, sponsorships and gifts

1. VE.CA.M. may grant contributions and sponsorships to private individuals and to properly formed public and non-profit organisations, especially if they pursue social, cultural and charitable goals, in compliance with the requirements of accounting, financial and tax regulations.

Part VIII - Final regulation

Art. 43 Implementation, interpretation and reporting of breaches, disciplinary measures

1. Any exception to the principles and provisions of the Code may be authorised only for reasons that are exceptional, serious, demonstrable and justified by the company's directors.

2. Any matters relating to the Code on which you have doubts, questions or concerns should be addressed to the company's directors. If an employee, agent, representative, collaborator or advisor becomes aware of any breach of this Code, they must report it immediately to the directors. Any such report will be investigated promptly and handled in the strictest confidence. Any interpretation of this Code must be made in writing by the directors. No one has the power to authorise a breach of this Code.

3. No independent lawyer is authorised to interpret the Code unless expressly authorised in advance by the company's directors.

4. Disciplinary measures may be taken under the following circumstances:

- consent to, participation in or failure to prevent a breach of the Code;
- failure to report breaches of which you are aware;
- refusal to cooperate in the investigation of breaches;
- reprisals.

5. In all cases, the sanctions will be fair and commensurate with the breach and will be applied in accordance with consistent criteria. Where deemed appropriate, disciplinary measures may also result in the dismissal of an employee.

Art. 44 Referral

1. The Code is implemented in coordination with the provisions of the Organisation, Management and Audit Model, in compliance with Legislative Decree no. 231/01, adopted by VE.CA.M.