

**CODE OF CONDUCT BETWEEN THE MINISTRY OF DEFENCE OF THE
ITALIAN REPUBLIC AND**

1. This Code of Conduct is pursuant to:

- a) The Declaration of Principles for Enhanced Cooperation in Matters of Defense Equipment and Industry signed on the 9th of October 2003; and
- b) The Memorandum of Understanding between the Ministry of Defence of Italy and the Department of Defense of the United States of America for Meeting National Defense Requirements – Security of Supply (hereinafter referred to as “SoS MoU”) which came into effect on 1st August 2006;

2. The purpose of this Code of Conduct is to create a mechanism between the Ministry of Defence of the Italian Republic and the signatories Italian companies to implement the provisions set out in article 3 of the SoS MoU. This Code of Conduct is voluntary.

3. To the greatest extent possible, the Italian Companies participating in this Code of Conduct shall do all that can reasonably be done to provide preference to contracts supporting US Department of Defense Programs. They will do this by:

- a) accepting that a contract they are entering into or are party to with US Department of Defense or with a US company will, after approval by 3rd Office of 3rd Department of the General Secretariat of Defence/National Armaments Directorate of the Ministry of Defence of the Italian Republic, be accepted as a contract falling under this Code of Conduct (Code of Conduct contracts);
- b) inserting into any subcontract provisions designed to ensure due performance of such a contract;
- c) responding in a timely manner to requests of the US Department of Defense, via the Ministry of Defense of the Italian Republic, for amendments to the timing of deliveries provided that the customer is willing to compensate them as required by the relevant contractual provisions, and

d) bringing to the attention of the Parties priority cases between Code of Conduct contracts and other contracts.

4. Under no circumstances shall an Italian company be required to suffer a loss without compensation.

In the specific instance that a request under this Code of Conduct cannot be satisfied without incurring liability for damages from other customers, and the requesting customer is unwilling to compensate the Italian company for such identifiable loss as it may incur, it will be reasonable for the Italian company to refuse the request.

In any case, the Italian Company will be entitled to refuse the request by the US Department of Defence, if such request would seriously imperil future client customer relations and/or endanger future business.

This will be without prejudice to their continued membership of the Code.

5. In all the cases mentioned in paragraph 4, should an Italian Company intend to refuse to provide the priorities support requested by the US Department of Defense, the appropriate authorities of the Ministry of Defence of the Italian Republic will investigate the circumstances surrounding the case. The Italian Company, through its representatives, will be entitled to respond either in writing or orally. The Ministry of Defence of the Italian Republic will take measures necessary to assess/evaluate the circumstances surrounding the case:

a) If the Ministry of Defence of the Italian Republic considers that the Italian Company has complied with this Code of Conduct, the Ministry of Defence of the Italian Republic will, if requested to do so by the Italian Company, notify the US Department of Defense. The US Department of Defense will act on that notification as it considers appropriate. The Ministry of Defence of the Italian Republic will use its good offices with the US Department of Defense to resolve any remaining difficulties.

b) If the Italian Company is deemed not in compliance with this Code of Conduct, the Ministry of Defence of the Italian Republic will use its good offices in order to obtain assurance that the Company will take such steps considered necessary to rectify the situation, and will notify the US Department of Defense. The US Department of Defense will act on that notification as it considers appropriate.

6. Participation in the Code of Conduct System may be offered by the Italian Company as an indication of its reliability in supplying industrial resources to the US Department of Defense and the contractors supplying it.