

BRANCA GROUP

CODE OF ETHICS



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## PRESENTATION

*The Code of Ethics that I am presenting is the outcome of joint drafting completed and shared by the top management and the owners and was adopted by resolution of the Board of Directors of Branca International S.p.A. on 30th March 2006.*

*An issue of great importance is the awareness of the fundamental values of responsible co-existence, ethics and economics for a greater respect for man and the environment in which he lives.*

*The adoption of the Code of Ethics by the Branca Group is a significant stage in the development process, started in October 2002, aimed at those “men” (in the literary sense) who believe in going beyond a mechanistic view through greater humanism that knows how to return to be “true to the land” and remain open “to gazing at the stars”: a planetary humanism where science, technology and metaphysics meet wisely to find the right formula between freedom of profit and ethics, a formula that considers a man as a person and not an object or number, i.e. treating every human being as an end and not a means.*

*We have also planned to codify an essential core of values, already established in our company culture, as a constant reference for our daily actions both inside and outside our Group; we have translated these values into lines for steering our main company processes, designing a suitable management and internal control system to implement them consistently and disseminate them in the framework of continuing improvement. This is in line with the most advanced international standards.*

*It is the responsibility of all the Group’s directors, employees and collaborators to observe the principles and policies of the Code in carrying out their business and managing relations, to promote its dissemination and be a concrete example of its implementation.*

*We ask all those who interact for different reasons with the Branca Group to promote this commitment, an essential for realising the mission of the Branca Group and contributing to the progress of the company in the context of civic society.*

Niccolò Branca



## INTRODUCTION

Branca International S.p.A. (“Parent Company”) and the companies under its direct or indirect control (together with the “Parent Company”, “Branca Group” or the “Group”) are one of the major exponents worldwide in the alcoholic drinks sector.

The Group is characterised by a strong and dynamic international presence, operating in multiple economic, legal and cultural situations and boasting a portfolio that is rich products, which can be broken down into several important sectors, amongst which: *spirits, wines*.

The Group, in accordance with the national and international best practices on corporate governance, adopts the Code in order to infuse its own activities so as to conform the principles of legality, propriety and uprightness.

The Code is proposed as a reaffirmation of the principles of fairness, uprightness and professional rigour which permeate the operations and conduct implemented by those operating the Group, both in internal relations and in relations with third parties.

### ***Article 1 - Intended readers of the Code***

This code of ethics (the Code”) is a document approved by the Board of Directors of the Parent Company, acknowledged by all the companies in the Group, both in Italy and abroad, and which therefore shapes the Group’s activities.

The principles and provisions of the Code of Ethics are binding for the directors, employees and all those who operate with the Group on the basis of a contract, even temporarily. All the aforesaid persons are henceforth collectively defined as “intended readers”.

In particular, the members of the Group’s Board of Directors are obliged to be infused with the principles of the Code when setting the objectives of the businesses of the Group companies, proposing investments and realising projects, as well as in any decision or action regarding the firms under the management of the companies in the Group; similarly the senior managers, when concretely implementing the management activities of the businesses managed by the Group companies, must be infused with the same principles, both within the Group, thus strengthening cohesion and the spirit of mutual collaboration, and vis-à-vis third parties entering into contact with the Group.



Employees and collaborators not subordinate to the Group, as well as business partners and all those who have long-term contracts with the Group, are obliged to adjust their conduct to the provisions of the Code.

The Group companies undertake to spread the Code of Ethics to its intended readers through appropriate communication activities.

Periodical communication plans aimed at promoting awareness of the principles and rules contained in the Code are prepared and implemented in order to ensure that the Code of Ethics is properly understood.

***Article 2 - Compliance with the law***

The Group is committed to complying with all the current laws and regulations in all the countries in which it operates.



## INTERNAL RELATIONS

### ***Article 3 - Relations with employees***

The Group recognises the central nature of the persons employed at all levels, as indispensable players in achieving the company objectives and consequently undertakes to valorise and develop its human capital, taken as an end and not as a means.

Since the Group has offices and facilities not just in Italy but also in different countries worldwide and operates in almost all international markets, it considers that bringing in people of different nationalities and cultures is an enrichment and growth factor for the Group.

The Group rejects all forms of discrimination, particularly for reasons of race, sex, nationality, religion and personal convictions or politics, undertaking to guarantee equal opportunities in work and professional advancement.

Therefore, the recruitment, training, pay, promotion, transfers and termination of employment with employees cannot in any way be influenced or determined by discriminatory reasons.

### ***Article 4 - Work environment***

The Group undertakes to guarantee the best protection of work conditions in order to safeguard the health and psycho-physical integrity of its employees, respecting the personality of each and ensuring no illicit conditioning or undue discomfort is carried out on the employees.

Sexual harassment or other conduct harmful to the dignity and freedom of persons is not permitted.

### ***Article 5 - Safeguard of privacy***

The Group undertakes to treat the personal data and confidential information regarding employees and collaborators, i.e. those persons with whom it has relations, in compliance with the laws on privacy in force in the countries where it operates and the procedures most effective for the protection of privacy, as also indicated in the programmatic security document adopted at the Board of Directors' meeting of 15th December 2005.

The Group guarantees a high security level in its selection and use of procedures, also computerized, intended for the processing of personal data and confidential information,



to protect the fundamental rights and freedoms and dignity of the person concerned.

***Article 6 - Company assets***

The intended readers are obliged to use the company assets and resources entrusted them responsibly and in a manner suitable for maintaining their value. It is forbidden to use these assets and resources against the interests of the Group or in ways dictated by reasons other than work or collaboration with the Group; this is without prejudice to the compatibility of this rule with the provisions made in a contract regarding fringe benefits;

***Article 7 - Prevention of conflict of interests***

The Group operates in such a way that persons in any way involved in the transactions are not in a situation of conflict of interest.

***Article 8 - Accounting and internal control***

The Group adopts high financial planning and control standards and accounting systems that are consistent with and fit for the accounting standards implemented at a national and international level. The intended readers undertake to ensure that all transactions are correctly and promptly represented in the accounts. Every transaction must be legitimate, authorised, documented, recorded and verifiable. Adequate supporting documents for the activity carried out must be kept for every transaction so as to permit the ready accounting entry, identification of the different levels of responsibility and the necessary control.

The Group recognises the primary importance of internal control for proper management and the reliability and credibility of the company information.

The Group undertakes to maintain an effective internal management control function, which is independent, has sufficient means and refers promptly to the Parent Company's Board of Directors.

The intended readers are obliged to provide support and collaboration for the checking activity carried out by management control.

Management control and the independent auditors have full access to all data, information and documents necessary for them to carry out their activity. The company is also equipped with the SAP computer program, a cutting-edge tool that allows the company cycle to be fully monitored.



***Article 9 - Prohibition on the use of confidential information***

Each intended reader must keep information learnt by virtue of the office or function performed, which, if disclosed, could prejudice the Group's equity or image, confidential.





## RELATIONS WITH THIRD PARTIES

### ***Article 10 - Relations with customers and consumers***

The Group pays the utmost attention to the people who purchase its products worldwide and therefore undertakes to guarantee that they are high quality, safe and reliable for all points of view and made with safe advanced technological means, though observing the traditions that they may express.

The Group adopts labelling for all its products that is capable of providing its customers and consumers with correct and adequate information.

### ***Article 11 - Advertising***

The Group's advertising is always characterised by innovation and creativity.

The Group, in continuing to search for these values, undertakes to adopt an advertising policy that respects the freedom and dignity of persons and allows a correct and responsible consumption of alcoholic drinks to be promoted.

In particular, the Group's advertising does not encourage excessive and unhealthy consumption of alcoholic drinks, suggest violent, aggressive or socially dangerous behaviour or that alcohol can solve existential or physical problems.

The Group guarantees that alcoholic drinks are not presented so as to appeal to minors.

It is for this purpose that Group, as well as complying with the regulations in force in the countries where it operates, belongs to self-regulating advertising bodies or organisations which pursue the aforesaid objectives.

### ***Article 12 - Relations with the media***

Relations between the Group and the media are the sole responsibility of the company functions delegated for this and are carried out in line with the communication policy set out by the Group.

The information given to outsiders is truthful and transparent and its purpose is to complete and accurate.

### ***Article 13 - Company communications and information***



The Group pursues its own company objectives and makes its own strategic choices, assuring the investors that these objectives are pursued and manifested with the utmost transparency and clarity.

***Article 14 - Relations with public administrations and institutions***

Taking on commitments with public administration and public institutions is reserved exclusively to the company functions appointed and authorised for this, in the strictest compliance with the provisions of law and the applicable regulations and cannot in any way compromise the integrity and reputation of the Group. It is for this reason that the documentation regarding contacts with the public administration must be collected and conserved.

The Group companies, through its employees or representatives, must not promise or offer public officials, persons appointed for public service or employees of the public administration or public institutions in general, money, goods or other assets of any kind to promote and foster his/her own or the company's interests or to compensate or repay a deed of their office or to achieve the execution of a deed that is against the duties of their office.

Acts of commercial courtesy, such as free gifts or forms of hospitality or any other form of benefit (also under the form of generosity) are only allowed if of modest value and are such as not to compromise the integrity and reputation of the parties and cannot be interpreted by an impartial third party observer as acts intended to obtain improper advantages or favours. In any case, these acts must always be authorised and adequately documented.

Any direct activity or one via an intermediary aimed at influencing independence of judgement or assuring an advantage for the company is forbidden.

Any employee who receives, directly or indirectly, an offer of a benefit from public officials, persons appointed for public service or employees of the public administration or public institutions in general must immediately refer it to the Ethics Committee, if an employee, or his/her own company contact person, if a third party.

***Article 15 - Relations with associations***

The group belongs to category associations and organisations whose purpose is to study the



consumption of alcohol and the issues related to it, correct diet and the safeguard of traditional products, in line with the principles and objectives of the Code.

***Article 16 - Relations suppliers and counterparties in general***

Every intended reader must prevent interests of a personal nature from determining the choice of a contractual counterparty or influencing the content of the agreements concluded with them.

The purchase processes are regulated by an appropriate internal procedure and are designed to find the maximum competitive advantage for the Group and fairness and impartiality vis-à-vis every supplier that holds the necessary requirements excluding every form of discrimination.

The stipulation of a contract with a third party must always be based on relations of extreme clarity, preventing, where possible, that contractual constraints entailing forms of dependence on the contracting supplier are taken on.

In detail, the employee may not: receive any form of payment from anyone for the execution of an act of his/her office or one that is contrary to the duties of his/her office or be subject to any form of influence from third parties outside the Group, and not authorised by it for this, to take decisions and/or execute acts regarding his/her own work activity.

An employee who receives gifts or other forms of benefit that cannot be directly attributed to normal relations of courtesy must make every effort to refuse said gift, or other form of benefit, and inform his/her superior or the Compliance Committee.

Before establishing relations with third parties, the intended readers must properly verify the information available, including financial information, on counterparties and suppliers to check their respectability and legitimacy with regard to the type of operation proposed.

***Article 17 - Competition***

The Group recognises the value of competition in a highly competitive market like the one for alcoholic drinks and undertakes to comply with anti-trust regulations in the countries where it operates.

The Group therefore does not adopt commercial practices such as the creation of cartels, market sharing agreements or limits to production or sale that could constitute a breach of



the anti-trust laws.

***Article 18 - Oversight and reporting of breaches***

In order to promote the full implementation of the Code, the Group will ensure that a Compliance Committee is identified, which, in the context of the responsibilities provided for by the legislative provisions, will also constantly monitor that the Code of Ethics is implemented by the persons concerned, also through collecting reports. It will indicate any breaches of the Code, express binding judgements regarding the any revision of the more significant company policies and procedures in order to guarantee that they are consistent with the Code of Ethics and, where necessary, periodically review the Code, propose or apply suitable punishment measures in the case of a breach. The Group companies will establish communication channels through which the intended readers may direct their reports. Alternatively, all the intended readers can report, in writing and anonymously, every breach or suspected breach of the Code of Ethics to the Compliance Committee which will take the measures for the case guaranteeing the necessary confidentiality regarding the reporter's identity, except for the obligations of law.

***Article 19 - Breaches and penalties***

Breaches of the Code can determine the termination of the relationship of trust between the Group and the intended reader with the contractual and legal consequences with regard to employment provided for by current legislation. Compliance with the rules of the Code of Ethics must be considered an essential part of the employees' contractual obligations to the intents and purposes of Article 2104 of the Italian Code of Civil Procedure. Breaches of the rules of the Code of Ethics may constitute non-fulfilment of the primary obligations of employment or a disciplinary offence under the procedures provided for by Article 7 of the Workers' Charter, with every consequence of law, also with regard to keeping the job, and may entail compensation for the damages arising from them.

Compliance with the Code must be considered an essential part of the contractual obligations of non-subordinate collaborators and/or persons who have business relations with the Group. Breaches of the rules of the Code of Ethics may constitute non-fulfilment of the contractual obligations, with every consequence of law, also with regard to the



termination of the contract and/or appointment, and may entail compensation for the damages arising from them.

The Group undertakes to provide for and impose, consistently, impartially and uniformly, penalties that are proportional to the respective breaches of the Code and in accordance with the current provisions on the regulation of employment.

***Article 20 - Interpretation and reports***

The intended reader can contact the Parent Company's Legal Department for questions regarding clarifications or interpretations of the Code. If an intended reader wishes to report a breach of the Code, he/she must contact his/her direct superior or the parent Company's Legal Department. If the regulations in force in a particular country are more permissive than those of the Code, the latter will prevail.

The Code can be requested from the Parent Company's Legal Department.

