

FEDRIGONI

Supply Chain and Responsible Sourcing Policy

At Fedrigoni we believe our responsibility does not end at our company's operations but reverberates throughout the value chain.

We therefore see responsible sourcing as not only right and necessary, but as a powerful way to promote responsible behaviour along the whole supply chain.

Building strong, long-lasting partnerships with our suppliers, based on trust, respect and a mutual commitment for a responsible conduct, is the primary component of this philosophy.

Sustainability is an essential element in Fedrigoni supplier relationship management; for this reason we recently created our new Supplier Code of Conduct, a document in which, with the support a cross-functional team, we describe how we envision building and growing business relationships with our key Partners with sustainability as a clear guideline.

Our approach in managing sustainability issues is risk-based: we assess potential risks in our business relationships against a clear and structured ESG framework with the goal of identifying risks and improvement areas to be periodically discussed and addressed with our Partners.

Our approach in managing sustainability issues is built on the following practises:

a) We expect all Fedrigoni suppliers to comply with Fedrigoni Code of ethics and Suppliers Code of Conduct which outlines our minimum environmental, ethical and social standards

b) We define the supplier's ESG risk screening as a systematic desk research of the risk of negative impact related to environmental , social and governance topics of the suppliers, by using a specific tool and methodology.

We perform the supplier's ESG specific risk screening, also in relation to the country, sector and commodity , also taking into account the supplier's business relevance within our company.

c) We utilize a wide range of sustainability criteria to establish our suppliers' risk level with regards to the environment, their workers, their local communities, and to Fedrigoni itself.

d) We set an internal mechanism of monthly review regarding the ESG performance of the suppliers through different Kpi's.

These indicators are part of our vendor rating and supplier evaluation process.

e) We define as High Risk Supplier the supplier who refused an ESG assessment or the one which the score is lower than a minimum threshold.

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f) We ask to each High Risk Supplier to develop and share an improvement plan.

In addition, we are carrying out ethical audits and other types of evaluation methods for key suppliers.

We adopt a long-term partnership approach with our strategic suppliers based on mutual collaboration, ESG joint goal setting and continuous improvement. We set periodic routines of definition, implementation and continual review of improvements plans.

Our ambition is also to prioritize local procurement and business development opportunities with suppliers close to our facilities whenever possible.

Even if our minimum standards cannot be initially met by a supplier, we will work with them to address the situation and facilitate their growth.

Procurement of Pulp, Paper & Cotton:

It is of vital importance for our business to safeguard continued access to sustainable and credible sources of fibre to meet our short, medium and long-term needs. We pledge to source pulp fibre and paper-based products exclusively from sustainably managed forests. For all paper-based products, virgin fibre and finished wood-based products, we:

- Adhere to the EU Timber Regulation (EUTR), the U.S. Lacey Act, and any other relevant regulations, adopting a thorough due diligence processes to certify our compliance with these requirements;
- Source FSC® certified fibre or a credible alternative, with the commitment of continuously increase of the share of certified sourced fibre;
- Ensure that all non-certified fibre sourced meets the minimum Controlled Wood (FSC-STD-40-005) standard;
- Exclusively purchase elemental chlorine free pulp(ECF);
- Never source products from forests where there are any activities that violate the ILO Core Convention principles, as defined in the 1998 ILO Declaration on Fundamental Principles and Rights at Work;
- Ensure to be not involved (directly or indirectly) in the following unacceptable activities:
 1. Illegal logging or the trade in illegal wood or forest products;
 2. Violation of traditional and human rights in forestry operations;
 3. Destruction of high conservation values in forestry operations;
 4. Significant conversion of forests to plantations or non-forest use;
 5. Introduction of genetically modified organisms in forestry operations;

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6. Violation of any of the ILO Core Conventions as defined in the ILO declaration on Fundamental Principles and Rights at Work in forestry operations.

All our paper mills will implement and maintain FSC Chain-of-Custody certification systems. Any new manufacturing acquisitions will also be required to comply with this obligation.

We will continue to collaborate with global certification schemes to develop more effective, cost-efficient and risk-based certification that reflects local needs, forest types and operational scale.

From May 2021 we adhere to the UN Global Compact and its principles.

In 2021 we started to publish our Sustainability Report in compliance with GRI standards. The GRI Standards create a common Language for organizations – large or small, private or public – to report on their sustainability impacts in a consistent and credible way.

We will continue to involve other sectors, suppliers and certification systems to reduce the administrative burden and cost associated with certification, whilst improving transparency and monitoring at landscape level.

Procurement of other raw materials and services

A Supplier Relationship Management (SRM) system has been developed in 2023 and will be finalized in 2024, in order to improve supplier management and document sharing, also in relation to ESG topics.

SRM platform will aim also to improve the visibility and the assessment of the Fedrigoni Suppliers, by using a unique tool for vendor management throughout the entire group.

To ensure consistency in our business approach and the management of our supply chain we will regularly review our management systems to ensure they remain up-to-date and suited to the scope and size of our operations. All our operations will receive the appropriate resources and training in order to understand and implement this policy and review and measure our performance.

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