

Code of ethics and conduct

SOLGROUP
a breath of life



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Introduction

The SOL Group operates in the production, sale and distribution of technical gases (industrial, pure and medical), applied research, plant engineering and related services for the home-care sector, along with the design, manufacture and sale of welding equipment and accessories.

SOL is a multinational organisation with operations in 15 European countries. Due to the complexity of its structure and the range of fields in which it operates, on the occasion of the conformity and effectiveness audit performed in compliance with Italian legislative decree no. 231/2001, the Group decided to bring together in a single document the values and principles that have always distinguished SOL's activities and its relations with employees, consultants, customers, suppliers, shareholders, partners and public authorities: in other words, all individuals and organisations with whom the Group has business relations.

Fair and honest conduct, the circulation of information, willingness to listen, acknowledgement of customers' problems as our own, and awareness that the economic process cannot exist independently of a system of values: **these are the principles to which we are committed and by which we have always sought to conduct our business.**

At SOL we believe that the internal structure of an organisation should allow each individual adequate space to work autonomously within his or her particular area of responsibility while maintaining a solid relation of trust with the company. Each employee should accept the normal degree of motivation, control and coordination performed by the organisational hierarchy as part of its task of unification and regulation.

We are increasingly convinced that success does not derive solely from the pursuit of profit, but that it is also the result of our role in the wider social context and the variety of relations we have with the community as a whole.

It is therefore essential that we be capable of integrating the company's economic dimension with its social, legal and ethical dimensions, enabling each individual activity to contribute to the well-being of all, with improvements in both quantitative and qualitative terms.

In assessing how our company operates, we must not limit ourselves to merely measuring its efficiency, but must also find appropriate parameters for measuring the contribution made by the company itself and by each of us towards the common good.

Our business involves some of the noblest of all human aspirations - self-fulfilment, commitment, solidarity, creativity and a sense of responsibility - which must be nurtured and allowed to develop. This will inevitably have important ethical implications for the company, above and beyond any strictly economic concerns.

Only by sharing these beliefs and behaving accordingly, increasing the quality, transparency and fairness of our professional conduct, will it be possible, for ourselves and for our company, to rise to the challenge of the global market.

It is our firm conviction

that these principles enable us to respond to our customers' requirements more effectively, to take on new challenges confidently, and to renew and improve the Group, the companies of which it is composed and, finally, ourselves as individuals.

It is in this spirit that on November 11th, 2005 the Board of Directors of SOL S.p.A. approved this Code of Ethics and Conduct (hereafter also referred to as the "Code"), effective as of 1 January 1, 2006 as the "Constitutional Charter" of the Group*.

* approved by the Board of Directors of Vivisol S.r.l. on 11 November 2005.

1. General Principles

Area of application

The purpose of this Code is to illustrate existing standards of behaviour in the SOL Group to which all employees, freelance workers and consultants are expected to adhere.

The Code also comprises ethical standards relating to the prevention of criminal acts and the provisions of legislative decree no. 231/2001 and subsequent modifications and/or additions.

In compliance with the aforementioned decree, a Watchdog Committee, reporting directly to the Board of Directors of SOL S.p.A., has been set up. The committee has independent powers of initiative and control, including the role of ensuring the proper functioning and observance of this Code of Ethics.

The Code applies to all activities and all employees, freelance workers, consultants, suppliers, partners and all those working to achieve the objectives of the company and Group.

The Code is designed to provide guidance in the formulation and interpretation of all policies, provisions, procedures and standards adopted or in the process of adoption by SOL through its departments, divisions, offices or by other Group subsidiaries.

The Code is also applicable to external freelance workers and consultants working on behalf of SOL and is an integral part of the conditions regulating business relations.

In addition to general obligations including honesty, fairness and the performance of their duties to the best of their ability in accordance with their contract of employment, employees must strictly follow the provisions of the Code, which is also a legal obligation in compliance with article 2104 of the Italian Civil Code.

Furthermore, in accordance with article 7 of Italian Law 300/1970 (the Workers' Statute) and equivalent labour legislation of the various countries in which the Group operates, this Code is to be considered complementary to the disciplinary system laid out in articles 50, 51 and 52 of the collective national labour agreement (CCNL) for the chemical-pharmaceutical industry currently in force, applicable to SOL employees, as well as to similar standards contained in collective agreements and/or in company agreements in force at individual Italian-owned companies situated abroad and, as for these agreements, must be communicated to workers by being displayed on notice boards at the premises of each company in places accessible to all, as well as on the company intranet.

Violation of standards laid out in the Code may be considered as a failure to fulfil the terms of employment or as a disciplinary matter, with relevant legal consequences including possible dismissal, application of disciplinary measures, and request for damages.

Employee obligations

All SOL Group employees must respect the laws and regulations in force in the countries in which they are employed, and should acquaint themselves with, circulate and apply the rules and ethical standards presented in this Code.

Specifically, SOL Group employees must:

- behave in a responsible manner towards the company and third parties, especially in terms of professional conduct and diligence;
- refrain from any forms of conduct prohibited by the Code;
- in accordance with their respective responsibilities, inform third parties with whom they work about the obligations and principles contained in this Code and require that they be respected;
- promptly report any possible breaches of the Code to their line manager and the Watchdog Committee.

Company unit/department managers and upper management (all directors and executives) are expected to:

- set an example for their staff through their own behaviour;
- assist their staff in understanding and applying the rules of the Code and facilitate its circulation;
- in selecting employees, consultants and suppliers, take into account the degree to which they might be relied upon to uphold the standards of the Code.

SOL's commitments

SOL and the Watchdog Committee representative must::

- ensure the circulation, fine-tuning and updating of the Code;
- investigate reports of any alleged breaches of the Code;
- apply relevant disciplinary measures once breaches have been confirmed;
- ensure that nobody suffers discrimination and/or reprisals for reporting possible breaches.

2. Conduct in the management of company business

General provisions

Transparency, fairness, impartiality, honesty and integrity are all fundamental SOL values and must be respected at all times.

Specifically, all business activities should be performed taking the general interests of SOL into account.

No person, company or organisation conducting business relations with a SOL employee should benefit improperly from this relation as a consequence of his/her connection with the employee and/or the employee's position within the company.

No SOL employee is permitted to gain any personal advantage as a consequence of his/her position within the company.

Any situation liable to create conflict between employees' responsibilities towards SOL and their own personal interests must be avoided.

Relations with public authorities

In all relations with public authorities or public offices conducted by SOL employees, freelance workers and/or consultants working on behalf of the SOL Group, the principles of fairness, integrity and transparency must be followed.

No money, economic advantages or favours may be offered or promised to managers or employees of a public authority, to other subjects working on behalf of a public authority, or to their relatives, whether Italian or foreign, with the exception of gifts or services of negligible value, generally on the occasion of special festivities, and on condition that these comply with Group policy regarding expenses, and in all cases in full observance of the law.

Likewise it is not permitted to offer or accept goods, services or favours of any value in order to obtain better conditions relating to contacts with public authorities.

These obligations cannot be evaded by using the services of third parties.

Relations with suppliers

While SOL is committed to the formation of stable partnerships in its policies on purchasing and awarding of contracts, SOL employees are nonetheless required to:

- ensure that no potential supplier with the necessary qualifications is denied the possibility of competing to provide products and/or services;
- follow internal procedures, where they exist, for the selection of suppliers and management of supplier relations at all times;
- manage relations impartially and fairly, avoiding any possible conflict of interest.

Relations with external collaborators and consultants

In engaging the professional services of outside consultants or freelance workers, SOL employees are required to:

- follow all relevant existing internal procedures, and ensure they are followed by all parties involved;
- base the selection and management of relations on the principles of competence, value, transparency and fairness, and also take into consideration the moral and professional integrity of the individual(s) in question;
- ensure that situations of incompatibility and/or conflict of interest do not exist and shall not arise;

- ensure that the individual(s) engaged respect the ethical principles of this Code;
- ensure that all fees or other payments made for whatever reason are appropriately recorded with relevant documentation, and that they are proportionate to the service provided, also in consideration of relevant market conditions.

Relations with clients

In our relations with our clients, we have always been committed to treating their problems as our own, to fully satisfying their requirements, and to working alongside them on specific goals to help them achieve the best possible overall results.

All employees with business relations with clients are thus required to:

- apply the principles of fairness, integrity, efficiency and professionalism;
- avoid deceptive or improper conduct in any form;
- provide truthful, simple and clear information about goods or services supplied so that clients can make informed choices.

Relations with shareholders

One of the means by which a company achieves strategic success is by maximising value for its shareholders.

The company's top management must therefore work towards this goal.

SOL is firmly committed to establishing and maintaining an on-going dialogue with its shareholders, particularly with institutional investors.

Relations with shareholders are dealt with exclusively by the company departments specifically charged with this responsibility, and must be conducted with due respect of the relevant procedures, laws and regulations.

Relations with competitor companies

In its relations with competitors and the market as a whole, SOL applies the principles of fair competition and conducts its business in compliance with anti-trust laws.

In performing their duties, all employees, freelance workers and consultants must therefore observe all existing standards regarding fair competition in force in Italy, in the European Economic Community and in all other countries in which the Group operates.

No employee, freelance worker or consultant engaged by SOL should ever assume they are authorised to ignore these standards in the belief that it is in the interests of the company.

It is therefore strictly forbidden to issue orders or instructions in conflict with the relevant laws.

For any queries or clarification, the central Personnel, Legal Affairs or IT departments should be promptly contacted.

3. Conduct in the management of cash flow and accounting

Transparency, truthfulness, clarity and accuracy are the basic principles underlying the management of the Group's financial and accounting procedures.

Every operation or transaction must be properly recorded, authorised, verifiable, legitimate, consistent and appropriate.

All transactions and operations performed by or on behalf of SOL must be duly recorded, and it must be possible to verify the corresponding processes of decision-making, authorisation and implementation at any time.

Each operation must be accompanied by appropriate documentation enabling controls to be carried out at any time to verify the details of the operation, the reason for it, and by whom it was authorised, performed, recorded and verified.

4. Human resources policy

General provisions

SOL places great importance on the people working for the Group and contributing directly to the company's development.

It is SOL's human resources that enable the Group to develop, improve and guarantee its services.

Work is one of the principal means by which people can express their individuality and achieve fulfilment; therefore, by improving the quality of our work we can improve the quality of our lives.

SOL is committed to improving the skills and know-how of its workforce and encouraging individual employees to fulfil their potential through their own efforts and creativity, compatibly with company needs. SOL guarantees the physical and psychological well-being of its employees and respect for their moral identity.

Toward this end, the relevant departments are required to:

- select, hire, train, remunerate and manage all employees impartially, without any bias or discrimination based on geographical or ethnic origin, sex, age or religion;
- contribute to creating a safe and healthy working environment for all those using it, where individuals' personal characteristics are not cause for discrimination;
- encourage courteous, respectful and cooperative behaviour.

All employees, freelance workers and consultants working on behalf of SOL are in turn required to:

- show respect for colleagues' rights and individuality;
- use company property exclusively for the purposes for which they have been made available;
- refrain from pursuing any personal advantage as a result of work carried out for the company.

The SOL Group is firmly committed to respecting Italian national labour laws, as well as international conventions and rulings, including resolutions issued by international bodies such as the ILO (International Labour Organization) and the UN (United Nations).

As such, in all companies belonging to the Group:

- the use of child or underage labour is banned;
- the use of labour under any form of coercion or threat of punishment is forbidden;
- employees are guaranteed the right to membership in trade unions and participation in collective bargaining in accordance with relevant laws and trade union agreements.

Workplace harassment

SOL forbids any and all forms of harassment in the workplace or in working relations, by which is meant:

- the creation of a hostile working environment or situations in which an individual employee or group of employees is marginalised or subjected to 'mobbing';
- hindering or gratuitously interfering with employees' professional prospects for reasons of personal rivalry;
- conditioning major professional decisions on the granting of sexual favours;
- sexual harassment in general, including any acts, forms of behaviour or allusions which could in any way impair the recipients' peace of mind.

5. Health, safety and environmental protection

Compliance with the law is a top priority for SOL and all its employees.

SOL has an enduring commitment to the protection of the environment and to ensuring health and safety in the workplace.

Every employee, external collaborator or consultant working on behalf of the company must be aware of the legal requirements relating to his/her work activities, and managers are required to provide all necessary information and instructions.

Health, safety and environmental matters must be afforded the highest regard at all times by all those working for the company in any capacity.

Directives issued by the company must be followed scrupulously by all, and legislation dealing with health, environment and safety at work must be complied with at all times.

It is not just our professional, but ethical duty to prevent and/or eliminate actual or potentially dangerous situations, whether inside or outside the company.

For this purpose, it is compulsory for each person, in accordance with their specific responsibilities and area of work, to:

- observe all rules, procedures and instructions concerning health, safety and the environment, including application for all necessary authorisations and management of work sites in compliance with relevant legislation and with the provisions of SOL's own Quality and Safety system;

- prevent and/or eliminate any situation presenting potential risks, whether inside or outside the company;
- safeguard the health and safety of every employee, freelance worker or consultant;
- ensure that technological development evolves hand-in-hand with respect for the environment.

6. Confidentiality and the circulation of information

General provisions

Professional diligence requires the prudent and responsible use of SOL information and resources.

In addition to the duty of each employee set out in the Board of Directors' Regulations currently in force, regarding the Code of Self-Discipline and the handling of price-sensitive information, all information and company secrets must as a general rule be protected and treated with confidentiality and, if opportune and/or possible, with the guarantee of intellectual property rights.

In this context, it is expressly forbidden for any Group employee or anyone working on behalf of SOL to:

- buy or sell shares of their own or any other SOL Group company based on confidential information not yet in the public domain;
- provide confidential information about their own company to anybody intending to buy or sell shares based on said information;
- effect any such transactions in the case of doubt as to whether such information has been made public or not.

It is likewise compulsory to:

- inform the Personnel Department, Legal Affairs Department, IT Department and the Watchdog Committee if others are known or suspected to be effectuating such operations on the basis of inside information not yet in the public domain;

- ensure within the scope of one's individual responsibilities that confidential information is given only to authorised persons, in compliance with the relevant laws and company procedures;
- respect relevant laws and company procedures and standards at all times;
- behave fairly and truthfully towards the media, relations with whom are exclusively reserved to expressly authorised persons and departments, or in any event overseen by same.

Protection of privacy

SOL protects the confidentiality of information and data concerning employees, external collaborators and other third parties acquired for reasons relating to work and utilised to carry out contractual obligations.

SOL utilises appropriate security measures to protect such data. All employees and others working on behalf of the company are expected to comply with such principles, in accordance with the relevant company procedures and regulations.

7. Circulation, communication and training

In compliance with the provisions of Italian legislative decree no. 231/2001, SOL has adopted an organisation, management and control model (hereafter referred to as the "Model") and has appointed a Watchdog Committee whose duties include promoting knowledge of the Code of Ethics on the part of all employees, freelance workers, consultants and partners etc. of the Group, as well as updating and carrying out any subsequent modifications to the Code.

The tools and methods to ensure its circulation are found in paragraph 4 of the General section of the Model.

8. Disciplinary system

As previously mentioned, breaches or failure to comply with the rules of conduct of this Code comport the application of disciplinary sanctions.

Further details are provided in paragraph 5 of the General section of the Model.

Generally speaking, non-compliance and/or explicit breaches of the rules and principles of the Code by company or Group employees are considered as a failure to fulfil the terms of the employment contract, as well as a matter for disciplinary action.

Sanctions will be applied in compliance with the provisions of the collective national labour agreement (CCNL) for the relevant sector, as well as with the relevant laws in force in a given country. Sanctions will be proportionate to the severity of the violation.

Verification of violations, the initiation and handling of disciplinary procedures and the application of sanctions are the responsibility of specifically authorised departments within the company.

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